PROSPECTUS

CAPITAL INCREASE WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS OF PROMOTORA DE INFORMACIONES, S.A.

Up to 469,350,139 common shares with a nominal value of 441,189,130 euros and an effective value of 563,220,166 euros.

This Prospectus has been approved and recorded in the Official Registry of the National Securities Market Commission under the date 25 January 2018

In accordance with the provisions set forth in Royal Decree 1310/2005 of 4 November and in Order EHA 3537/2005 of 10 November, this Prospectus has been drafted in accordance with the model established in Appendixes I, III and XXII of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

IMPORTANT WARNING

Risks and uncertainties associated with the process of Prisa's financial, capital and corporate restructuring

The Prisa Group is in the process of a financial, capital and corporate restructuring designed to redirect its financial and capital situation. Despite the efforts made since 2013 to reduce debt, the Group's debt level is high, and together with the current profile of debt maturities (prior to the new Refinancing agreement explained in this Prospectus), it could have a material adverse effect on the Group's financial and capital position. At 30 November 2017, Prisa's net bank borrowing was at 1,415.4 million euros (equivalent to 5.96 times the adjusted EBITDA), and the equity of the Company was below the limit of two thirds provided for in the Corporate Enterprises Act for purposes of the obligation to reduce capital within the period of one year. The main operations that form part of this restructuring process are as follows:

(i) the Capital Increase, object of the Share Securities Note;

(ii) the intra-group sale of up to 75% of Santillana; and

(iii) Refinancing of the Group's bank debt, which will enter into force no later than 30 June 2018.

As part of the Refinancing, Prisa has reached a framework agreement with all of its financial creditors which includes the basic terms and the procedure to refinance and amend the conditions of its debt and, in particular, a significant extension of the due dates thereof. The effectiveness of the framework agreement is subject to the conditions described in this Prospectus.

The execution of the preceding operations is essential to (i) extend the maturity of 956.5 million euros of debt expected for December 2018, and (ii) remove the cause of the compulsory capital reduction with which Prisa finds itself and prevent it from becoming subject to cause for dissolution in the future. Consequently, Prisa deems said execution to be necessary for ensuring the sustainability of its business model and for providing the Group with greater flexibility in the implementation of its business plan, which is oriented at creating value in the long term. In any case, the execution of these operations involves a high degree of complexity and is subject to various risks, conditions and uncertainties, described in this Prospectus, the materialisation of which could compromise its success, with the negative consequences this could have for the Group and its shareholders.

Finally, in July 2017, Prisa accepted a binding offer made by the company Altice NV for the sale of all the shares that make up the share capital of Vertix, SGPS, S.A. to one of its subsidiaries, which implies the indirect transfer of 94.69% of the capital of Grupo Media Capital, SGPS, S.A., for approximately 321 million euros. As of the Prospectus date, execution of the sale is pending the mandatory authorization of the competent Portuguese authorities under the terms set forth in this Prospectus. The date of execution of this sale, in the event that it should take place, will have a significant influence on the Refinancing structure and on the intra-group sale of Santillana, with two alternative scenarios planned depending on whether or not the funds deriving from the sale have been received by 30 June, 2018.

IMPORTANT INFORMATION

TERRITORIAL RESTRICTIONS

GENERAL

This Prospectus and the parts of which it is composed do not constitute an offer for sale or the request for a purchase offer for any security, and no sale of securities will be carried out in any jurisdiction in which such offer, request or sale were illegal before obtaining registration or qualification subject to the securities laws of said jurisdiction.

Some considerations with respect to making the offer, object of this Prospectus, in some jurisdictions are described below.

SPAIN

This prospectus has been recorded in the official registries of the Spanish National Securities Market Commission ("CNMV"), as the competent authority in Spain, on 25 January 2018. Consequently, the capital increase through the issue of new shares in Prisa, the object of this Prospectus, will be carried out in Spain.

Investors residing in Spain may obtain a copy of this Prospectus at www.prisa.com, and the reference to that web page may not be understood as the incorporation, to this Prospectus and by reference, of any information other than that which is contained in this document.

UNITED STATES OF AMERICA

The pre-emptive subscription rights or New Shares have not been nor will they be registered in accordance with the U.S. Securities Act of 1933, as it should stand at any given time (the "U.S. Securities Act"), and cannot be offered, sold or exercised, whether directly or indirectly, without prior registration or in accordance with a registration exemption under said legislation.

This document does not constitute an offer or an invitation to purchase securities in the United States of America (including the territories and possessions thereof, the "United States"). No copy of this Prospectus may be sent, communicated or distributed in the United States or to persons who are residents of or physically present in the United States, by any media. The offers and sales of New Shares are being made only in an Offshore transaction, as this term is defined in Regulation S of the U.S. Securities Market Act.

Moreover, until the expiration of a period of 40 days from the beginning of the Capital Increase, any offer or sale of New Shares in the United States by a dealer (regardless of whether or not they are participating in the Capital Increase) could represent a violation of registration requirements under the U.S. Securities Market Act, to the extent that such offer of sale may be made in a way other than in accordance with the preceding restrictions.

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I. SUMMARY

The Summary is made up of information that is presented in compliance with the information publication requirements called "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements that should be included in a summary attending to the nature of the securities and their issuer. Given that it is not necessary for some of the Elements to be included in the Summary, it is possible that their numbering may not be consecutive.

Even in the event of a specific Element requiring inclusion in the Summary attending to the type of security and the issuer, it may occur that it is not possible to offer relevant information relating to that Element. In this case, "not applicable" shall be inserted in the specific section of the Summary.

Section A -– Introduction and warnings

Element	Disclosure obligations
A.1	**Warning:** • This Summary should be read as an introduction to the "**Prospectus**" (which comprises the Registration Document of Promotora de Informaciones, S.A. —"**Prisa**" or the "**Company**"— and the Share Securities Note registered with the official registries of the National Securities Market Commission on 25 January 2018). • Any decision to invest in the securities must be based on the investor's consideration of the Prospectus in its entirety. • When a claim is filed with a court regarding the information contained in the Prospectus, the claimant investor may, by virtue of the national laws of Member States, have to bear the cost for translating the Prospectus before commencing the legal procedure. • Civil liability shall only be claimed from persons who have presented the Summary, including any translation of the same, and only when the Summary is misleading, inaccurate or inconsistent in relation to the other parts of the Prospectus, and does not provide, read along with the other parts of the Prospectus, essential information for helping investors to make their decision regarding investing in said securities
A.2	**Issuer's consent for a subsequent sale or final placement of the securities by the financial brokers** N/A. The Company has not granted its consent to any financial broker for the use of the Prospectus in the subsequent sale or final placement of the securities.

Section B – Issuer and possible guarantors

Element	Disclosure obligations
B.1	**The legal and commercial name of the issuer** The issuer's legal name is Promotora de Informaciones, S.A. Its commercial name is Prisa. Its Tax Identification Number is A28297059.
B.2	**Issuer's domicile and legal status, legislation according to which the Issuer operates and country of incorporation** The Company has its registered domicile in Madrid, at calle Gran Vía, 32, and it is registered in the Companies Registry of Madrid in volume 2836 general, 2159 of section 3 of the Corporations Book, folio 54, page number M-19511. Prisa is a Spanish commercial company, and its legal status is that of public limited company. Its shares are listed on the Spanish stock market through the Spanish Automated Quotation System. Consequently, it is subject to the regulations set out by the Spanish Corporate Enterprises Act, the Law on Structural Modification to Companies and other concordant legislation, as well as the Securities Market Law and its implementing regulations. Prisa is also subject to applicable

	regulations within the framework of its line of business.
B.3	**Description of and key factors in relation to the nature of the operations of the issuing company and its main lines of business, declaring the main categories of products sold and/or services provided, and indication of the main markets in which the issuer operates.** Prisa is the head of a group of companies engaged in the creation and distribution of cultural, educational, informative and entertainment content in the Spanish- and Portuguese-speaking markets. With a global presence in 25 countries and over 8,700 employees as of the date of this Prospectus, Prisa's operating income amounted to 1.358 million euros in 2016. During that same period, Prisa generated 58% of its operating income in international markets (45% in America and 13% in Portugal). The adjusted EBITDA generated in 2016 amounted to 273 million euros. Prisa's operations are divided into four fundamental business areas (equivalent to operating segments): (a) Education (Santillana), (b) Radio, (c) Press (News) and (d) Audiovisual. ***Education*** The Education business area (Santillana) encompasses the business activities that Prisa conducts in the education and formation businesses through its publishing house Santillana, including the publication of text books (through the Santillana and Moderna brands in Brazil), the publication of language books (through the Richmond, Santillana Français, Español Santillana and Santillana USA brands) and Digital Education Systems (UNO and Santillana Compartir). During 2016, Santillana's operating income amounted to 637.5 million euros (46.9% of Prisa's total operating income), 78% of which came from the Americas (principally Brazil and Mexico), 21% from Spain and the remaining 1% from Portugal. Santillana's EBITDA reached 170.9 million euros during that same period. K-12 (which includes mandatory primary and secondary education) constitutes the essential component of Santillana's business. Santillana's offer in the K-12 segment mainly includes the sale of traditional books (80% of Santillana's operating income during 2016), to both private and public schools, and the sale of Digital Education Systems to private schools (18% of Santillana's operating income during 2016). Santillana has annual sales of over 107 million books, with 30 million students using Santillana's books and nearly 1 million students using its Digital Education Systems. Santillana also develops content for the professional training segment, although its contribution to Santillana's business is residual. Santillana's operating income in the nine month period ending on 30 September 2017 amounted to 522.6 million euros (equivalent to 58.5% of Prisa's total operating income during the same period), while its EBITDA reached the figure of 163.9 million euros (equivalent to 92% of Prisa's EBITDA during the same period). ***Radio*** The Radio business area encompasses the lines of business of (a) Spain Radio and International Radio (which include the national and international activities of talk and music radio) and (b) Music (which includes the promotion and production of musical events). Operating income from Radio amounted to 301 million euros in 2016 (representing 22.2% of Prisa's operating income during the same period). Radio in Spain (60%[1] of the Radio operating income in 2016) includes stations such as Cadena SER, 40 principales, Cadena Dial, M80, Radiolé and máxima FM. In turn, International Radio (33%[1] of the Radio income in 2016) includes stations such as Radio Caracol and W Radio (in Colombia) and ADN Radio Chile and Radio Corazón (in Chile). In 2016, the majority of the operating income from these lines of business came from the sale of advertising (85% of the total Radio operating income during the same period). In turn, the Music line of business (10%[1] of the operating income from Radio in 2016) includes Grupo Planet Events and Tyrona Eventos, two of the main operators in the contracting, production and promotion of large music events and tours of domestic and international artists in Spain and America, respectively. Operating income from Radio during the nine month period ending on 30 September 2017 amounted to 202.8 million euros (equivalent to 22.7% of Prisa's operating income during the same period). ***Press (News)*** The Press business area covers the sales of newspapers and magazines, advertising, promotions and printing. Operating income from Press amounted to 239,9 million euros in 2016 (representing 17.7% of Prisa's operating income in the same period). This area covers various news brands with a notably global outlook, highlights of which include El País, As, Cinco Días, El Huffington Post, Tentaciones, SModa, Babelia, Buena Vida, Icon and MeriStation, in addition to other corporate magazines. The main source of operating income in this business area consists of the sale of advertising space (114.5 million euros in 2016, equivalent to 47.7% of the total operating income of the area during the same period), both on paper (representing 59.1% of the area's advertising income in 2016) and online (representing 40.1% of the area's advertising income in 2016).

	Operating income from Press during the nine month period ending on 30 September 2017 amounted to 157.4 million euros (equivalent to 17.6% of Prisa's operating income during the same period). ***Audiovisual*** Up to July 2017, the activities developed by Prisa through its Portuguese affiliate, Grupo Media Capital SGPS, S.A. ("**Media Capital**") constituted the essential component of the Audiovisual business area (engaged mainly in audiovisual production and the sale of advertising). Media Capital includes the segments of (a) television (with notable channels such as TVI), (b) radio (with the notable station, Radio Comercial), and (c) the multi-media company, Media Capital Digital (with the notable digital portal, IOL). In 2016, the operating income from Media Capital amounted to 174 million euros (representing 12.8% of Prisa's operating income). Moreover, since 2017 Prisa Video is included in this business area, although its contribution to Audiovisual activities residual. On 13 July 2017, Prisa accepted the binding offer made by the company Altice NV for the sale of all the shares that make up the share capital of the company Vertix, SGPS, S.A. ("**Vertix**") to MEO – Serviços de Comunicaçoes e Multimedia, S.A. (subsidiary of Altice NV) -which implied the indirect transfer of 94.69% of the share capital of Media Capital-. for an approximate price, after the appropriate adjustments, of 321 million euros. As at the date of this Prospectus, the sale is subject to mandatory authorisation from the competent Portuguese authorities. Consequently, in July of that same year, Media Capital started to be presented as a discontinued activity. As a result of the above and as at the date of this Prospectus, the Audiovisual business area is composed solely of Prisa Video at an operations level. During the nine month period ending on 30 September 2017, the operating income from Prisa Video amounted to 1.5 million euros (equivalent to 0.17% of Prisa's operating income during said period). [1]The contribution percentages of Spain Radio, International Radio and Music to the total operating income for the Radio area are calculated before the consolidation adjustments, for which reason the sum of the contributions is not 100%.
B.4.a	**Description of the most significant recent trends affecting the issuer and the sectors in which it operates** From 30 September 2017 and up to the date of this Prospectus, there have been no changes in trends in the sectors in which the Group exercises its business activity that might significantly affect it. However, the Prisa Group is in the process of financial, capital and corporate restructuring targeted at redirecting its financial and capital situation. The main operations that form part of this process are: (i) the Capital Increase constituting the object of this Prospectus; (ii) the intra-group sale of up to 75% of Santillana; and (iii) the refinancing of the Group's bank debt (the "**Refinancing**"), which would come into force no later than 30 June 2018 if the milestones set out in the framework agreement signed by Prisa on 16 January 2018 with the majority of its financial creditors, subsequently also signed by the remainder of said creditors, are met. Amongst other terms and conditions, this framework agreement includes a significant extension of the due dates of its debt (see section D.1 Important Warning of this Summary).
B.5	**If the issuer is part of a group, a description of the group and the issuer's position within said group** Prisa is the parent company of the "Prisa Group" ("**Prisa Group**" or the "**Group**"). At 30 September 2017, the Group comprises 210 companies which are consolidated through the full consolidation method and 30 companies that are measured using the equity method.
B.6	**To the extent in which the issuer is aware, the name of any person who, directly or indirectly, has a reportable interest, according to the national right of the issuer, in the capital or in the voting rights of the issuer and may declare whether the issuer is directly or indirectly owned or controlled by a third party and who this may be, and describe the nature of said control.** As of the date of this Prospectus, the significant investments in Prisa declared by their holders are those that are recorded below, according to the information that is published on the website of the CNMV (**National Securities Market Commission**) and, in some cases, the information that has been provided to the Company by its own shareholders. However, given that certain shareholders have not updated with the CNMV the number of voting rights they have after the pooling and swap of shares or *contrasplit* which the Company carried out in May 2015, the latter has made an estimated calculation of the voting rights to which said shareholders are entitled, by dividing the number of old shares which are declared in the CNMV, into 30 (applying a swap ratio of one new share for every 30 old shares).

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of the total voting rights[(1)]
Amber Capital UK LLP[(2)]	-	16.043.730	18,06
Rucandio, S.A.[(3)]	-	13.729.811	15,46
Telefónica, S.A.	10,228,745	-	11,52
International Media Group, S.à R.L.[(4)]	6,400,000	-	7,20

GHO Networks, S.A. De C.V.(5)	-	6,297,076	7,09
HSBC Holdings PLC	-	12,827,135	14,44
Banco Santander, S.A.(6)(7)	1,074,432	2,172,434	3,66
Fundación Bancaria Caixa d Estalvis i Pensions de Barcelona (6)	-	2,997,879	3,37
Mr Nicolas Berggruen(8)	6,115	947,433	1,07

(1) The percentages of voting rights have been calculated over the total voting rights corresponding to the shares into which Prisa's share capital is divided on the date of this Registration Document.

(2) Mr. Joseph Oughourlian, proprietary director, has declared to this Company that: i) the structure of his indirect equity holding in the Company's share capital corresponds with the statements in the preceding tables, and ii) he controls Amber Capital UK, LLP, which acts as the investment manager of Oviedo Holdings, Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited. Amber Capital UK LLP has the power to exercise the voting rights of these funds in accordance with the signed agreements for the management of their investments. Exercise of the voting rights is also subject to the policies and procedures of Amber Capital UK LLP. Joseph Oughourlian is the majority shareholder of Amber Capital Management LP, which is the owner of Amber Capital UK Holdings Limited, which in turn is the owner of Amber Capital UK LLP.

(3) Rucandio has the majority of votes in the Prisa Shareholders Contract concluded on 24 April 2014, whose terms were communicated to the CNMV. Of the 6,297,076 (7.08%) voting rights of Consorcio Transportista Occher, S.A. de C.V., 6,140,576 (6.91%) are associated with the Prisa Shareholders' Contract, and they are already included in the 6,857,204 indirect voting rights declared by Rucandio by way of said contract, and hence the 15.56% of total voting rights in Prisa controlled indirectly by Rucandio include the 6.91% that have been provided to the Shareholders' Pact by Consorcio Transportista Occher, S.A. de C.V.

(4) The voting rights of International Media Group, S.À R.L. have been declared to the CNMV by the proprietary director Shk. Dr Khalid bin Thani bin Abdullah Al-Thani, as indirect holding. International Media Group, S.À R.L. is wholly owned by International Media Group Limited, which in turn is wholly owned by Shk. Dr Khalid bin Thani bin Abdullah Al-Thani.

(5) On the date of this Registration Document, the company Grupo Herradura Occidente, S.A. de C.V. (Grupo Herradura) figures in the CNMV as declarant and indirect owner of the shares of Consorcio Transportista Occher, S.A. de C.V. (Occher). For the record, in August 2016, Grupo Herradura was divided into two different entities, one of which, GHO Networks, S.A. de C.V. is now shareholder in Occher, in substitution of Grupo Herradura.

(6) In addition to the voting rights that are reflected in the preceding table, certain companies of the groups the parent companies of which are Santander, S.A. and Caixabank, S.A. subscribed 1,001,260 and 1,001,263 shares, respectively, within the framework of the capital increase through conversion of the necessarily convertible bonds of Prisa issued in 2016, which are paired with the same number of voting rights as those corresponding to the ordinary shares in the Company.

(7) The ownership of the indirect holding declared by Banco Santander, S.A. is implemented through the following companies of the Santander Group: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A. and Suleyado 2003, S.L.

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

Directors

The shares that, on the date of this Prospectus, are directly or indirectly owned by members of Prisa's Board of Directors are as follows:

Directors	Number of direct voting rights	Number of indirect voting rights	Total
Mr. Manuel Polanco Moreno	8,597	23,841	32.438
Mr. Manuel Mirat	12,438	0	12,438
Mr. Roberto Alcántara Rojas	14,265	0	14,265
Mr. Shk. Khalid Thani A. Al Thani	0	6,400,000	6,400,000
Mr. Joseph Oughourlian	0	16,043,730	16,043,730
Mr. Waleed Alsa'di	0	0	0
Mr. John Paton	133	0	133
Mr. Dominique D'Hinnin	0	0	0
Mr. Javier Monzón de Cáceres	40,000	0	40,000
Mr. Javier de Jaime	0	0	0
Mr. Javier Gómez Navarro	1,333	0	1,333
Mr. Francisco Gil Díaz	0	0	0
Total	**76.766**	**22,467,571**	**22.544.337**

Additionally, the Board of Directors appointed Mrs Sonia Dulá as the Company's adviser through the co-opting system. As at the date of this Prospectus, her appointment is pending final acceptance. She owns 8 Prisa shares.

All the shareholders of Prisa have the same voting rights per share.

	Prisa is not under the control of any company, either directly or indirectly. **Treasury stock** The Company has 270,725 own shares in direct treasury stock, representing approximately 0.30% of its share capital, at the date of this Prospectus.
B.7	**Key historical financial information prepared subject to selected IFRS Standards related to the issuer, which shall be presented for each financial year covered by the historical financial information, and any subsequent intermediate financial period, accompanied by comparative figures for the same period of the previous year, unless the requirement for the comparative information of the balance sheet is met presenting the information from the final balance sheet for the previous year.**

Below is the fundamental historical financial information of the Prisa Group prepared using the International Financial Reporting Standards, adapted by the European Union ("**IFRS-EU**"), corresponding to the financial years ended on 31 December 2014, 2015 and 2016.

	At 31 December		
	2016	**2015**	**2014**
		(thousand euros)	
CONSOLIDATED BALANCE SHEET		*(audited)*	
Assets			
Non-current assets	1,273,699	1,336,733	1,536,749
Current assets	852,732	1,026,659	2,054,821
Total Assets	**2,126,431**	**2,363,392**	**3,591,570**
Liabilities			
Equity	(336,045)	(394,587)	(617,771)
Non-current liabilities	1,909,125	2,176,489	2,984,524
Current liabilities	553,351	581,490	1,224,817
Total Net Assets and Liabilities	**2,126,431**	**2,363,392**	**3,591,570**

	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(thousand euros)	
CONSOLIDATED PROFIT AND LOSS ACCOUNT		*(audited)*	
Operating income	1,358,037	1,374,062	1,454,728
Operating profit (EBIT)	133,474	120,828	28,720
Financial profit	(87,057)	(108,805)	(39,064)
Profit/loss of companies by the equity method and other investments	3,332	4,155	36,039
Pre-tax profit/loss from continuing activities	49,749	16,178	25,695
Corporate income tax	(87,110)	25,323	(132,607)
Profit/loss from continuing activities	(37,361)	41,501	(106,912)
Profit/loss after tax from interrupted activities	(296)	(2,684)	(2,203,004)
Consolidated profit/loss of the year	(37,657)	38,817	(2,309,916)
Profit/loss attributed to minority interests	(30,202)	(33,523)	73,084
Profit/loss attributed to the Parent Company	**(67,859)**	**5,294**	**(2,236,832)**
Basic profit/loss per share from continuing activities (Euros)	(0.87)	0.11	(0.63)
Basic profit/loss per share from discontinued activities (Euros)	0.00	(0.04)	(41.00)
Basic profit/loss per share (euros)	(0.87)	0.07	(41.63)

The main effects in operating income occurred between 2014 and 2015 were the sale operation of Ediciones Generales in 2014 and the negative exchange rate effect between 2014 and 2015. Isolating both the exchange rate effect and the scope of consolidation effect in the 2014 accounts, the operating income for 2015 would have increased by +1.7%, mainly through the sale of books (due to the positive behaviour of the education campaigns in most countries and to the growth of the UNO and Compartir Education Systems) and the increase in advertising income (mainly due to Radio in Spain and digital advertising in the Press).

In 2016, operating income fell by 1.2% in comparison to 2015, strongly affected by the exchange rate effect. With a constant exchange rate, the operating income would have increased by +3.2% with regard to 2015 thanks to a higher volume of books sold (due to the increase in the largest institutional sales in Peru and increased regular sales in Argentina) and to the increase in digital advertising (+13.0%).

In terms of the profit attributed to the parent Company of Grupo Prisa, the following is noteworthy:

- In 2014, the financial income was affected by the repurchasing of debt at discount (199 million Euros in income). In addition, DTS is recorded as discontinued activity after the formalisation of the contract for the sale of 56% of the share capital of DTS. The profit of DTS and the outcome of this operation are presented in the "P&L after tax for discontinued activities" account. The corporate income tax heading includes extraordinary concepts such as the retirement of tax credits (greater expense of 55 million Euros), the recording of deferred tax assets at the new tax rate of 25% (greater expense of 53 million Euros) and the recording of deferred tax liabilities at the new tax (lesser expense of 3 million Euros).
- In 2015, there was income recorded for the repurchase of debt at discount (45 million Euros), in addition to which shares of Mediaset España were sold (24 million Euros of income for the difference between the sale price and the value of the shareholding sold at the time of a significant loss of influence).
- In 2016, the income for repurchase of debt at discount amounted to 21 million Euros, while the expenditure for interest dropped by 23 million Euros (due to the lower level of indebtedness of Prisa). In 2016, the corporate income tax recorded the impact derived from the application of the new decree Law on Corporation Tax, which entails the impairment of negative tax bases and the non-deductibility due to reversal of portfolio provisions for losses from previous financial years.

The following are other main financial indicators corresponding to 2014, 2015 and 2016 financial years which Prisa considers to be relevant for assessing the performance of its businesses:

	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(thousand euros)	
Grupo Prisa main indicators		*(unaudited)*	
Operating income (1)	1,358,037	1,374,062	1,454,728
Adjusted operating income (1)	1,349,442	1,374,062	1,387,762
Adjusted EBITDA (2)	273,367	279,357	249,866
Adjusted EBITDA Margin (3)	*20.30%*	*20.30%*	*18.00%*
EBITDA (4)	248,862	248,414	183,385
EBITDA Margin (5)	*18.30%*	*18.10%*	*12.60%*
Operating income (EBIT) (*)	133,474	120,828	28,720
Net bank debt (6)	1,486,196	1,659,681	2,582,248
Net bank debt to adjusted EBITDA ratio (7)	5.44x	5.94x	10.33x

(*) Audited information

(1) Alternative Performance Measure ("**APM**") defined as operating income excluding non-recurring expenses, such as changes to the scope of consolidation, tax deductions, and other non-recurring expenses.

(2) APM defined as EBITDA plus the extraordinary effects consisting of compensation items, the consolidation scope effect, deductions due to R&D activities and other extraordinary effects.

(3) APM defined as the ratio between the adjusted EBITDA and the operating income for the same period.

(4) APM defined as accounting operating profit (EBIT) plus depreciation and amortisation of fixed assets, variation in provisions in respect of operating activities, impairment of fixed assets, and impairment of goodwill.

(5) APM defined as the ratio between the EBITDA and the operating income for the same period.

(6) APM which is obtained from decreasing the sum of the debts with non-current and current credit institutions, without considering the formalisation expenses, by the amount of current financial investment and cash and other equivalent cash assets.

(7) APM defined as the ratio between the net banking indebtedness and the adjusted EBITDA for the prior 12-month period.

The following is the fundamental financial information of Grupo Prisa preparing according to IFRS-EU, for the nine-month period ended on 30 September 2017. For comparative purposes, it includes the information relating to the same period for the 2016 financial year:

	At 30 September	**At 31 December**

CONSOLIDATED BALANCE SHEET	2017 (thousand euros) *(unaudited)*	2016 (thousand euros) *(audited)*
Assets		
Non-current assets	792,340	1,273,699
Current assets	1,177,663	852,732
Total Assets	**1,970,003**	**2,126,431**
Liabilities		
Equity	(428,028)	(336,045)
Non-current liabilities	1,810,603	1,909,125
Current liabilities	587,428	553,351
Total Net Assets and Liabilities	**1,970,003**	**2,126,431**

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Nine-month period ended on 30 September	
	2017	2016
	(thousand euros) *(unaudited)*	
Operating income	893,601	897,406
Operating profit (EBIT)	102,500	89,813
Financial profit	(36,987)	(41,707)
Profit/loss of companies by the equity method and other investments	1,620	2,863
Pre-tax profit/loss from continuing activities	67,133	50,969
Corporate income tax	(36,635)	(26,195)
Profit/loss from continuing activities	30,498	24,774
Profit/loss after tax from interrupted activities	(65,428)	9,643
Consolidated profit/loss of the year	(34,930)	34,417
Profit/loss attributed to minority interests	(20,062)	(20,465)
Profit/loss attributed to the Parent Company	**(54,992)**	**13,952**
Basic profit/loss per share from continuing activities (euros)	0.13	0.06
Basic profit/loss per share from discontinued activities (euros)	(0.84)	0.12
Basic profit/loss per share (euros)	(0.70)	0.18

As at 30 September 2017, as a result of the contract entered into with MEO – Serviços de Comunicaçoes e Multimedia, S.A. for the sale of the entire holding that Prisa has in Vertix -which implies the indirect transfer of Prisa's share in Media Capital- (see section B.3 of this Summary), Media Capital is shown in the "Profit/loss after tax from discontinued activities" item of the profit and loss account. Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations" and for merely comparative purposes, the consolidated income statement at 30 September 2016 has been modified to show Media Capital as a discontinued activity.

The operating income of Prisa during the first nine months of 2017 has dropped by 0.4%. This drop is mainly due to the fall in the sale of Print Press copies and the drop in advertising an sponsorship income (since it was strongly affected by the slowing of the advertising market in the summer months, and by events held in 2016 such as the 40th Anniversary of El País and the Euro Cup). In addition, in September 2016 GLR Networks continued in the scope of consolidation of the Group and not in September 2017 (it was sold in late 2016). The increase in the sale of books and in income deriving from fixed assets compensate in part for this drop.

In terms of the profit and loss attributed to the parent Company of Grupo Prisa, the book loss in the consolidated accounts of 73.2 million Euros as a result of the formalisation of the sales contract for Media Capital, recorded under the "Proft/loss after tax from discontinued activities" item, stands out.

Other main financial figures corresponding to the nine month period ended on 30 September 2017 that Prisa considers to be relevant for assessing the performance of its businesses are shown below: For comparative purposes, it includes the information relating to the same period for the 2016 financial year:

	Nine-month period ended on 30 September	
	2017	2016 [(*)]
	(thousand euros)	
Grupo Prisa main indicators	*(unaudited)*	
Operating income	893,601	897,406
Adjusted operating income [(1)]	888,968	897,406
Adjusted EBITDA [(2)]	189,242	185,092
Adjusted EBITDA Margin [(3)]	*21.18%*	*20.63%*
EBITDA [(4)]	178,050	175,508
EBITDA Margin [(5)]	*19.93%*	*19.56%*
Operating profit (EBIT)	102,500	89,813
Net bank debt [(6)]	1,454,684	1,486,196
Net bank debt to adjusted EBITDA ratio [(7)]	6.22x	5.44x

(*) The net banking indebtedness figure and the net banking indebtedness ratio / adjusted EBITDA are presented at 31 December 2016.

(1) APM defined asoperating income excluding non-recurring expenses, such as changes to the scope of consolidation, tax deductions, and other non-recurring expenses.

(2) APM defined as EBITDA plus the extraordinary effects consisting of compensation items, the consolidation scope effect, deductions due to R&D activities and other extraordinary effects.

(3) APM defined as the ratio between the adjusted EBITDA and the operating income for the same period.

(4) APM defined as accounting operating profit (EBIT) plus depreciation and amortisation of fixed assets, variation in provisions in respect of operating activities, impairment of fixed assets, and impairment of goodwill.

(5) APM defined as the ratio between the EBITDA and the operating income for the same period.

(6) APM which is obtained from decreasing the sum of the debts with non-current and current credit institutions, without considering the formalisation expenses, in the amount of current financial investors and cash and other equivalent cash assets.

(7) APM defined as the ratio between the net banking indebtedness and the adjusted EBITDA for the prior 12-month period. At 30 September 2017, the banking indebtedness ratio/ adjusted EBITDA is calculated based on the adjusted EBITDA for the 12-month period immediately prior.

B.8	**Pro-forma selected financial information, identified as such** N/A. The Prospectus does not contain pro-forma financial information.
B.9	**If a profit forecast or estimate is carried out, indicate the figure** Prisa has decided to not include a profit estimate.
B.10	**Description of the nature of any exception in the audit report on the historical financial information** N/A. The individual annual accounts of Prisa and the consolidated accounts of Grupo Prisa for the financial years ended on 31 December 2014, 2015 and 2016 have been audited by Deloitte, S.L., without the latter having recorded any discrepancy in any of the mentioned periods.
B.11	**If the operating capital is insufficient for the issuer's current requirements, include an explanation** The Group's working capital at 30 September 2017 was 273.3 million euros and, if the Refinancing does not go ahead, in December 2018 Tranche 2 of the Group's banking debt would have matured, for a total amount of 956.5 million euros. Therefore, the Group's working capital at 30 September 2017 and at the date of this Prospectus would not be sufficient to cover this repayment. Nevertheless, Prisa considers that the working capital to which it has access at present, along with the capital it expects to generate over the coming 12 months — in particular from the Capital Increase and according to the terms and conditions of the Lock-up Agreement signed on 16 January 2018 (in the framework of the Refinancing)—, is sufficient to meet the Company's obligations during said period.

Section C – Securities

Element	**Disclosure obligations**

C.1	**Description of the type and class of securities offered and/or admitted to trading, including, where applicable, the identification number of the security** The securities issued in the capital increase (the "**Capital Increase**") are common shares of Prisa with a pre-emptive subscription right, each with a par value of 0.94 Euros, of the same class and series as those currently in circulation, and will grant their owners the same economic and voting rights as of the moment they are effectively issued (the "**New Shares**"). The NNA (National Numbering agency), an entity dependant of the CNMV, has assigned the New Shares a provisional ISIN Code, until the time they are equivalent to the Company's shares which are currently in circulation. So, once the New Shares are listed, all the Prisa shares will be assigned the same ISIN code. The ISIN Code of the Company's shares which are currently in circulation is ES0171743901. The ISIN Code of the New Shares is ES0171743935. The ISIN Code of the pre-emptive subscription right is ES0671743948.
C.2	**Issue currency of the securities** The New Shares will be issued in Euros.
C.3	**Number of shares issued and fully paid-up and par value per share** The share capital of Prisa prior to the Capital Increase is represented by 88,827,363 shares, each with a par value of 0.94 Euros, all belonging to the same class and series.
C.4	**Description of the rights linked to the securities** The New Shares are common shares and grant their holders the same voting and economic rights as the rest of the Company's shares, as set out in the Spanish Corporate Enterprises Act and in the Prisa articles of association. <u>Right to share the corporate profits and the assets resulting from the settlement</u> The New Shares confer the right to share the corporate profits and the assets resulting from the settlement and, alike the remaining shares that make up the share capital, they do not grant the right to collect a minimum dividend, as they are all common shares. <u>Attendance and voting rights</u> The New Shares confer their holders the right to attend and vote at the General Meetings of Shareholders and to contest the corporate resolutions, in accordance with the general regime under the Spanish Corporate Enterprises Act and subject to the provisions set out in the Prisa articles of association. In particular, with regard to the right to attend the General Meeting of Shareholders, these may be attended by shareholders who own sixty shares registered in their name at the pertinent accounting registry at least five days prior to the date of the meeting and which are shown on the corresponding attendance card. Prisa shareholders may be represented at the General Meeting of Shareholders by another person, although the latter does not necessarily have to be a shareholder. Each share will be entitled to one vote. <u>Pre-emptive subscription rights</u> All Prisa shares grant their holders, under the terms set out in the Spanish Corporate Enterprises Act, the right to pre-emptive subscription in capital increases involving the issuance of new shares (common or privileged) and charged to monetary contributions, and in the issuance of debentures convertible into shares, except for the full or partial exclusion of the aforementioned pre-emptive right in accordance with articles 308, 504, 505 and 506 (for cases of capital increase) and 417 and 511 (for cases of issuance of convertible debentures) of the Spanish Corporate Enterprises Act. Likewise, all the Prisa shares grant their holders the right to free allotment acknowledged in the Spanish Corporate Enterprises Act itself, for cases involving increases of paid-in capital. <u>Right to information</u> The Prisa shares confer their holders the right to information set out in articles 93.d), 197 and 520 of the Spanish Corporate Enterprises Act, as well all other rights which, as special manifestations of the right to information, are set out in the articles of said Act and of Law 3/2009, of 3 April, on structural modifications of commercial companies in a detailed manner, due to dealing with the modification of articles of association, share capital increases and reductions, approval of financial statements, issuance of bonds, whether or not convertible into shares, transformation, merger and spin-off, winding-up and liquidation of Prisa, global assignment of assets and liabilities, international transfer of the registered address and other company-related actions or operations.

C.5	**Description of any restriction on the free transferability of the securities** In accordance with the provisions of the Law of Audiovisual Communication, with regard to foreign investments, the individuals or legal entities that are nationals of countries that are not members of the European Economic Area (EEA) may only acquire shares in the share capital or voting rights from providers of an audiovisual communication service, such as radio broadcasting companies, in accordance with the principle of reciprocity. By virtue of this principle, individuals and legal entities that are nationals of a non-EEA member state may only own a percentage of the share capital of a licensee of a terrestrial radio broadcasting service in Spain equal to or below the shareholding percentage which a Spanish person may hold in the capital of a licensee of a terrestrial radio broadcasting service in the non-EEA member state in question. In addition, the aforementioned Law also includes a maximum limit on the ownership, directly or indirectly, of an individual or legal entity which is a national of a non-EEA member state. The individual shareholding may not exceed, directly or indirectly, 25% of the share capital. In addition, the total shareholdings in the same legal entity held by different individuals or legal entities from non-EEA member states must be below 50% of the share capital. Notwithstanding the foregoing, there are no restrictions to the free transferability of the Company's shares, hence the New Shares shall be freely transferable, in accordance with the provisions set out in the Spanish Corporate Enterprises Act and the Securities Market Act and the implementing regulations thereof.
C.6	**Indication of whether the securities offered are or will be subject to application for admission to listing in a regulated market and indication of all regulated markets in which the securities are or will be traded.** Prisa will request the admission to listing of the New Shares in the Spanish Stock Exchanges via the Spanish Automated Quotation System (Continuous Market).
C.7	**Description of the dividend policy** Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. And therefore, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt service, and those obligations arising from commitments acquired with its financial creditors in the Group's financing contracts, (iii) the generation of cash from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors that Prisa should consider relevant at any given time. The Company's common shares have not received dividends since FY 2011, as a result of the Group's elevated debt and the restrictions set in the current financing contracts in this regard. In particular, the current financing contract only allows for the payment of dividends by the Company in an amount that does not exceed 10% of the total amount available for the Company's shareholders, provided (a) the total amount available for distribution among the shareholders has been determined for any financial year originating from net income from the previous financial year, and (b) during said financial year the leverage ratio is met (net financial indebtedness to adjusted EBITDA ratio). Aside from the above-mentioned restrictions, the financing contract does not establish any kind of limitation vis-à-vis the distribution of dividends of subsidiaries to the Company and any company within the Group meeting such commitments to make dividend payments as it were to have assumed with minority partners. Before the coming into force of the Refinancing, the Company will negotiate a relaxation of the general terms and contractual restrictions imposed through the financing contracts in force with its creditors, once certain levels of deleveraging of the Company have been achieved. Due to this reason, Prisa warns that on the date of this Prospectus it cannot confirm whether the restrictions to the distribution of dividends will vary or not.

Section D – Risks

Element	Disclosure obligations
D.1	**IMPORTANT WARNING** ***Risks and uncertainties associated with the process of Prisa's financial, capital and corporate restructuring*** The Prisa Group is in the process of a financial, capital and corporate restructuring designed to redirect its financial and capital situation. Despite the efforts made since 2013 to reduce debt, the Group's debt level is high, and together with the current profile of debt maturities (prior to the new Refinancing agreement explained in this Prospectus), it could have a material adverse effect on the Group's financial and capital position. At 30 November 2017, Prisa's net bank borrowing was at 1.4154 million euros (equivalent to 5.96 times the EBITDA), and the equity of the Company was below the limit of two thirds provided for in the Corporate Enterprises Act for purposes of the obligation to reduce capital within the period

of one year. The main operations that form part of this restructuring process are as follows:

(i) the Capital Increase, object of the Share Securities Note;

(ii) the intra-group sale of up to 75% of Santillana; and

(iii) Refinancing of the Group's bank debt, which will enter into force no later than 30 June 2018.

As part of the Refinancing, Prisa has reached a framework agreement with all of its financial creditors which includes the basic terms and the procedure to refinance and amend the conditions of its debt and, in particular, a significant extension of the due dates thereof. The effectiveness of the framework agreement is subject to the conditions described in this Prospectus.

The execution of the preceding operations is essential to (i) extend the maturity of 956.5 million euros of debt expected for December 2018, and (ii) remove the cause of the compulsory capital reduction with which Prisa finds itself and prevent it from becoming subject to cause for dissolution in the future. Consequently, Prisa deems said execution to be necessary for ensuring the sustainability of its business model and for providing the Group with greater flexibility in the implementation of its business plan, which is oriented at creating value in the long term. In any case, the execution of these operations involves a high degree of complexity and is subject to various risks, conditions and uncertainties, described in this Prospectus, the materialisation of which could compromise its success, with the negative consequences this could have for the Group and its shareholders.

Finally, in July 2017, Prisa accepted a binding offer made by the company Altice NV for the sale of all the shares that make up the share capital of Vertix, SGPS, S.A. to one of its subsidiaries, which implies the indirect transfer of 94.69% of the capital of Grupo Media Capital, SGPS, S.A., for approximately 321 million euros. As of the Prospectus date, execution of the sale is pending the mandatory authorization of the competent Portuguese authorities under the terms set forth in this Prospectus. The date of execution of this sale, in the event that it should take place, will have a significant influence on the Refinancing structure and on the intra-group sale of Santillana, with two alternative scenarios planned depending on whether or not the funds deriving from the sale have been received by 30 June, 2018.

Fundamental information on the main specific risks of the issuer or the latter's activity sector

(A) Risks associated with Prisa's financial and equity situation

- *Prisa's high amount of indebtedness reduces its strategic flexibility and could negatively impact its financial and equity situation*
- *The process relating to the Refinancing of the Group's debt constitutes a complex operation, subject to certain conditions, risks and uncertainties.*
- *The Override Agreement and the financing contracts of the Group contain certain financial covenants the breach of which could have an adverse material effect on the Group's financial position.*
- *The execution of the sale of Media Capital to Altice NV is subject to obtaining the preceptive authorisation from the competent Portuguese authorities and the funds from the sale may not be available to the Company until 30 June 2018.*
- *On 30 November 2017, the Company's net equity for trading purposes was below two thirds of its share capital.*

(B) Tax and other financial risks

- *The Group is exposed to certain tax risks in the countries in which its operates*
- *The Euro exchange rate fluctuation with regard to Latin American currencies may affect the Group's financial position as a result of the Group's high exposure to the region.*
- *A significant part of the Group's banking debts is referenced to variable interest rates.*
- *The Group is subject to credit and liquidity risk.*
- *The holdings of minority shareholders in the Santillana and Prisa Radio business units have significant influence on the operational and financial management of these businesses.*

(C) Strategic and operational risks of the Group's businesses

(C.1) Specific risks associated with the Education business

- *The Group may not adapt in an agile and successful manner to the changing trends in the competitive environment and in the consumption of educational content.*
- *The Group is exposed to risks derived from the applicable regulation in force in the countries in which it operates.*
- *The concentration of sales in the public sector could have a negative effect on the evolution of the Group's businesses.*

(C.2) Specific risks associated with businesses that are exposed to the advertising market (Print Press and Radio)

- *The appearance of new actors and online platforms represents a threat for the Group's competitive position in the*

	markets in which it operates. – *The impairment of the advertising market could have a negative effect on the Group's income.* – *The traditional media business is amidst a process of change; the Group's competitive position could be affected in the event of it not adapting to the new competitive dynamics.* (C.3) Other risks – *The Group's businesses could be affected if it is unable to attract, train, motivate and retain qualified professionals.* – *The Group's presence in international markets exposes it to risks of different natures.* – *The use of intellectual property rights of third parties entails certain contractual risks.* – *The Group's goodwill and other intangible assets may deteriorate in the future* – *Future modifications in accounting standards and their interpretation may have a significant impact on the Group's consolidated accounts* **(D) Technology risks** – *The changes occurred due to the digital transformation process expose the Group to a series of risks and uncertainties.* – *Its dependence on IT systems entails risks for the Group.* **(E) Legal risks** – *The Group could be affected by the proliferation of sector regulation and changes in the regulations applicable to the businesses in which it operates* – *The Group is exposed to lawsuits and claims filed by third parties* – Prisa's businesses are subject to abundant regulation on protecting competition, and the control of economic concentrations – *The Group is subject to compliance with abundant regulation on data protection* – *Certain content developed by the Group, subject to intellectual property rights, within the scope of its business may be subject to reproductions by unauthorised third parties*
D.3	**Fundamental information on the main specific risks of the securities** – *The Underwriting Agreement between Prisa and the Insurers foresees the extinction of said agreement under certain circumstances. The underwriting commitment undertaken by the Insurers is also subject to certain conditions precedent.* – *The shareholders and investors who exercise their pre-emptive subscription rights or who apply for Additional Shares during the Pre-emptive Subscription Period will not be allowed to revoke their subscriptions.* – *Prisa cannot ensure the development of an active trading market for pre-emptive subscription rights or that there will be sufficient liquidity for the aforementioned rights.* – *A possible significant fall in the price of the Company's shares may have a negative effect on the value of the pre-emptive subscription rights.* – *A delay in the commencement of listing of the New Shares would affect their liquidity and would prevent their sale until they were admitted to listing.* – The trading value of the Prisa shares may be volatile and may suffer unexpected and significant falls. – *Those shareholders who do not exercise their pre-emptive subscription rights will see a dilution in their shareholding in the Company's capital.* – *The sale of a substantial number of shares or pre-emptive subscription rights of the Company during the Capital Increase or after its conclusion, or the perception that these sales could take place, may have a negative effect on the trading of the shares and pre-emptive subscription rights of the Company.* – *Future capital increases could dilute the participation of the Prisa shareholders.* – *A current shareholder or a third party may acquire a significant percentage of the Company shares in the Capital Increase.* – *The Company's common shares have not received dividends since 2011 and there is no guarantee that this situation will change in future.* – *The shareholders from countries with currencies other than the Euro may endure an additional investment risk linked to the exchange rate variations related to owning shares in the Company.* – *The legal or regulatory limitations to the investment could restrict certain investments.* – *The pre-emptive subscription rights must be exercised through the Entity Participating in Iberclear, whose book*

	entries have recorded the pre-emptive subscription rights and the New Shares must be paid in Euros. There may be difficulties for exercising the pre-emptive subscription rights in other jurisdictions.

Section E – Offer

Element	Disclosure obligations
E.1	**Total net income and calculation of the total expenditure of the issuance/offer, including the estimated expenses applied to the investor by the issuer or offeror** For informative purposes, it is hereby recorded that the approximate expenses related to the Capital Increase, which shall be payable by Prisa, will amount to a total of Euros 15,912,000, not including VAT (under the premise that the Capital Increase is fully paid-in). According to this estimate, the expenses of the Capital Increase would amount to, approximately, 2.83% of the gross amount that Prisa would obtain in the event of maximum subscription, in which case Prisa would obtain estimated revenue net of costs of Euros 547,308,166.80.
E.2a	**Reasons for the offer and use of the income** This Capital Increase constitutes an essential element within Prisa Group's equity, financial, and corporate restructuring process, aimed at redirecting the financial and equity situation in which the Group finds itself on the date of this Prospectus. This process incorporates a series of measures and strategic actions aimed at strengthening and optimising the Company's financial structure and own resources, which will enable it to pursue greater financial stability, a lower level of financial leverage, as well as the reinforcement of the Group's capital structure. The execution of this process, of which the Capital Increase is an essential part, is presented as a fundamental milestone in the Group's strategy. In terms of the destination of the income, 450 million Euros of the funds from the Capital Increase will be allocated to the repayment of part of the Group's financial debt and the rest will be allocated to the development of the Group's businesses, especially those with a greater growth potential, both in organic and inorganic investment opportunities, and the creation of value for the shareholders.
E.3	**Description of the conditions affecting the offering** Without detriment to the forecast incomplete subscription, the Capital Increase has a nominal amount of 441,189,130.66 euros and a total cash amount of 563,220,166.80 euros and will take place through the issue and placing in circulation of 469,350,139 newly issued ordinary shares, each with a nominal value of 0.94 Euros, all being of the same class and series as the shares currently in circulation. The New Shares will be issued with an issue premium of 0.26 euros per share, making for a total share premium account of 122,031,036.14 euros, and an issue price (nominal plus premium) of 1.20 euros per New Share (the "**Subscription Price**"). The Subscription Price represents a discount of 51.61% compared to the quoted price of the Company's shares at the market close of 24 January 2018 (Euros 2.480) and a discount of 14.51% with respect to the value resulting from deducting the theoretical ex-rights price (or "TERP") from said quoted price. **Procedure for subscription and outlay** <u>Pre-emptive Subscription Period and, if applicable, request for Additional Shares (first round)</u> (i) Assignment of pre-emptive subscription rights: Company Shareholders who acquired their shares on or before 26 January 2018 (publication date of the announcement in the BORME —"Last trading Date"—) and appeared as shareholders in Iberclear at 23:59 on 30 January 2018 (cut-off date or "Record Date") (the "**Legitimate Shareholders**") shall be entitled to pre-emptive subscription. (ii) Pre-emptive subscription rights: The Legitimate Shareholders may exercise their right to subscribe a number of New Shares in proportion to the nominal value of the shares they already own. Each Legitimate Shareholder shall have a pre-emptive subscription right for each share they hold. For each 10 pre-emptive subscription rights, 53 New Shares may be subscribed. In this way, to subscribe 53 New Shares in execution of the pre-emptive subscription right, and at the Subscription Price, it will be necessary to hold at least 10 pre-emptive subscription rights. Each New Share subscribed in execution of the pre-emptive subscription right must be subscribed and paid at the Subscription Price; that is 1.20 Euros. (iii) Transferability of rights:

	The pre-emptive subscription rights will be transferable under the same conditions as the shares from which they are derived, in accordance with the provisions of Art. 306.2 of the Spanish Corporate Enterprises Act, and will be tradable on Spanish Stock Exchanges. (iv) Exercise of rights: The pre-emptive subscription period will last fifteen calendar days, and will begin on the day following the publication of the announcement of the Capital Increase in the BORME (the "**Pre-emptive Subscription Period**"). The Pre-emptive Subscription Period is due to commence on 27 January 2018 and end on 10 February 2018, both inclusive. The pre-emptive subscription rights will be traded during stock-market sessions falling between said dates, the first being that of 29 January 2018 and the last that of 9 February 2018. The Legitimate Shareholders holding at least 10 pre-emptive subscription rights at the end of said period, as well as third-party investors that acquire such rights in the market during the Pre-emptive Subscription Period (the "**Investors**"), may exercise their rights in the proportion necessary to subscribe New Shares. Pre-emptive subscription rights not exercised will be automatically terminated at the end of the Pre-emptive Subscription Period. To exercise pre-emptive rights, Legitimate Shareholders and Investors may contact the office of the Participating Entity in whose books pre-emptive subscription rights have been registered (which in the case of the Legitimated Shareholders will be the Participating Entity in which the shares conferring rights are deposited), indicating their willingness to exercise the aforementioned subscription right. The orders that are processed referring to the exercise of the pre-emptive subscription right will be understood as made with a definitive, irrevocable, and unconditional character; they may not be revoked or modified by the holders of the pre-emptive subscription rights, except in the case that a supplement to the Prospectus is published prior to the close of the public offering. (v) Application for Additional Shares: During the Pre-emptive Subscription Period, the Legitimate Shareholders who have exercised all of the pre-emptive subscription rights that they have deposited at that moment in the Participating Entity in question, and the Investors that acquire pre-emptive subscription rights and exercise them in full, may request, at the time of exercising said rights, through the Participating Entity in which they have deposited them, the subscription of additional New Shares (the "**Additional Shares**") in the event that at the end of the Pre-emptive Subscription Period there remain New Shares not subscribed in the exercise of the pre-emptive subscription right (the "**Surplus shares**") and, therefore, the maximum amount to be subscribed in this Capital Increase would not have been covered. <u>Allocation Period of Additional Shares (second round)</u> If, upon termination of the Pre-emptive Subscription Period, there are Surplus Shares, a process of allocation of Additional Shares will be initiated, in which Surplus Shares will be distributed among the Legitimate Shareholders and Investors that have requested the subscription of Additional Shares in the manner indicated below. The allocation of Additional Shares will take place on the fourth trading day following the end date of the Pre-emptive Subscription Period (the "Additional Share Allocation Period"). The allocation of Additional Shares is scheduled to take place on 15 February 2018. If the number of Additional Shares applied for exceeds the number of Surplus Shares, Banco Santander, S.A., as the agent for the Capital Increase (the “**Agent Entity**”), shall allocate these proportionally pro rata for the volume of Additional Shares applied for, in proportion to the percentage that the Additional Shares applied for by each subscriber represents of the total Additional Shares applied for. <u>Discretionary Allocation Period (third round)</u> In the event that all of the New Shares have not been covered at the end of the Allocation Period for the Additional Shares, a period may be initiated for the subscription of the difference between the total New Shares and those subscribed in the Pre-emptive Subscription Period and the Allocation Period of Additional Shares. These will be known as “**Discretionary Allocation Shares**”. This discretionary allocation period is expected to start any time after the end of the Additional Share Allocation Period and end no later than 9:00 a.m. Madrid time on 16 February 2018 (the “**Discretionary Allocation Period**”). If the Discretionary Allocation Period is initiated, the Company will notify the CNMV by reporting a material event. If, during the Pre-emptive Subscription Period and the Additional Share Allocation Period, all the New Shares should not be subscribed, the Discretionary Allocation Period shall not commence, and the Agent Entity will notify the Participating Entities no later than 6:00 p.m. Madrid time on 15 February 2018. During the Pre-emptive Subscription Period, the Additional Share Allocation Period, and the Discretionary Allocation

Period, Banco Santander, S.A. and Morgan Stanley & Co. International plc (jointly, the "**Underwriters**") will carry out active promotion and dissemination activities to obtain subscription proposals for the New Shares underwritten through the Underwriting Contract (the "**Underwritten Shares**") from potential qualified investors, national or foreign (in those countries where local regulations allow such).

The percentage of Shares Underwritten by the Underwriters account for a 50.60% of the Capital Increase, while the shares included under the underwritten shares agreements of the significant shareholders account for 53.47% of the Capital Increase. The Company has maintained the percentage of Underwritten Shares above the percentage of non-underwritten shares by the significant shareholders pursuant to a commitment that is subject to a condition that is pending verification a the date of the registration of the Prospectus.

Payment procedure

New Shares subscribed in the Pre-emptive Subscription Period.

The full disbursement of the Subscription Price of each New Share subscribed during the Pre-emptive Subscription Period must be carried out by subscribers upon subscribing the New Shares (that is, at the time of making the subscription order) and through Participating Entities of Iberclear through which they have made their subscription orders.

According to the anticipated schedule, the Participating Entities with which New Share subscription orders have been placed will pay the amounts corresponding to the disbursement of the New Shares subscribed during the Pre-emptive Subscription Period to the Agent Entity through the resources that lberclear places at their disposal, so that they are received by the Company no later than 08:30 a.m. Madrid time on 16 February 2018, with a value date of this same day.

New Shares subscribed in the Allocation Period of Additional Shares

The full disbursement of the Subscription Price of each New Share subscribed during the Additional Share Allocation Period will be made no later than 08:30 a.m. Madrid time on 16 February 2018 through the Participating Entities through which the Additional Share subscription orders were made. Applications for Additional Shares that are not disbursed under the terms indicated will be deemed not made.

Notwithstanding the foregoing, the Participating Entities may ask subscribers to make a provision of funds for the amount corresponding to the Subscription Price of the Additional Shares requested.

New Shares subscribed in the Discretionary Allocation Period

The full disbursement of the Subscription Price of the Discretionary Allocation Shares must be made by the final investors to which they were granted not later than 21 February 2018, without prejudice to the pre-financing provided for in this section. The Underwriters that receive subscription requests for the Discretionary Allocation Period may ask applicants to make a provision of funds to ensure payment of the price of the Discretionary Allocation Shares that, as applicable, were assigned to them.

For purely operational reasons, and so that the New Shares can be admitted to trading on the Spanish Stock Exchanges in the shortest possible time, prior to the granting and registration of the public deed for the capital increase in the Mercantile Registry, the Global Coordinators, acting for and on behalf of the final beneficiaries (or in their own name and right ultimately exercise their underwriting commitments) have committed to the Company to advance the disbursement of the amount corresponding to the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period that does not exceed the number of Underwritten Shares (the "**Shares Subject to Pre-financing**"), and to subscribe and disburse the said Pre-Financing Shares, for the amount and in the proportion set out in the Underwriting Agreement. The amount subject to pre-financing must be received by the Company, without deducting commissions or expenses, no later than 9:00 a.m. Madrid time on 16 February 2018 (the "**Execution Date**").

Placement and underwriting

On 24 January 2018, an Underwriting Agreement was signed between the Company, as issuer, and the Underwriters. As mentioned above, the Underwriters underwrite a total of 237,500,000 New Shares. The "**Total Underwriting Commitment**" will be the name given to the total number of Underwritten Shares, which accounts for 50.60% of the New Shares.

The number of Shares Insured by each Underwriter and their participation in the Total Underwriting Commitment are the following:

	New Shares insured	
Underwriter	**(in number)**	**(in %)**
Banco Santander, S.A.	125.000.000	52,63%
Morgan Stanley & Co. International plc	112.500.000	47,37%

Total Insurance Commitment	**237.500.000**	**100%**

The underwriting commitment of each Underwriter, within the proportion of its participation in the Total Underwriting Commitment, will be reduced by the number of Underwritten Shares that would have been subscribed and paid in the Pre-emptive Subscription Period, in the Allocation Period for Additional Actions and in the Discretionary Allocation Period. This is without prejudice to the pre-financing obligations of the Pre-Financed Shares assumed by the Global Coordinators.

Significant shareholders and directors

The following significant shareholders have agreed to subscribe the number of New Shares indicated below during the Pre-emptive Subscription Period under the terms and conditions described, without detriment to their submission thereof to the applicable regulations regarding the securities market and in particular, the provisions set forth in Royal Decree 1310/2005, of 4 November:

- Amber Capital UK LLP, acting as discretionary investment manager of the investment funds through which it has its holding in Prisa, has agreed to subscribe the number of New Shares resulting from exercising all its corresponding pre-emptive subscription rights, that is, approximately, 84,739,467 New Shares, to maintain its shareholding of 18.1% of the share capital, provided this does not entail the obligation to formulate a takeover bid for the shares.
- HSBC Bank PLC has agreed to exercise pre-emptive subscription rights to subscribe approximately 37,500,00 New Shares to maintain its shareholding of approximately 9.0% of the share capital after the Capital Increase (below the 14.4% it currently owns according to the CNMV records). This commitment is subject to the closure of the Capital Increase being no later than 28 February 2018 and will be rendered void if the Company should announce that it will not execute the Capital Increase or if the Underwriting Agreement should be terminated for any reason (which would determine the obligation of publishing a supplement to the Prospectus).
- Rucandio, S.A. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 36,239,904 New Shares, to maintain its shareholding of 7.7% of the share capital.
- Grupo Herradura Occidente, S.A. de C.V. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 33,259,775 New Shares, to maintain its shareholding of 7.1% of the share capital. This agreement is subject to the financing approval of said entity for the payment of the New Shares to be subscribed.
- International Media Group, s.à r.l. has agreed to exercise its pre-emptive subscription rights to subscribe approximately 30,000,000 New Shares, which represent 6.4% of the total New Shares (below the 7.2% it currently owns according to the CNMV records).
- Banco Santander, S.A. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 22,437,665 New Shares, to maintain its shareholding of 4.8% of the share capital. This commitment is subject the lack of adverse material changes to Prisa's situation, the Refinancing, Banco Santander, S.A., the overall financial environment, the capital markets, or the general circumstances relevant to Prisa and its business, provided that such circumstances take place before exercising the pre-emptive subscription rights needed to meet their commitment or, if it were after that moment, only if a supplement including the opening of a revocation period is published.
- Okavango Pensiones FP, Okavango Delta FI, Kalahari FI, and Spanish Opportunities Fund (funds linked to Abante Asesores Gestión SGIIC, S.A.) have agreed to subscribe approximately 127,839, 3,871,364, 755,792, and 2,030,103 New Shares, respectively, (in total, 6,785,098 New Shares, which represent 1.4% of the total New Shares, below the 2.9% of the share capital they currently own according to the information provided to the Company).

Consequently, the Company has received subscription agreements -subject to the above-mentioned conditions— for a total of approximately 250,961,909 New Shares, representing 53.47% of the shares object of the Capital Increase.

In addition, CaixaBank, S.A. has informed the Company that it will take part in the Capital Increase by reinvesting the amount obtained from the sale of the pre-emptive subscription rights corresponding thereto, retaining the number of rights so that the amount obtained from the sale of the remainder can be fully invested in the subscription of New Shares by means of the exercising of the retained rights. The number of New Shares which it subscribes will depend, therefore, on the listing value of the pre-emptive subscription rights.

In any case, the aforementioned shareholders shall not have a privileged treatment with regard to the remaining shareholders of the Company within the framework of the Offering, the subscription of the New Shares and the revocation assumptions.

Estimated schedule

The estimated schedule for the Capital Increase is as follows:

Action	Estimated date
Board resolution setting terms and conditions of the Capital Increase	22 January 2018
Material event announcing the Capital Increase	23 January 2018
Signature of the Underwriting Agreement	24 January 2018
Approval and registration of the Prospectus at the CNMV	25 January 2018
Material event reporting the registration of the Prospectus at the CNMV, the formalisation of the Underwriting Commitment and the Pre-emptive Suscription Period.	25 January 2018
Publication of the announcement in the Official Journal of the Mercantile Registry ("**BORME**") and last listing date of the shares "with rights" ("*Last trading Date*")	26 January 2018
Start of the Pre-emptive Subscription Period (1st round) and application for Additional Shares	27 January 2018
First listing date of the shares of the Company "without rights" ("*Ex-Date*") and beginning of the listing of pre-emptive subscription rights	29 January 2018
Cut-off date on which Iberclear will determine the positions for the allocation of pre-emptive rights ("*Record Date*")	30 January 2018
Date of payment ("*Payment Date*") of the pre-emptive subscription rights by Iberclear	31 January 2018
Completion of the listing of pre-emptive subscription rights	9 February 2018
End of the Pre-emptive Subscription Period and application for Additional Shares	10 February 2018
As applicable, Allocation Period of Additional Shares (2nd round)	15 February 2018
Material event, communicating the New Shares subscribed during the Pre-emptive Subscription Period and, as the case may be, during the Allocation Period of Additional Shares and, if applicable, the initiation of the Discretionary Allocation Period.	15 February 2018
Start, if applicable, of the Discretionary Allocation Period (3rd round)	15 February 2018
If applicable, the final date for the end of the Discretionary Allocation Period. In the event of the opening of the Discretionary Allocation Period, a material event communicating the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period.	16 February 2018
Disbursement by the Participating Entities in Iberclear to Banco Santander, S.A. (as the Agent Entity) of the New Shares subscribed during the Pre-emptive Subscription Period and, as applicable, the Allocation Period of Additional Shares.	16 February 2018
Where applicable, disbursement by the Global Coordinators (who are the Underwriters), acting in turn on behalf of the final beneficiaries, of the New Shares that would have been placed during the Period of Discretionary Allocation ("pre-financing") or whose subscription corresponds to the Insurers in compliance with their respective underwriting commitments.	16 February 2018
Agreement to execute the Capital Increase (“Execution Date”)	16 February 2018
Granting of the public deed of Capital Increase	16 February 2018
Registration of the public deed of Capital Increase with the Mercantile Registry	19 February 2018
Material event reporting the execution of the increase agreement, granting and inscription of the deed in the date envisaged for the start of listing of New Shares	19 February 2018
Registration of New Shares in Iberclear (registration of shares)	19 February 2018
Admission to listing of the New Shares by the CNMV and the Spanish Stock Exchanges	19 February 2018

		Execution, as the case may be, of the special stock exchange transaction for the transfer of the Discretional Allocation Shares by the Global Coordinators to the final recipients (the "**Special Stock Market Transaction**").	19 February 2018
		Material event reporting the admission to listing of the New Shares	19 February 2018
		Estimated start date for the listing of the New Shares	20 February 2018
		Settlement, as the case may be, of the Special Stock Market Transaction	21 February 2018

The Company has established the above schedule according to the most probable dates on which each of the milestones described therein is expected to take place. The dates indicated are merely estimates and there is no certainty that the actions described will take place on such dates.

If there is a delay in the envisaged calendar, the Company will inform the market and the CNMV as soon as possible by means of the corresponding material event.

E.4	**Description of any interest that may be important for the issuance/offering, including conflictive ones** The Underwriters and other entities of their groups provide, and may provide in future, agency or investment or commercial banking services, as well as other services for the Company and its Group, for which they have received, and will continue to receive, the standard fees and expenses for these types of services. Likewise, in the ordinary course of business, the Underwriters and other entities of its groups are, and may be in future, holders of Prisa shares and other financial instruments issued by Prisa or entities of its Group. The other services and relationships include: (i) Banco Santander, S.A. is a significant shareholder in Prisa (see section 18.1 of the Registration Document); (ii) Banco Santander, S.A. is a creditor of Prisa through its subsidiary Banco Popular, S.A.; and (ii) Morgan Stanley & CO. International PLC was the financial advisor to Prisa in the sale of Media Capital. The Company is not aware of the existence of any link or significant economic interest between Prisa and the entities participating in the Capital Increase, except for the strictly professional relationship derived from the consultancy described in the said section and mentioned in this paragraph.
E.5	**Name of the person or legal entity offering to sell the securities. Non-disposal agreements: parties involved; and indication of the blocking period.** In the Underwriting Agreement, Prisa undertakes to the Global Coordinators, during the period between the date of signature of the Underwriting Agreement and the 180th day following the stock market day in which the New Shares were admitted to trading, except with advance authorisation in writing from the Global Coordinators: (i) not to directly or indirectly issue, offer, pledge, sell, undertake to sell or grant purchase options, rights, warrants or purchase commitments over, or exercise sale options, buy options or sale commitments, or undertakings to sell, lend, transfer or dispose of Prisa shares or securities convertible into, or swappable for, Prisa shares; (ii) not to subscribe to swaps or other contracts or operations that transfer, in full or in part the economic consequences of ownership of Prisa shares, whether directly or indirectly; and (iii) not to subscribe to other operations with the same economic effects, or agree, announce of publish their intention to perform any of these actions. The foregoing does not apply to (a) the treasury stock operations carried out in accordance with the regulation applicable after 90 days have elapsed since the admission to trading of the New Shares; (b) the granting or exercise of stock options or any other rights to purchase shares from Prisa or instruments related to them under valid option plans for managers or directors of the Company; and/or (c) the transfer of common shares which Prisa carries out in favour of Group companies.
E.6	**Quantity and percentage of the immediate dilution resulting from the offering** The shareholders of the Company have pre-emptive rights to the New Shares subject to the Capital Increase and, therefore, if they exercise the aforementioned right, they shall not suffer any dilution to their holding in the share capital of the Company. In the event that none of the current shareholders of the Company subscribe New Shares in the percentage corresponding to them in respect of pre-emptive subscription rights, and the New Shares are fully subscribed by third parties (i.e. issuance of a total of 469,350,139 New Shares), the holding of the current shareholders of the Company would represent 15.91% of the total number of Company shares that would result if the Capital Increase was fully subscribed, which would imply a dilution of 84.09% of capital prior to the Capital Increase.
E.7	**Estimated expenses applied to the investor by the issuer or offeror** The Company will not pass on any expense to the subscribers of the New Shares. The expenses incurred by the first inscription of the New Shares in the accounting records of Iberclear or its Participating Entities will not be accrued by the

	investors who participate in the Capital Increase. However, the Participating Entities that keep the books of the holders of Prisa shares may establish, in accordance with prevailing legislation and the rates published in their rates books and reported to the Bank of Spain and the CNMV, the fees and expenses that may be passed on for management matters as freely determined thereby, for the management of the securities kept on their books. Likewise, Prisa and the other Participating Entities through which the subscription is made may establish, in accordance with legislation in force, the commissions and expenses applicable to the processing of subscription orders for securities and the buying and selling of pre-emptive subscription rights that they freely determine. The foregoing is understood without prejudice to any special arrangements that may exist in other jurisdictions depending on the provisions of their respective legal systems.

II. RISK FACTORS

II.1 Risk factors that are specific to the issuer or its industry

Listed below are the risks that are associated with Promotora de Informaciones, S.A. (hereinafter, "**Prisa**" or the "**Company**"), its line of business, the sector in which it pursues its activity and the environment in which it operates and which could adversely affect the business, the results or the financial, economic or equity situation of the Company or the listed price of its shares.

These risks are not the only ones that Prisa could face in the future. It could be that future risks, currently unknown or not considered to be relevant, could have an effect on the business or the financial, economic or equity situation of the Company or on the quoted price of its shares or other securities issued by Prisa or companies of its group, which could lead to the partial or total loss of the investment made due to various factors, including the risks to which the Company is subject and which are described in this section and in section III of this document (hereinafter, sections II.1 and III will be jointly referred to as the "**Registration Document**").

For the purpose of the risk factors described below, all references made to Prisa or the Company should be understood, unless otherwise stated, as also being made to all the companies that form a part of the Prisa group (the "**Group**" or the "**Prisa Group**").

It is recorded that, on the date of this Registration Document, the sale of all the shareholding which Prisa has in Vertix, SGPS, S.A. ("**Vertix**") —which entails the indirect transfer of 94.69% of the share capital of its Portuguese subsidiary Grupo Media Capital SGPS, S.A. ("**Media Capital**")—, is pending execution, waiting for compliance with the last of the conditions precedent to which the sale was subject — meaning the attainment of authorisation from the Portuguese competition authorities. In this regard, since July 2017 Media Capital has been presented on the Group's financial statements as a discontinued activity.

(A) Risks associated with Prisa's financial and equity situation

(i) Prisa's high total amount of indebtedness reduces its strategic flexibility and could negatively impact its financial and equity situation

The Prisa Group has a high level of indebtedness, mainly resulting from the refinancing agreement for its financial debt signed on 11 December 2013 by Prisa and a syndicate of lenders, which is subject to British law and known as an *Override Agreement* (the "**Override Agreement**"). This agreement covers nearly all of Prisa's bank debt. It is divided into three tranches: Tanche 2, Tranche 3 and participation loans, or "**PPLs**". Since that date, the Company has paid off bank debt for a total amount of 1,852.1 million euros through the sale of non-strategic assets, capital increases, bond issues and repurchases of debt at a discount. However, the Group's indebtedness remains high.

As of 30 September 2017, Prisa's gross bank debt amounted to 1,657.1 million euros, whilst its net bank debt was 1,454.7 million euros. Its net bank debt ratio at that date was 6.22 time its adjusted EBITDA for the last twelve months ("**adjusted EBITDA LTM**") (5.44 times at 31 December 2016). While the ratio has dropped significantly since the close of the 2014 financial year (when it was at 10.33 times), it remains high.

As mentioned in the "Important warning", one of the most important parts of the Group's financial, equity and corporate restructuring was the refinancing of its financial debt (as defined later in this document). This was intended to change the terms and conditions of the Override Agreement (refer to the next risk factor), including extending the maturity of the debt. In this sense, at 16 January 2018, the Company reached a framework agreement for refinancing ("**Lock-up Agreement**") with most of its financial creditors who participate in the Override Agreement, to which subsequently all of the aforementioned creditors adhered (see section 5.1.5 of the Registration Document). If the refinancing is not carried out in December 2018, Tranche 2 of the bank debt - amounting to 956.5 million euros - will mature, which would have an impact on the liquidity and continuity of the Group's businesses.

The Group's high indebtedness could have a significant impact on its business, financial situation and the results of its operations. Specifically, it could: (i) increase its vulnerability to economic cycles and to market developments, particularly in the businesses most exposed to economic cycles (such as the Press and Radio businesses); (ii) require allocation of a substantial share of cash flows from operations to servicing debt (meaning handling payment obligations, paying interest and paying off the principal of the debt), thereby reducing the Group's flexibility to allocate these funds to its working capital needs, investments and financing future operations; (iii) expose the Group to fluctuations in interest rates on loans that are financed at variable interest rates (61.31% of the Group's bank debt was benchmarked against variable interest rates at 30 September 2017); (iv) limit the Group's financial, strategic and operational flexibility, whilst reducing its ability to adapt to changes in markets; and (v) place the Group at a disadvantage against competitors with lower debt. In addition, if the Group fails to comply with its debt repayment obligations under its financing agreements, its creditors could execute the personal or in rem guarantees set out in section 10.1(B) of this Registration Document.

The aforementioned Refinancing, in the event of it becoming effective, would reduce the Group's exposure to the aforementioned risks (see, to this regard, the risk factor (A)(iv) below and section 10.1.(B) - *Non-current and current debts with credit institutions* of the Registration Document), although the Group's indebtedness would continue to be significant.

(ii) The process relating to the Refinancing of the Group's debt constitutes a complex operation, subject to certain conditions, risks and uncertainties.

At the date of this Prospectus, the Group is involved in a process to refinance its financial debt so as to significantly extend the maturity profiles of Tranche 2 and Tranche 3, and to bring its bank debt maturity profile into line with the cash flow generation of the Group's businesses. It also includes the push-down of a substantial part of the Group's bank debt into a wholly-owned Prisa subsidiary of Spanish nationality ("**Holdco**") (the "**Refinancing**").

The Lock-up Agreement subscribed by all of the financial creditors participating in the Override Agreement regulates the basic terms and the procedure to be followed for refinancing and modifying the conditions of the latter (for further details on the terms of the Refinancing, see section *5.1.5 - 2017 and 2018 (vi) Refinancing*).

Under the terms and conditions of the Lock-up Agreement, the effectiveness of the Refinancing is subject to certain milestones compliance with which must be demonstrated no later than 30 June 2018. These include:

(i) That the capital increase in cash amounting to 450 million euros approved by Prisa's General Shareholders' Meeting on 15 November 2017 is executed before 31 March 2018. As set out in section *5.1.5 - 2017 and 2018* of the Registration Document, this capital increase will be executed based on the Securities Note that forms part of this Prospectus;

(ii) That an agreement is reached with the financial creditors on the new terms and conditions of the Override Agreement not expressly included in the Lock-up Agreement.

The Lock-up Agreement provides two alternative scenarios depending on whether, at 30 June 2018, Prisa has or not the approximately 321 million euros from the sale of Media Capital (see section *5.1.5 - 2017 and 2018 - (vi)*). The implementation, where applicable, of one or other alternative would have a different scope and impact on the Group's financial position. Therefore, as described in risk factor (A)(v) with regard to Prisa's equity situation, the extent to which the equity position of the individual Company will be affected depends on the alternative finally implemented, where applicable.

In addition, the Lock-up Agreement provides for a limited number of cases for termination that would permit the creditors to exit the binding commitment to support the proposed modifications to the financing regulated in the Override Agreement under the terms described below. These are: (i) the existence of deadlines for execution of the Capital Increase (31 March 2018) and the Refinancing (30 June 2018), as part of the Group's restructuring process (although this may be extended by the majority of the Lock-up Agreement participants); (ii) material failure by the Company to comply with its obligations under the Lock-up Agreement; (iii) a competent administrative or judicial body issuing an order or resolution that impedes execution of the agreed Refinancing; and (iv) if the Company goes into administration.

Furthermore, the Capital Increase has been underwritten in the manner set out in section 5.4 of the Securities Note. The Underwriting Agreement (as defined in section 5.1.3 of the Securities Note) provides for termination of the underwriting commitment in certain circumstances. If the Underwriting Agreement is terminated without the underwriting commitment taking effect, the Capital Increase might not be fully subscribed and, therefore, the milestone (i) of the Lock-up Agreement described above might not be met, in which case the Refinancing would not be carried out.

In the event that the milestones for the effectiveness of the Refinancing are not met or if for any other reason the Lock-up Agreement is terminated, the Refinancing will not take effect, and the Group would have to settle the maturity of Tranche 2 of the Company's financial debt in December 2018, amounting to 956.5 million euros (refer to the previous risk factor in relation to the Group's high debt levels), which would have an impact on the liquidity and continuity of its businesses.

In addition, the intra-group sale of Santillana is an essential element of the restructuring process. If it is executed, it will enable completion of the Refinancing by changing the principal debtor of the debt regulated in the Override Agreement (currently, Prisa) (see section 5.1.5 – 2017 and 2018 (vi) for more information). Thus, in the event that, for any reason, the Refinancing does not come into effect, the intra-group sale of Santillana planned as part of the restructuring would not take place. This would result in no recognition of an accounting profit in the individual financial statements, at a minimum estimated amount of some 450 million euros. Prisa's exposure to risk associated with its equity situation could therefore significantly increase in its individual financial statements (refer to risk factor (A)(v), with regard to Prisa's equity situation).

(iii) The Override Agreement and the Group's financing agreements contain certain financial covenants. Failure to comply with these could have a material adverse impact on the Group's financial position.

The Override Agreement and the Group's other financing agreements stipulate requirements and commitments pertaining to complying with and maintaining certain leverage and financial ratios (covenants). Likewise, the aforementioned agreements contain the provisions regarding cross default, which means that a breach of a specific provision may cause, if the breach exceeds certain amounts, the early maturity and termination of the agreement in question, but also that of the Override Agreement.

The terms and conditions of the Lock-up Agreement provide for a new set of covenants for the debt regulated in the Override Agreement. These covenants - which are being negotiated with the lenders at the date of this Prospectus - shall be based on market conditions and Prisa's business outlook.

By subscribing to the Lock-up Agreement, Prisa has covered itself against potential breaches of the covenants in place until any new agreements deriving from the Refinancing come into effect, unless the Lock-up Agreement is terminated for any reason (refer to the previous risk factor).

The covenants reduce the Group's strategic and financial flexibility, and any breach might have a material adverse effect on the Group's financial situation and equity. In this regard, section 20.7 of this Registration Document details the restrictions imposed on the distribution of dividends by the refinancing agreement that came into force on 11 December 2013.

(iv) The execution of the sale of Media Capital to Altice NV is subject to obtaining the preceptive authorisation from the competent Portuguese authorities and the funds from the sale may not be available to the Company until 30 June 2018.

On 13 July 2017, Prisa's Board of Directors accepted a binding offer made by Altice NV for Prisa's entire holding in Media Capital. This offer established Media Capital's enterprise value at 440 million euros. The final consideration of the transaction is subject to the usual adjustments for this type of business. According to Prisa's most reasonable estimates, the equity value of its holding in Media Capital after such adjustments would be around 321 million euros. Nonetheless, the final consideration will depend on developments in Media Capital's business up until the sale, and will be adjusted depending on its performance.

Execution of this operation is pending authorisation from the Portuguese authorities at the date of this Prospectus. This should be forthcoming with no conditions. However, should it be subject to compliance with certain non-divestment obligations, these should not materially effect the enterprise value of Media Capital or the value of Altice NV's business in Portugal (refer to section *5.1.5 - 2017 and 2018* of this Registration Document).

If the condition precedent for the sale of Media Capital is not finally met — and therefore the Refinancing is carried out under the second alternative (see section *5.1.5 - 2017 and 2018* of this Registration Document) — it is estimated that net bank debt at 30 September 2017 would fall to 1,087 million euros (compared to 661.2 million euros if the sale is completed) and the adjusted net bank debt ratio will stand at 3.9 times the adjusted EBITDA LTM (including

Media Capital) at 30 September 2017 (compared to 2.8 times the adjusted EBITDA LTM (excluding Media Capital) at 30 September 2017, if the sale is completed) (see section 10.1.(B) of the Registration Document for details of the adjustments considered in estimating Prisa's debt levels in each of these scenarios).

(v) On 30 November 2017, the Company's net equity for trading purposes was below two thirds of its share capital.

At 30 September 2017, the Company, in its individual financial statements, was in cause for liquidation, given that its net equity for commercial purposes (including the current PPLs at the close of the year in the amount of 502.3 million euros) of 55.4 million euros, which is less than half its share capital. This situation is derived from the recognition of an accounting loss and the reduction of the Company's individual own funds of approximately 85.6 million euros, net of the necessary sale costs, as a consequence of signature of the sale agreement for Media Capital in July 2017.

For the purpose of removing the grounds for dissolution that affected the Company, on 15 November 2017 Prisa's General Shareholders' Meeting approved a series of reductions in reserves and share capital to adapt the Company's own funds. Following the execution of these operations, on 17 November 2017, the grounds for dissolution that affected the Company were removed.

As at 30 November 2017, the Company's equity for the purposes of business legislation stood at 46.4 million euros (including participation loans amounting to 502.3 million euros), while share capital stood at 83.5 million euros. Therefore, the Company's equity was below the threshold of two thirds of share capital for the purposes of the obligation to reduce capital within one year, pursuant to article 327 of the Corporate Enterprises Act.

At the date of this Registration Document, the Company has received commitments for the monetary subscription of the Capital Increase by shareholders representing 53.47% of the Company's current share capital. In addition, 50.60% of New Shares have been underwritten by virtue of the underwriting agreement that the Company has entered into with Banco Santander, S.A. and Morgan Stanley & Co. International plc on 24 January 2018 (see section 5.4 of the Share Securities Note).

Finally, the intra-group sale of Santillana that would take place as part of the Refinancing, would result in the recording of a minimum book profit estimated at 450 million euros that would contribute to an improvement in Prisa's equity situation in its individual financial statements.

If the Santillana or Refinancing operation were not to take place, and to the extent that the future individual results of Prisa were negative, the legal cause of the compulsory capital reduction may persist and Prisa may be subject to grounds for dissolution. This situation could involve the need to propose, to the competent corporate bodies, the need to execute new capital reductions or increases or, if there were grounds for dissolution and they were not removed under the terms provided by law, the dissolution of the Company.

(B) Tax and other financial risks

(i) The Group is exposed to certain tax risks in the countries in which it operates

The Group's tax risks mainly relate to a possible different interpretation of the rules that could be made by the competent tax authorities, and to the modifications of tax rules by the countries where the Group operates. In this regard, as of the date of this Registration Document, Prisa operates in 25 countries, with significant exposure in Latin America.

At 30 September 2017, the consolidated Group had capitalised tax credits of 342.6 million euros, 302 million euros of which belong to the tax consolidation group, the parent company of which is Prisa. Based on the Group's current business plans, it is estimated that the tax credits capitalised within the period established in accounting legislation will be recovered, although there is the risk that the capacity to generate positive tax bases might not be sufficient to allow the capitalised tax bases to be recovered which derive from the negative tax bases of previous financial years, from limitation on the deductibility of financial expenses and amortisations and from tax deductions.

Likewise, the divergences in the interpretation of said rules could have a material adverse effect on the financial and trading position of the Group, and on its results and prospects.

(ii) The euro exchange rate fluctuation with regard to Latin American currencies may affect the Group's financial position as a result of the Group's high exposure to the region.

The Group is exposed to fluctuations in exchange rates, mainly due to the financial investments made in equity holdings in American companies, as well as due to the income streams and results coming from said investments.

For the nine-month period ended on 30 September 2017, approximately 51% of the operating income of the Group came from countries with a functional currency other than the euro.

The Group's foreign subsidiaries recognise the items on their balance sheets and income statements in the local functional currency. In the process of preparing the consolidated annual accounts, the exchange rate in force on the closing date is applied to all assets, claims and liabilities, and the average exchange rate is applied to items of the income statement. The difference between the amounts of own funds converted at the historical exchange rate and the shareholders' equity position that results from converting all other items as indicated is included in shareholders' equity as exchange rate gains or losses.

In the 2016 financial year, the profits/losses of the Group in Latin American were negatively affected by the weakness of the exchange rate in the region. This exchange effect reduced operating income by 59.5 million euros compared with the previous year. At current rates, operating income from Latin America dropped by 1.0%, while it increased by 8.6% measured at a constant rate. However, during 2017, the exchange rate had a positive effect, given that in the comparison with 2016, on average, there was an appreciation of currencies, mainly in Brazil. During 2016, approximately 45% of operating income came from America.

Within this context, in order to mitigate this risk and to the extent that there are credit lines available, the Group continues with the practice, based on its forecasts and budgets (which are analysed monthly), of hedging against exchange rate variations (via rate hedges, forwards and currency options mainly) for the purpose of reducing the volatility of the operations and results of the subsidiaries that operate abroad.

Adverse exchange rate movements could have a material adverse effect on the financial and trading position of the Group and on its results and prospects.

(iii) A significant part of the Group's banking debts is referenced to variable interest rates.

The Group is exposed to interest rate variations, to the extent that a significant part of the cost of outside financing of the Group is pegged to variable interest rates that are updated monthly, quarterly or biannually according to the financing agreement in question and the applicable reference rate.

As at 30 September 2017, approximately 61.31% of the Group's gross debt with financial entities was pegged to floating interest rates. As of the date of this Registration Document, the Group has not taken out any interest-rate derivatives.

The following table shows the sensitivity of the financial expense (before taxes), in millions of euros, accumulated as from 30 September 2017 and up to the total maturity of the Group's current debt in 2023 to variations of 50 basis points (in absolute value) in the interest rates associated with the Group's debt:

Interest rate variation	Sensitivity (before taxes)
+50 basis points	5,4
-50 basis points	0

At 30 September 2017, the average interest rate on the Group's financial debt was 3.01%. Therefore, in the event that the Refinancing comes into force, the sensitivity of the financial expense (before taxes) of the Group could be affected considerably.

It should also be taken into account that in the event that the Refinancing comes into force, the terms and conditions of the debt regulated in the Override Agreement (which on 30 November 2017 represented 95.8% of the Group's gross bank debt) will be modified (see section 5.1.5 – *2017 and 2018* (vi) for further information on the main terms and conditions established in the Lock-up Agreement). In particular, the initial interest rate of the refinanced debt would be the Euribor interest rate plus an initial margin of 4% as from when the Refinancing comes into force.

The following table shows the sensitivity of the financial expense (before taxes), in millions of euros, accumulated as from 30 September 2017 and up to the total maturity of the Group's debt with variations of 50 basis points (in absolute value) in the interest rates associated with the Group's debt in the event that the Refinancing – on the assumption that the sale of Media Capital has gone ahead and, therefore, taking into account the repayment of 771 million euros in June 2018 (see section 5.1.5 – *2017 and 2018* (vi) of the Registration Document) – comes into force:

Interest rate variation	Sensitivity (before taxes)
+50 basis points	17,4
-50 basis points	(7,9)

An upward interest rate path could have a material adverse effect on the results and on the financial and equity position of the Group.

(iv) The Group is subject to credit and liquidity risk

The adverse macroeconomic situation of recent years, with significant drops in advertising and trade, as well as the budget limitations of certain countries regarding education, has had a negative impact on the Group's cash generating capacity in recent years, mainly in Spain. The businesses that are dependent on advertising have a high percentage of fixed costs, and the drop in advertising income has a significant knock-on effect on margins and on the cash and banks position, thereby making it difficult to implement additional measures to improve the Group's operational efficiency. During the nine-month period ended at 30 September 2017, advertising revenues accounted for 27.6% (246 million euros) of the Group's operating income.

The Group conducts comprehensive follow-up on the collections and payments associated with all its business activities, as well as on the maturities of financial and commercial debt. Regarding commercial credit risk, the Group evaluates the age of the debt and conducts constant follow-up on the management of collections and handling default. Section 10.2 of this Registration Document includes the average collection period from the different sources and cash flows of the Group. In turn, section 10.1(B) of this Registration Document presents the calculation of the average payment period to suppliers.

In this regard, the Group repeatedly looks into other ways of financing to cover forecast cash needs, in both the medium and long term. A negative trend in the figures relating to the Group's credit and liquidity could have an adverse effect on the results, and the financial and equity situation, as well as the businesses of the Group.

Likewise, the nature of the Santillana Education business (which, for the nine-month period ended on 30 September 2017, contributed 58.5% of the Group's operating income) means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While on a yearly basis the seasonality of the Group's cash flow is not significant – in so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect –, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

(v) The holdings of minority shareholders in the Santillana and Prisa Radio business units have significant influence on the operational and financial management of these businesses.

The Santillana and Prisa Radio business units are partially held by external shareholders of the Group with minority holdings. The agreements reached with these shareholders have a bearing on the operational and financial management of these businesses. Thus, Santillana has an obligation to make annual payments to its minority shareholders (who represent 25% of the share capital) of a predetermined, fixed dividend preferential to the Prisa dividend for an amount equivalent to the greater of (i) 25.8 million dollars, or (ii) 25% of the amount distributable by Santillana as dividends.

(C) Strategic and operational risks of the Group's businesses

(C.1) Specific risks associated with the Education business

(i) The Group may not adapt in an agile and successful manner to the changing trends in the competitive environment and in the consumption of educational content.

In the Education business (which, for the nine-month period ended on 30 September 2017, contributed 58.5% of the Group's operating income), the Group also competes with both traditional players and smaller businesses, online portals and digital operators that offer content and alternative methodologies. The proliferation of new distribution channels (such as Internet, online platforms and online retailers) represents both a threat and new opportunities for the Group's traditional business model.

In the Education business, students ever-more frequently resort to cheaper sources of content (the exchange of files and documents through various platforms, online sites, "pirated" copies or second-hand materials). This trend places downward pressure on the prices of books in the Group's main markets. If the group does not manage to adapt swiftly and effectively to these changes, it could lose market share to competitors that are smaller and more able to adapt to change.

(ii) *The Group is exposed to risks derived from the applicable regulation in force in the countries in which it operates.*

The Group's Education business depends directly on the public policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by factors that are beyond the Group's internal control, such as (i) legislative changes, (ii) changes in the contracting procedures of public administrations, or (iii) the need to obtain prior administrative authorization with respect to the content of publications that are occasionally subject to subjective criteria.

Likewise, curriculum changes deriving from some of the preceding risk factors force the Group to modify its publications and, in general, its education content in order to adapt them to said changes. Adapting the Group's content subsequently requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

In this regard, the succession of changes in governments could, in turn, cause changes in education policies, which could affect the expense in education and the contracting procedures for text books, and all the aforementioned could have a material adverse effect on the Group's financial and trading position.

(iii) The concentration of sales in the public sector could have a negative effect on the evolution of the Group's businesses.

The main customers in the Group's Education business are the governments and public bodies in the various jurisdictions where it operates. For the nine-month period ended on 30 September 2017, 11.6% of the operating income of the Education business (20.3% in December 2016) came from institutional sales, with a particularly high concentration existing in Brazil, where, for the nine-month period ended on 30 September 2017, 37.6% of the operating income from this business came from institutional sales (43% in December 2016).

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies or if contractual relations were not renewed.

(C.2) Specific risks associated with businesses that are exposed to the advertising market (Print Press and Radio)

(iv) The appearance of new actors and online platforms represents a threat for the Group's competitive position in the markets in which it operates.

In the Press and Radio businesses, the Group competes for advertising with both traditional players and new suppliers of content and news aggregators (including Google News, among others). The competition among companies that offer online content is stiff, and there is a growing threat of entry by new competitors due to the low barriers to entry. Some of these new competitors could have greater resources or a better financial and equity position than Prisa, which could give them a competitive advantage with respect to the Group.

The capacity to maintain the Group's competitive position in the Press and Radio businesses depends on several factors, some of which are beyond its control, including the following, among others:

- The capacity to continue offering quality journalism and content that is interesting to and relevant for readers;
- The popularity, functionality, usability, adaptability, performance and security of the Group's digital products in comparison with those of its competitors;
- The capacity to increase the commitment of readers, in relation to both printed and digital products, and the capacity to attract new readers;
- The capacity to develop and monetize digital products;
- The pricing strategy of the Group's products;
- The ability to market the Group's products and offer an attractive return to advertisers on their advertising investment;
- The ability to capture, retain and motivate employees and, especially, attract digital talent;
- Maintaining the Company's reputation and its brand strength.

If all or some of the preceding risk factors materialise, the aforementioned could have a material adverse effect on the results, financial or equity situation, businesses and expectations of the Group.

(v) The impairment of the advertising market could have a negative effect on the Group's income.

A substantial part of Prisa's operating income comes from the advertising market (27.6% of the Group's operating income during the nine-month period ended on 30 September 2017), mainly in its Press and Radio businesses. The expenditure by advertisers tends to be cyclical and is a reflection of the general economic situation and outlook.

If the macroeconomic figures were to worsen in Spain and Latin America (especially GDP), spending prospects of the Group's advertisers could be negatively affected.

Spain represented 74% of the Group's total advertising income for the nine-month period ended on 30 September 2017. The market forecasts for 2017 are for a slight drop with respect to 2016 (-0.3% according to i2P data). During the year, a volatile behaviour was observed in the advertising market, with an increase in advertising investment in the first and third quarters and a drop in the second quarter.

In turn, Latin America represented 26% of the Group's total advertising income for the nine-month period ended on 30 September 2017. In particular, Colombia represents 16% of the Group's advertising income, while Chile represents 7%.

The Company cannot predict developments in the advertising market in the short, medium and long term, and, given the major component of fixed expenses associated with the businesses where advertising income has a considerable weight, a drop in advertising income would have a direct impact on the operating profits and therefore on the Group's cash generating capacity.

(vi) The traditional media business is amidst a process of change; the Group's competitive position could be affected in the event of it not adapting to the new competitive dynamics

The press income coming from the sale of copies and subscriptions continues to be negatively affected by the growth in alternative distribution media, including free Internet sites for news and other content (including those of the Group itself). Users have modified access to information consumption by replacing paper with digital media.

For the nine-month period ended on 30 September 2017, the Press business represented 17.6% of the Group's operating income. The Group generated 60.4 million euros operating income from the circulation of newspapers, which represented 38.4% of Press business operating income and 6.8% of the Group's operating income. Between 2014 and 2016, the Group's income from the circulation of newspapers dropped by 7.4% (annual compound growth rate).

In the decision process for purchasing advertising space, advertisers take into account, among other factors, the demand for the Group's products (for example, the circulation of copies, web traffic or audience data of radio programs), demographic and psychographic characteristics of the reader and audience base, rates, perception of the result of the investment in advertising and alternative advertising options.

Despite the fact that the income coming from paper advertising continues to represent over 50% of the advertising income of the Press area (specifically, 53.6%) and 15.6% of the Group's total advertising income during the nine-month period ended on 30 September 2017, the drop in newspaper and magazine circulation is causing a corresponding shift in the demand for print advertising in favour of digital advertising. However, there is the risk that the income coming from digital advertising might not be sufficient to offset the loss of income from paper advertising.

Likewise, the proliferation of alternative digital communication media —including social networks and news aggregators (such as Google News)— has notably expanded the options within reach of consumers, thus resulting in a fragmentation of the audience. Moreover, the proliferation of these new players means an increase in the inventory of digital advertising space available to advertisers, and which affects, and is expected to continue affecting, the Group's Press and Radio businesses.

Moreover, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets —especially, disruptive methods of advertising auctions, such as Real-time bidding— is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices.

Likewise, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications, and for smartphones that visit. The advertisements that are blocked by these technologies are not calculated as advertising impressions, for which reason the Group would lose the advertising income corresponding to the advertising printing that would have occurred if said applications hadn't existed.

If the Group's businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group's income and results.

(C.3) Other risks

(vii) The Group's businesses could be affected if it is unable to attract, train, motivate and retain qualified professionals.

The capacity to attract, train, motivate and retain qualified professionals is a key factor in the Group's strategy. The successful implementation of this strategy depends on the availability of senior executives and qualified professionals —especially digital talent— in the different businesses of the Group. If the Group does not have adequate personnel to sustain its activity or it loses any of its key executives and is not capable of replacing them in the proper time and manner, the businesses, the financial and equity situation, and the results and prospects of the Group could be negatively affected. Likewise, if Prisa is incapable of attracting, training, motivating and retaining qualified professionals, this could negatively affect the Group's businesses.

(viii) The Group's presence in international markets exposes it to risks of different natures

Movements in macroeconomic variables and exchange rates affect the evolution of the Group's businesses in both Spain and Latin America.

For the nine-month period ended on 30 September 2017, 52% of the Group's operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographic market (representing 48% of the Group's operating income). The following graphic shows the origin of the Group's operating income by geographic market:

Country	Operating income % of the Total
Spain	48%
Brazil	11%
Colombia	8%
Mexico	9%

Country	Operating income % of the Total
Argentina	6%
Chile	4%
Others	14%

The main consumption figures in Spain have undergone very significant deterioration in the past, which has had an impact (and could continue to do so if growth forecasts are not met) on the expenditure that the Group's clients make on its products and services, including advertisers and other clients of offers of Prisa content.

With respect to Prisa's activities and investments in Latin America, it should be pointed out that this region has the greatest risk among emerging countries due to its link with the United States and China —especially with respect to Brazil and Chile due to the dependence of their economies on the export of commodities to China or the United States, among others.

The Company cannot predict how the economic cycle will play out in the short term or in the upcoming years or if there will be a deterioration of the Spanish, Latin American or global economies.

Macroeconomic deterioration could have a negative effect on the Group's position in terms of results and cash generation, as well as on the value of the Group's assets.

(ix) The use of intellectual property rights of third parties entails certain contractual risks.

In order to make use of third-party intellectual property rights, the Group has been granted non-exclusive licences in exchange for consideration by institutions that manage groups of holders of such rights. To the extent that the Group does not intervene in the determination of the financial consideration for the use of such rights, there is the risk that significant upward variations in the amount of said consideration might have a material adverse effect on the Group's financial position and its businesses.

(x) The Group's goodwill and other intangible assets may deteriorate in the future

At 30 September 2017, the Company had intangible assets recorded on the consolidated balance sheet amounting to 114.9 million euros and goodwill amounting to 170.2 million euros In the analysis of the valuation of these assets and goodwill, the estimates made at the date according to the best information available were used.

In the event that Prisa was not able to comply with the business plans of the intangible assets activated in its balance sheet, it would be obliged to adjust the value of these assets, with the consequent financial impact to the Group. Similarly, Prisa would be obliged to provision goodwill from previous corporate transactions in the event that the future business prospects associated with these businesses were unable to justify the carrying amounts of this goodwill.

(xi) Future modifications in accounting standards and their interpretation may have a significant impact on the Group's consolidated accounts

The consolidated annual accounts have been prepared in accordance with the provisions set forth by International Financial Reporting Standards ("**IFRS-EU**") as they have been adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council and taking into account the totality of the accounting principles and standards, and the mandatory assessment criteria that have a significant effect, as well as in accordance with the Commercial Code, regulations of mandatory compliance approved by the Institute of Accounting and Account Auditing and all other Spanish regulations that may be applicable.

It is possible that future modifications in accounting standards and their interpretation will have a significant impact on the consolidated annual accounts. In particular, the Company has analysed the potential impact on its consolidated annual accounts of the application of IFRS 15 "Revenue Recognition" and IFRS 9 "Financial Instruments" as from 1 January 2018. At the date of this Prospectus, Prisa does not foresee that it will cause any significant impact.

(D) Technology risks

(i) The changes occurred due to the digital transformation process expose the Group to a series of risks and uncertainties.

The businesses in which the Group operates are in a permanent state of technological flux. The most recent technological advances have brought new methods and channels for the distribution and consumption of content. In turn, these advances drive changes in the preferences and expectations of consumers, who are increasingly seeking greater control over the content they consume and how they do it.

Technological change involves a series of risks for the Company, including the following:

- The pace and scope of the digital transformation initiatives carried out by the Group are increasing the execution risks of new products;
- The lack of ability to successfully invest in and offer adequate products and services that respond to market trends (meaning, the digitization of content and the proliferation of distribution channels —beyond printed materials);
- The lack of capacity to develop products, applications and other digital platforms for mobile devices or smartphones that are attractive to users and are responsive, that operate with various operating systems and that reach a notable level of success in the market;
- The lack of capacity to manage traffic on social networks in order to increase the digital presence and visibility of the Group's products;
- Within a context of permanent technological change and the consequent transformation of the traditional business model, there is the risk that resistance to technological change might emerge in businesses of the Group, which could hinder the implementation of the digital transformation initiatives carried out by Prisa.

Consequently, the materialization of all or some of the preceding risk factors could have a material adverse effect on the results, financial or equity situation, businesses and prospects of the Group.

(ii) Its dependence on IT systems entails risks for the Group.

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("**IT**") systems. The Group offers software or technology solutions through web-based platforms (such as the UNO or Santillana Compartir systems in the Education business), which use complex IT systems.

To maintain and increase its competitiveness and its business, Prisa must adapt to technological advances, to which end research and development are key factors. In this respect, the Group has outsourced to Indra Sistemas, S.A. ("**Indra**") the IT management service and the innovation project development in some of the Group's companies. To the extent that this service provision did not continue or was transferred to a new provider, the Group's operations could be affected.

Moreover, IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, hacking and the physical damage sustained by IT centres. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's systems and platforms could result in the loss of data or compromise customer data or other sensitive information. These threats are increasingly more sophisticated, and it cannot be assured that the Group will be capable of preventing all failures and other attacks to its IT systems.

All the aforementioned could have a material adverse effect on the normal course of the Group's business and, therefore, on its financial or commercial position, as well as on its results, operations and prospects.

(E) Legal risks

(i) The Group could be affected by the proliferation of sector regulation and changes in the regulations applicable to the businesses in which it operates

Prisa operates in regulated sectors, and is therefore exposed to regulatory and administrative risks that could negatively affect its businesses.

Specifically, the Audiovisual and Radio businesses are subject to the obligation to have concessions and licences for developing their businesses, while the Education business is affected by the applicable legislation regarding education cycles at the national or regional level.

In this regard, potential regulatory changes that approve more restrictive standards than those in force or that demand compliance with requirements that are more burdensome for service providers (such as the modification, non-renewal or revocation of the corresponding licences) could have an adverse material effect on the businesses, results and prospects of the Group.

(ii) The Group is exposed to lawsuits and claims filed by third parties

Prisa is a party in significant litigation, as is described in section 20.8 of this Registration Document. Likewise, Prisa has exposure to liabilities on account of the content of its publications and programs.

The uncertainty about the result of any litigation and claims involves the risk that a prejudicial result could have material adverse effect on the business and reputation of the Group, as well as on its results or financial and equity situation.

Moreover, in the course of its activities and businesses, the Group is exposed to potential liabilities and claims within the scope of its labour relations.

The provision made by the Group to confront possible claims and lawsuits against its companies amounts to approximately 8 million euros as at 31 December 2016.

(iii) Prisa's businesses are subject to abundant regulation on protecting competition, and the control of economic concentrations

Prisa's businesses are subject to abundant regulation on protecting competition, the control of economic concentrations or anti-trust laws, both international and local. In this regard, there is the risk of a breach of applicable regulations on fair competition or the control of economic concentrations. Consequently, there is the risk that competition authorities and bodies of the countries where the Group operates might initiate disciplinary proceedings against the Group. The filing of such proceedings could eventually result in fines being imposed against the Group, which could subsequently have a material adverse effect on the Group's equity or financial situation and damage the Group's reputation in the markets where it operates. Likewise, the filing of a disciplinary proceeding could result in greater control being exercised over the Group's operations by the competition authorities and bodies of other jurisdictions due to engaging in possible collusive behaviour or practices that involve a distortion of competition in other jurisdictions.

(iv) The Group is subject to compliance with abundant regulation on data protection

The Group has a large quantity of personal data available arising from running its businesses, including data pertaining to employees, readers and students. The Group is therefore likewise subject to data protection rules in various countries where it operates.

In this regard, regulations on data protection and privacy have been modified at European Union level to impose new obligations on persons who are subject to said regulations and to significantly increase the obligations of issuers on this subject and the penalties for serious violations. A violation of these regulations could result in harming the Group's reputation and in the payment of significant fines, which could have a material adverse impact on the Group's business, its financial health and its results and projections.

Likewise, any disclosure of such personal data by unauthorised third parties or employees could affect the Group's reputation, limit its capacity to attract and retain consumers or expose it to claims due to the damages sustained by the individuals to whom the personal information relates.

(v) Certain content developed by the Group, subject to intellectual property rights, within the scope of its business may be subject to reproductions by unauthorised third parties

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group. In this regard there is no certainty that the measures adopted to protect intellectual and industrial property rights might be sufficient to prevent the undue use and appropriation of such rights.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights. Moreover, the Group’s international presence involves the risk that it may not be capable of efficiently protecting intellectual and industrial property rights in all the jurisdictions where it operates.

II.2 Risk factors related to the securities offered

Before making the decision to invest in the pre-emptive subscription rights or in the shares object of the capital increase with pre-emptive subscription rights of Promotora de Informaciones, S.A. ("**Prisa**" or the "**Company**", the "**New Shares**" and the "**Capital Increase**", respectively), risks including those listed below must be taken into account, as well as those described in the Prisa Registration Document registered with the official registry of the National Securities Market Commission ("**CNMV**") on the same date, i.e. 25 January 2018, in relation to the Company and its line of business (the Registration Document, the Summary and the share securities note included in Section III below (the **Share Securities Note**") shall be referred to jointly as the "**Prospectus**").

The Underwriting Agreement between Prisa and the Insurers foresees the extinction of said agreement under certain circumstances. The underwriting commitment undertaken by the Insurers is also subject to certain conditions precedent

As described in section 5.4 of the Share Securities Note (section IV) and without prejudice of the New Equity underwriting commitment assumed by certain reference shareholders of the Company, which corresponds to 53.47% of the Capital Increase-, the Underwriting Agreement signed between Prisa and the Underwriting Entities in relation to the Capital Increase may be resolved by a Company decision or by a decision by the Global Coordinators, in the event that any termination case arises in accordance with the terms and conditions envisaged in the Underwriting Agreement. These assumptions include the occurrence of certain adverse material changes in, among others, the conditions (financial, operational, legal or other), the operating profit, management, businesses, solvency and outlook of the Company and its subsidiaries; the suspension of trading of Prisa shares in the Spanish Stock Exchange either (a) for 24 consecutive hours if this occurs during the first 13 days of the Pre-emptive Subscription Period; or (b) for more than six consecutive hours if this occurs from the second last day of the Pre-emptive Subscription Period; the general suspension of commercial banking activity declared by the competent authorities in the European Union, Spain, United Kingdom, the United States or the State of New York; or the material limitation of commercial banking activities or securities settlement and compensation services in the European Union, Spain, United Kingdom, the United States or the State of New York. The termination of the Underwriting Agreement will give rise to (i) the termination of the underwriting and pre-financing obligations of the Underwriters leaving without effect, where appropriate, the requests for Discretionary Allocation Shares made by the investors and the obligation to subscribe and pay-in the Discretionary Allocation Shares by the Underwriters by virtue of compliance with their underwriting commitment, and (ii), in certain cases, the termination of shareholders' subscription commitments (detailed in section 5.2.2 of the Share Securities Note). The termination of the Underwriting Agreement would require the publication of a supplement prior to the closure of the offer to the public, pursuant to article 16 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, on the prospectus that must be published in the case of a public offer or admission to a stock listing, and which modifies Directive 2001/34/EC, leading to the subsequent opening of a revocation period, which would equally affect all shareholders who may have placed their subscription orders prior to the publication of the supplement. To these effects, the moment of the registration of the public deed for the Capital Increase in the Commercial Register will be considered as the final closure of the offer to the public.

In addition, the underwriting and pre-financing obligations of the Underwriters pursuant to the Underwriting Agreement are subject to the fulfilment of several conditions precedent (see section 5.4.3 of this Share Securities Note) which must be fulfilled no later than the Pre-financing Time (i.e. 9:00 a.m. Madrid time) of the Execution Date (foreseen for 16 February 2018), the date on which the granting of the Capital Increase deed is expected to take place or, if applicable, no later than the registration of the Capital Increase public deed in the Commercial Register (19 February 2018, according to the planned schedule). Otherwise, unless waived by the Underwriters due to the fulfilment of these conditions, the underwriting and pre-financing obligations of the Underwriters will not enter into force.

In the event of termination of the Underwriting Agreement or in the event that the underwriting and pre-financing obligations of the Underwriters pursuant to the Underwriting Agreement do not become effective, the Capital Increase may be incomplete, which could have an adverse effect on the value of the Prisa shares and of the pre-emptive subscription rights, regardless of the financial situation —see risk factor affecting the issuer (A) (ii)— and the results of the Company.

The shareholders and investors who exercise their pre-emptive subscription rights or who apply for Additional Shares during the Pre-emptive Subscription Period will not be allowed to revoke their subscriptions.

The exercise of the pre-emptive subscription rights and the subscription orders during the Pre-emptive Subscription Period relating to applications for Additional Shares shall be understood as firm, irrevocable and unconditional. Therefore, once the rights have been exercised or the applications have been lodged, the shareholders and investors cannot revoke or modify said orders or applications and shall be obliged to subscribe the New Shares. Likewise, the proposals for subscribing Discretionary Allocation Shares shall be considered firm, irrevocable and unconditional except in the case of termination of the Underwriting Agreement, in which case, the proposals for subscribing Discretionary Allocation Shares shall be left without effect.

However, in the event that a significant factor arises (such as, for example, the termination of the Underwriting Agreement due to the causes indicated in section 5.4.3 of the Share Securities Note) between the registration date in the CNMV of the Share Securities Note and the final closing of the offering to the public that required the publication of a supplement, and the consequent initiation of a revocation period of the orders or subscription requests made prior to the publication of the supplement, for a period of no less than two business days from its publication, the Legitimate Shareholders and Investors may revoke their subscription orders in accordance with article 16 of Directive 2003/71/EC of the European Parliament and Council of 4 November 2003, on the prospectus to be published in the event of a public offering or admission to listing of securities and amending Directive 2001/34/EC and with article 40 of Royal Decree 1310/2005 of 4 November. To these effects, the moment of the registration of the public deed for the Capital Increase in the Commercial Register will be considered as the final closure of the offer to the public.

Prisa cannot ensure the development of an active trading market for pre-emptive subscription rights or that there will be sufficient liquidity for the aforementioned rights

The pre-emptive subscription rights of the Capital Increase object of this Prospectus shall be traded on Spanish Stock Markets via the Spanish Automated Quotation System (Continuous

Market) during the business days of a 15 calendar day period as of the day following publication of the announcement of the Capital Increase in the Official Journal of the Mercantile Registry (BORME).

Prisa cannot ensure the development of an active trading market for pre-emptive subscription rights on the aforementioned Spanish Stock Markets or that there will be sufficient liquidity for the aforementioned rights.

Pre-emptive subscription rights not exercised will be automatically terminated at the end of the Pre-emptive Subscription Period. The Company's shareholders (or whoever has acquired their rights) who do not exercise or sell their rights within said period will forfeit them and will not receive any economic compensation for them.

A possible significant fall in the price of the Company's shares may have a negative effect on the value of the pre-emptive subscription rights

Given that the trading price of the rights depends on the trading price of the common shares of Prisa, a possible significant drop in the Company's share price could have a negative effect on the value of the pre-emptive subscription rights. This way, the risks affecting the share price of the Prisa shares, including the risks described in this Share Securities Note, could also affect the trading price of the pre-emptive subscription rights.

The Company cannot ensure holders of the pre-emptive subscription rights that the trading price of the Prisa shares will not fall below the subscription price of the New Shares after the holders of the pre-emptive subscription rights have decided to exercise them. If this were to occur, the holders of the pre-emptive subscription rights would have undertaken to acquire New Shares at a price above the market price, which would lead to an immediate unrealised loss. Prisa cannot ensure the holders of the pre-emptive subscription rights that after having exercised their aforementioned rights they will manage to sell their shares at a price equal to or above the subscription price.

A delay in the commencement of listing of the New Shares would affect their liquidity and would prevent their sale until they were admitted to listing

Once the public deed relating to the Capital Increase has been registered with the Mercantile Registry, it is expected that the New Shares issued as a consequence of the Capital Increase begin trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Spanish Automated Quotation System (SIBE) within the working day following the day on which said inscription takes place and the New Shares are registered as book entries in Iberclear. Any delay in the commencement of the trading of the New Shares would withhold the liquidity of said shares on the market, making it difficult or impossible for investors to sell them.

The trading value of the Prisa shares may be volatile and may suffer unexpected and significant falls

The listing value of the Prisa shares may be volatile. Factors such as the evolution of the Company's operating results, the development of the Group's Refinancing process (described in section *5.1.5 - 2017 and 2018 (vi)* of the Registration Document), negative publicity, changes in the recommendations made by stock exchange analysts regarding the Company, or the global conditions of the financial markets, stock markets or in the sectors in which Prisa operates could have a negative effect on the Company's share price. The price of the shares issued in an offering is, generally, subject to greater volatility during the period immediately following the realisation of the offering.

On the other hand, over the past years. the stock markets in Spain and all over the world have undergone certain volatility in terms of trading volume and listing prices of the securities which are often not related to the underlying operational performance of these companies. This volatility could have a negative effect on the trading value of the Prisa shares, regardless of its financial situation and operating results, which could prevent investors from selling their shares on the market at a price above the subscription price.

Those shareholders who do not exercise their pre-emptive subscription rights will see a dilution in their shareholding in the Company's capital

In the case of an issuance of new common shares of Prisa, shareholders that do not exercise their pre-emptive subscription rights will see their equity holding in Prisa diluted up to 84.09% of their current holding, assuming the subscription of 100% of the New Shares.

Even in the case of a shareholder transferring, prior to the end of the Pre-emptive Subscription Period, their unrealised pre-emptive subscription rights, the price which, where applicable, would be received as consideration may be insufficient to fully cover the dilution of his participation in the capital of the Company as a result of the Capital Increase.

The sale of a substantial number of shares or pre-emptive subscription rights of the Company during the Capital Increase or after its conclusion, or the perception that these sales could take place, may have a negative effect on the trading of the shares and pre-emptive subscription rights of the Company

The sale of a substantial number of shares or pre-emptive subscription rights of the Company during the Capital Increase or after its conclusion, or the perception that these sales could take place, may have a negative effect on the trading of the shares and pre-emptive subscription rights of Prisa

Likewise, future sales of shares could significantly affect the Company's securities market and its ability to obtain additional capital by means of further issues of equity securities.

Future capital increases could dilute the participation of the Prisa shareholders

Aside from the Capital Increase, the Company could carry out additional capital increases in future.

In general terms, the issuance of new shares could take place as a consequence of a capital increase or as a result of exercising the conversion rights by the holders of the convertible debentures or similar convertible instruments in Prisa shares. In the event of carrying out capital increases, the Company shareholders would see their participation in the capital diluted in the cases in which they do not exercise the pre-emptive right or this is fully or partially excluded, in accordance with the provisions of the redrafted text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Corporate Enterprises Act**").

The Company's General Meeting held on 20 April 2015 agreed to authorise the Board of Directors to increase the share capital within a maximum period of five years, on one or more occasions and up to half of the share capital (at that time established at 215.8 million euros). This authorisation includes the power to exclude, in whole or in part, the right of preferential subscription. Under this delegation, the Company increased its capital in a nominal amount of 19.2 million euros (real value of 64 million euros) in December 2015 (see section 5.1.5 - *2015* of the Registration Document). Additionally, under this delegation, 88.7 million euros of nominal value would be issued of the 441.2 million euros that is foreseen to be issued under the Capital Increase, notwithstanding the incomplete subscription (see section 5.1.5 - *2017 and 2018* (iv) of the Registration Document). Consequently, once the Capital Increase is executed, this delegation will be practically depleted (notwithstanding the possibility of incomplete subscription).

In addition, the same General Meeting agreed to delegate in the Board of Directors the power to issue, amongst others, fixed-interest securities convertible in newly issued shares and/or exchangeable for outstanding shares of Prisa and other companies, and warrants (options for subscribing new shares or for acquiring outstanding shares of Prisa or of other companies) for a maximum period of five years.

As of the date of this Share Securities Note, there are 778,200 Prisa warrants in circulation, the exercise of which would lead to the acquisition of 778,200 common Prisa shares. The conversion into shares of the securities would in future lead to a dilution of the shareholders' participation in the Company's capital.

Furthermore, the General Meeting of Shareholders, held on 15 November 2017, approved a capital increase by means of a credits offset for an amount of 47 million Euros, by means of the issue and entry into circulation of 50 million new ordinary shares, as described in section 5.1.5 - *2017 and 2018* of the Registration Document.

However, in accordance with the Underwriting Agreement, the Company has undertaken not to issue shares or carry out any of the operations described in section 7.3 of the Share Securities Note, with the exceptions described in the aforementioned section, unless authorised by the Global Coordinators, during the period between the signing of the Underwriting Agreement until 180 days after the New Shares have been admitted to trading. After said period, the Company may decide to issue shares or securities convertible in shares.

A current shareholder or a third party may acquire a significant percentage of the Company shares in the Capital Increase.

It is possible that a current shareholder of the Company or a third party may acquire a significant number of New Shares, which would reduce the free float of the Prisa shares available for trading on the markets, with a negative effect on the liquidity of the security. Said circumstance could also place the shareholder or the third party in a position which would enable access to the Board of Directors of Prisa or the exercise of significant influence over the same.

For this purpose, it is stated that at the date of this Share Securities Note, the following shareholders have stated their commitment to exercising the pre-emptive subscription rights that correspond to them (for further information on the terms and conditions to which these commitments are subject, see section 5.2.2 of the Share Securities Note):

- Amber Capial UK LLP, as the *discretionary investment manager* of the investment funds through which it holds shares in Prisa, has committed to subscribe to approximately 84,739,467 New Shares.

- HSBC Bank PLC has committed to subscribe to approximately 37,500,000 New Shares.
- Rucandio, S.A. has committed to subscribe to approximately 36,239,904 New Shares.
- Grupo Herradura Occidente, S.A. de C.V. has committed to subscribe to approximately 33,259,775 New Shares.
- International Media Group, s.à r.l. has committed to subscribe to approximately 30,000,000 New Shares.
- Banco Santander, S.A. has committed to subscribe to approximately 22,437,665 New Shares.
- Okavango Pensiones FP, Okavango Delta FI, Kalahari FI and Spanish Opportunities Fund (funds linked to Abante Asesores Gestión SGIIC, S.A.) have committed to subscribe to 127,839, 3,871,364, 755,792 and 2.030.103 New Shares, respectively (in total, 6,785,098 New Shares).

Consequently, the Company has received subscription agreements (subject to the conditions detailed in section 5.2.2 of the Share Securities Note) for a total of approximately 250,961,909 New Shares, representing 53.47% of the shares object of the Capital Increase.

In addition, CaixaBank, S.A. has informed the Company that it will take part in the Capital Increase by reinvesting the amount obtained from the sale of the pre-emptive subscription rights corresponding thereto, retaining the number of rights so that the amount obtained from the sale of the remainder can be fully invested in the subscription of New Shares by means of the exercising of the retained rights. The number of new shares subscribed will depend, therefore, on the listing value of the pre-emptive subscription rights (see section 18.1 of the Registration Document for further details of the shareholdings of CaixaBank, S.A. in the Company's capital).

In any case, the aforementioned shareholders shall not have a privileged treatment with regard to the remaining shareholders of the Company within the framework of the Offering, the subscription of the New Shares and the revocation assumptions.

The Company's common shares have not received dividends since 2011 and there is no guarantee that this situation will change in future

The possible future payment of dividends by the Company may be affected by the risk factors described in the Prospectus. The effective payment of dividends depends on the profits, the financial and equity situation of the Company at each moment, its liquidity needs and other relevant factors. In this sense, the common shares of the Company have not received dividends since the 2011 financial year. The Company cannot guarantee that dividends will be distributed in future.

The Group's financing agreements currently impose restrictions on the dividend distribution, described in section 20.7 of the Registration Document, until certain levels of reduction of the financial indebtedness are attained. The aforementioned restrictions could be maintained if the debt is refinanced as described in section *5.1.5 - 2017 and 2018 (vi) Refinancing*.

The shareholders from countries with currencies other than the Euro may endure an additional investment risk linked to the exchange rate variations related to owning shares

in the Company

The shareholders from countries with currencies other than the Euro have, in relation to the ownership of the Company shares, an additional investment risk linked to the exchange rate variations. The Company shares are only traded in Euros and any future payment of dividends would be paid in Euros. Therefore, any dividends received in relation to the ownership of Company shares or through any sale of Company shares could be negatively affected by the fluctuation of the Euro against other currencies, including the US Dollar, Pound Sterling, Mexican Peso, Brazilian Real and Argentinian Peso.

The legal or regulatory limitations to the investment could restrict certain investments

The investment activities of certain investors are subject to legal and regulatory regulation or audit and regulation by certain authorities. Each potential investor should consult with their legal advisers to determine whether, and to what extent: (i) the pre-emptive subscription rights and/or the subscription of New Shares are legal investments allowed by law; (ii) the pre-emptive subscription rights and/or the New Shares could be used as collateral for different types of financing; and (iii) other restrictions that could be applicable to the subscription, acquisition, sale or pledge of any pre-emptive subscription rights and/or New Shares. Financial institutions should consult with their legal advisers and the pertinent regulators to determine the appropriate handling of the pre-emptive subscription rights and/or New Shares under applicable regulation.

The pre-emptive subscription rights must be exercised through the Entity Participating in Iberclear, whose book entries have recorded the pre-emptive subscription rights and the New Shares must be paid in Euros. There may be difficulties for exercising the pre-emptive subscription rights in other jurisdictions.

The pre-emptive subscription rights must be exercised through the Entity Participating in Iberclear, whose book entries have recorded said securities. The Entity Participating in Iberclear is located in Spain and the payments must be made in Euros to said Entity Participating in Iberclear. Consequently, it may be difficult or impossible for the Group’s shareholders or investors outside Spain to exercise the rights to which they are entitled, request the allocation of additional shares and pay the subscription price in relation to the same.

It is possible that shareholders residing in other jurisdictions, particularly the holders of American Depositary Shares in relation to the shares which these entitle them to, cannot exercise their pre-emptive subscription rights unless they previously comply with certain legal requirements such as the need to register a securities offering with the governing bodies in the jurisdictions where they reside or, where applicable, they obtain an exception to the need to comply with such requirements.

* * *

III. SHARE REGISTRATION DOCUMENT (ANNEX I OF COMMISSION REGULATION (EC) NO 809/2004 OF 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 Identification of the persons responsible for the registration document

Mr. Manuel Polanco Moreno, in his capacity as Chairman of the Board of Directors, for and on behalf of Promotora de Informaciones, S.A., a company with its registered address in Madrid at calle Gran Vía, número 32 (hereinafter, "**Prisa**" or the "**Company**"), assumes the responsibility for the content of this registration document for Prisa shares (hereinafter, the "**Registration Document**").

1.2 Declaration of the persons responsible for the registration document

Mr. Manuel Polanco Moreno declares that, after acting with reasonable diligence to ensure that such is the case, the information contained in this Registration Document is, according to his knowledge, in keeping with the facts and is not subject to any omission likely to affect its content.

2. STATUTORY AUDITORS

2.1 Name and address of the auditors of the issuer for the period covered by the historical financial information.

The firm that has audited the individual accounts of Prisa and those of its consolidated Group for the financial years ending on 31 December 2014, 2015 and 2016 is Deloitte, S.L., with its registered address in Madrid at Plaza Pablo Ruiz Picasso 1, Torre Picasso, holder of Tax ID Number B-79.104.469 and recorded in the Official Register of Statutory Auditors (R.O.A.C.) under number S0692 and in the Madrid Trade Register in Volume 13,650, folio 188, section 8, page M- 54.414 ("**Deloitte**").

2.2 If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.

The auditors have not resigned and have not been removed, and they were appointed by the Company the last time and for a period of one year at the General Shareholders' Meeting of 30 June 2017 to audit the annual accounts that will be closed off on 31 December 2017.

3. SELECTED FINANCIAL INFORMATION

The consolidated financial information of the Prisa Group contained in this report has been prepared in accordance with the provisions set forth in the IFRS, as adopted by the EU, and taking into account the totality of the accounting principles and standards, and the mandatory assessment criteria that have a significant effect, as well as in accordance with the Commercial Code, regulations of mandatory compliance approved by the Institute of Accounting and Account Auditing and all other Spanish regulations that may be applicable.

3.1 Selected historical financial information regarding the issuer, presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information.

The information contained in this Chapter must read in conjunction with Chapters 6 and 9 of this Registration Document and with the consolidated financial statements that are included in

Chapter 20 of this Registration Document. In any event, this information is subject in its entirety to the content of those consolidated financial statements. The consolidated financial information of the Prisa Group for the years 2014, 2015 and 2016 has been audited. In said information, Media Capital is fully consolidated.

As a consequence of the reverse split transaction executed by Prisa on 22 May 2015 and in accordance with the provisions set forth in the International Accounting Standard "Earnings per Share" (IAS 33), the book value per share and the earnings per share for the 2014 financial year was restated in the annual accounts for the 2015 financial year for the purposes of comparison.

The historical results presented in this section and other sections of this Registration Document might not be indicative of Prisa's future results.

Selected financial information from the consolidated balance sheets of the Prisa Group

	CONSOLIDATED BALANCE SHEETS		
	At 31 December		
	2016	**2015**	**2014**
	(thousand euros) *(audited)*		
Non-current assets	**1,273,699**	**1,336,733**	**1,536,749**
Property, plant and equipment	122,390	127,866	142,684
Real estate investments	138	343	352
Goodwill	593.121	577,298	599,958
Intangible assets	130,796	129,051	137,198
Non-current investments	33,892	30,904	185,647
Equity-accounted investments	36,690	42,841	46,085
Deferred tax assets	353,653	425,218	421,346
Other non-current assets	3,019	3,212	3,479
Current assets	**852,732**	**1,026,659**	**2,054,821**
Inventories	168,679	153,521	159,242
Trade and other accounts receivable	418,124	439,637	496,452
Current investments	19,506	114,453	127,886
Cash and cash equivalents	246,423	319,001	152,431
Non-current assets held for sale	–	47	1,118,810
TOTAL ASSETS	***2,126,431***	***2,363,392***	***3,591,570***
Equity	**(336,045)**	**(394,587)**	**(617,771)**
Equity attributed to the Parent Company	(425,125)	(461,523)	(476,434)
Subscribed share capital	235,008	235,008	215,808
Other reserves	(705,059)	(800,689)	80,955
Retained earnings	47,470	144,206	(765,239)
- from previous financial years	115,329	138,912	1,471,593
- in the year: profit/loss attributed to the Parent Company	(67,859)	5,294	(2,236,832)
Treasury shares	(1,735)	(2,386)	(3,116)

	CONSOLIDATED BALANCE SHEETS		
Exchange differences	(809)	(37,662)	(4,842)
Non-controlling interests	89,080	66,936	(141,337)
Non-current liabilities	**1,909,125**	**2,176,489**	**2,984,524**
Non-current bank borrowings	1,653,535	1,907,758	2,645,505
Non-current financial liabilities	136,149	131,822	118,364
Deferred tax liabilities	21,055	36,452	60,013
Non-current provisions	56,516	59,746	115,964
Other non-current liabilities	41,870	40,711	44,678
Current liabilities	**553,351**	**581,490**	**1,224,817**
Trade payables	301,636	296,062	317,521
Associated companies	1,609	2,893	2,008
Other non-trade payables	67,945	65,737	67,200
Current bank borrowings	68,488	100,765	108,756
Current financial liabilities	23,104	23,117	914
Public authorities	61,633	62,623	57,314
Provisions for refunds	8,071	7,511	6,945
Other current liabilities	20,865	22,782	45,681
Liability linked to non-current assets held for sale	–	–	618,478
TOTAL NET ASSETS AND LIABILITIES	***2,126,431***	***2,363,392***	***3,591,570***
Book value per share (euros) (*)	(5.40)	(5.86)	(6.58)

(*) Book value per share (euros) is an APM that results from dividing equity attributed to the parent, less treasury shares, by the number of shares outstanding on the date in question. For the definition, explanation, use and reconciliation of this APM, please see paragraph 26 of this Registration Document.

Selected financial information from the consolidated profit and loss statements of the Prisa Group

	PROFIT AND LOSS ACCOUNT		
	Financial year ending 31 December of		
	2016	2015	2014
	(thousand euros) *(audited)*(*)		
Operating income	1,358,037	1,374,062	1,454,728
Adjusted operating income (1)	1,349,442	1,374,062	1,387,762
EBITDA (2)	248,862	248,414	183,385
Adjusted EBITDA (3)	273,367	279,357	249,866
Operating profit (EBIT)	133,474	120,828	28,720
Financial profit	(87,057)	(108,805)	(39,064)
Profit/loss of companies by the equity method and other investments	3,332	4,155	36,039
Pre-tax profit/loss from continuing activities	49,749	16,178	25,695
Corporate income tax	(87,110)	25,323	(132,607)

Profit/loss from continuing activities	(37,361)	41,501	(106,912)
Profit/loss after tax from interrupted activities	(296)	(2,684)	(2,203,004)
Consolidated profit/loss of the year	(37,657)	38,817	(2,309,916)
Profit/loss attributed to minority interests	(30,202)	(33,523)	73,084
Profit/loss attributed to the Parent Company	**(67,859)**	**5,294**	**(2,236,832)**
Basic profit/loss per share from continuing activities (euros)	(0.87)	0.11	(0.63)
Basic profit/loss per share from discontinued activities (euros)	0.00	(0.04)	(41.00)
Basic profit/loss per share (euros)	(0.87)	0.07	(41.63)

(*) Except with regard to the amounts that are expressly identified as APMs in the following notes and that are not audited.

(1) The adjusted operating income is an Alternative Performance Measure (**APM**) that is obtained by adjusting the operating income with non-recurring effects, such as modifications of the consolidation scope, tax deductions and other non-recurring effects. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.

(2) The EBITDA is an APM that is obtained by adding the variation of working capital provisions, the amounts allocated to fixed asset depreciation and impairment amounts to the operating profit/loss (EBIT) and the impairment loss on goodwill. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.

(3) The adjusted EBITDA is an APM that is calculated by adding one-off expenses consisting of severance compensation, effects of changes in scope of consolidation, deductions for R&D activities, other non-recurring effects and other extraordinary effects, including, among other things, the outcomes of judgments that resolve disputes or administrative or legal proceedings relating to taxation. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.

3.2 If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided, except where the requirement for comparative balance sheet information is satisfied by presenting the yearend balance sheet information.

The information contained in this Chapter must be read in conjunction with the consolidated financial information that is included in Chapter 20.6.1 of this Registration Document. The financial information for nine-month period ended 30 September 2017 has not been the object of any type of audit or revision by the Company's auditors. The data for the nine-month period ended 30 September 2016 are presented for comparative purposes and likewise have not been audited or reviewed.

At 30 September 2017, the assets and liabilities of Media Capital and Vertix were classified as assets and liabilities held for sale on the Group's consolidated balance sheet, as a result of the contract with Altice NV for the sale of all of Prisa's equity holdings in Media Capital (see section 7.2 of this Registration Document).

Likewise, the profts/losses of Media Capital have been reclassified under the heading, "*Profits/losses after tax from interrupted activities*" on the income statement.

According to IFRS 5 (non-current assets held for sale and discontinued operations), as adopted by the EU, and for merely comparative purposes, the consolidated profits and loss account for the first nine months of the 2016 financial year has been modified to present Media Capital as a discontinued operation.

Selected financial information from the consolidated balance sheets of the Prisa Group

	CONSOLIDATED BALANCE SHEETS	
	On 30 September 2017	**On 31 December 2016**
	(thousand euros)	
	(unaudited)	*(audited)*
Non-current assets	**792,340**	**1,273,699**
Property, plant and equipment	93,928	122,390
Real estate investments	47	138
Goodwill	170,237	593.121
Intangible assets	114,902	130,796
Non-current investments	29,974	33,892
Equity-accounted investments	40,650	36,690
Deferred tax assets	342,602	353,653
Other non-current assets	-	3,019
Current assets	**1,177,663**	**852,732**
Inventories	71,350	168,679
Trade and other accounts receivable	418,864	418,124
Current investments	18,917	19,506
Cash and cash equivalents	183,545	246,423
Non-current assets held for sale	484,987	–
TOTAL ASSETS	**1,970,003**	***2,126,431***
Equity	**(428,028)**	**(336,045)**
Equity attributed to the Parent Company	(507,218)	(425,125)
Subscribed capital	235,008	235,008
Other reserves	(725,469)	(705,059)
Retained earnings	13,480	47,470
from previous financial years	68,472	115,329
in the year: profit / loss attributed to the Parent Company	(54,992)	(67,859)
Treasury shares	(912)	(1,735)
Exchange differences	(29,325)	(809)
Non-controlling interests	79,190	89,080
Non-current liabilities	**1,810,603**	**1,909,125**
Non-current bank borrowings	1,586,566	1,653,535
Non-current financial liabilities	121,816	136,149
Deferred tax liabilities	18,627	21,055
Non-current provisions	44,824	56,516
Other non-current liabilities	38,770	41,870

	CONSOLIDATED BALANCE SHEETS	
Current liabilities	**587,428**	**553,351**
Trade payables	212,226	301,636
Associated companies	1,408	1,609
Other non-trade payables	49,726	67,945
Current bank borrowings	50,115	68,488
Current financial liabilities	17,559	23,104
Public authorities	43,956	61,633
Provisions for refunds	18,958	8,071
Other current liabilities	25,459	20,865
Liabilities linked to non-current assets held for sale	168,021	-
TOTAL NET ASSETS AND LIABILITIES	**1,970,003**	***2,126,431***
Book value per share (euros) (*)	(6.46)	(5.40)

(*) Book value per share (euros) is an APM that results from dividing equity attributed to the parent, less treasury shares, by the number of shares outstanding on the date in question. For the definition, explanation, use and reconciliation of this APM, please see paragraph 26 of this Registration Document.

Selected financial information from the consolidated profit and loss statements of the Prisa Group

	PROFIT AND LOSS ACCOUNT	
	Nine-month period ended on 30 September	
	2017	2016
	(thousand euros) *(unaudited)*	
Operating income	893,601	897,406
Adjusted operating income (1)	888,968	897,406
EBITDA(2)	178,050	175,508
Adjusted EBITDA (3)	189,242	185,092
Operating profit (EBIT)	102,500	89,813
Financial profit	(36,987)	(41,707)
Profit/loss of companies by the equity method and other investments	1,620	2,863
Pre-tax profit/loss from continuing activities	67,133	50,969
Corporate income tax	(36,635)	(26,195)
Profit/loss from continuing activities	30,498	24,774
Profit/loss after tax from interrupted activities	(65,428)	9,643
Consolidated profit/loss of the year	(34,930)	34,417
Profit/loss attributed to minority interests	(20,062)	(20,465)
Profit/loss attributed to the Parent Company	**(54,992)**	**13,952**
Basic profit/loss per share from continuing activities (euros)	0.13	0.06
Basic profit/loss per share from discontinued activities (euros)	(0.84)	0.12
Basic profit/loss per share (euros)	(0.70)	0.18

(1) Adjusted operating income is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(3) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.

4. RISK FACTORS

See section II.1 ("*Risk factors*") of this Registration Document.

5. INFORMATION ABOUT THE ISSUER

5.1 History and developments with regard to the issuer

5.1.1 The legal and commercial name of the issuer

The complete corporate name of the Company is Promotora de Informaciones, S.A. The commercial name is "Prisa".

5.1.2 The place of registration of the issuer and its registration number.

The Company is recorded on the Madrid Trade Register in General Volume 2836, 2159 of section 3 of the Companies Book, folio 54, page number M-19511.

The Legal Entity Identifier (LEI) of the company is 959800U3NGPXSCQHQW54.

5.1.3 The date of incorporation and the active life of the issuer, except where indefinite.

The company was incorporated in the city of Madrid by public deed executed on 18 January 1972 before the Notary Public Mr Felipe Gómez-Acebo Santos, with number 119 of his notarial records, and was recorded in the Companies Registry of Madrid, General Volume 2836, 2159 of section 3 of the Book of Companies, folio 54, page number M-19511, having adapted its Articles of Association to the Capital Companies Act in accordance with the instrument executed on 31 July 1990 before the Notary Public of Madrid Mr José Aristónico García Sánchez, with number 2411 of his notarial records, recorded in the Companies Registry of Madrid, General Volume 392, folio 60, page number M-7674, entry 106. It holds Tax ID number A28297059. The duration of Prisa is indefinite.

5.1.4 The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)

(A) Domicile and legal personality

The Company has its domicile in the city of Madrid at calle Gran Vía, número 32, and is the holder of Tax Identification Number (NIF) A28297059.

Prisa is a Spanish commercial company, and its legal status is that of public limited company. Its shares have also been admitted to trading on the Spanish stock exchanges through the Spanish Automated Quotation System. Consequently, it is subject to the regulations set forth by the Companies Act, the Law on Structural Modification of Commercial Companies and all other consistent legislation. Finally, as a listed company, it is subject to the Securities Market Act and the implementing regulations thereof.

(B) Address and telephone number of its registered office and its website

Prisa's contact telephone number and e-mail address for shareholders and investors are +34 91 330 11 68 and ia@prisa.com, respectively.

The Company's website is at www.prisa.com.

(C) Legislation under which it operates and country of incorporation

(i) **Introduction**

The businesses, activities and investments of Prisa in the areas of television, education, radio and press are subject to various laws, decrees, rules, regulations and procedures in Spain and Portugal and in all other countries where Prisa pursues its business activities. The key laws, decrees, rules, regulations, procedures and authorizations to which Prisa's businesses, activities and investments are subject are summarised below. These summaries do not claim to be comprehensive and should be read in conjunction with the complete texts of the pertinent laws, decrees, rules, regulations, procedures and authorizations described therein. Moreover, these laws and regulations are subject to change and, in some cases, to new interpretations, all of which could substantially change everything that is stated below.

(ii) **Legal framework for radio services in Spain**

Licence

On 1 April 2010, Act 7/2010 of 31 March, the General Audiovisual Communication Act (hereinafter, the "GCA Act") was published in the Official State Gazette, and entered into force on 1 May 2010. The GCA Act regulates public and private television and radio services in Spain and establishes a common framework that is currently applicable to all television and radio services, regardless of the form of transmission and technology used (terrestrial broadcasting, cable, satellite, etc.). The GCA Act replaces the existing legislation on television and radio and the rules on content, including (among others) Law 10/1988 of 3 May on Private Television, Law 66/1997 of 30 December, Law 7/2009 of 3 July, Law 37/1995 of 12 December, Law 25/1994 of 12 July, Law 21/1997 of 3 July and Law 31/1987 of 18 December.

Pursuant to the legislation prior to the GCA Act, the provision of broadcasting services by private individuals required an administrative licence to be previously obtained. Licences were granted for a period of ten years and could be extended for successive periods of equal duration, subject to a prior request by the holders thereof.

With the entry into force of the GCA Act, which repeals all the preceding provisions of equal or lesser rank that may contradict it regarding broadcasting services, the broadcasting services that are provided by terrestrial radio waves are subject to obtaining an audiovisual licence, but not an administrative licence. The current licences of the companies within Prisa Radio were converted into licences to provide broadcasting services between 2010 and 2012. As of the date of this Registration Document, all regional and state administrative authorities holding audiovisual jurisdiction have already converted licences into new licences and have entered them on the new Register of providers of audiovisual communication services. The licences are valid for 15 years as from the conversion date, and are automatically extendable for successive 15-year periods, as long as the conditions laid down in the GCA Act are met.

Restrictions on the control of broadcasting licences

Pursuant to the GCA Act, the same natural or legal person may not, in any event, directly or indirectly control more than 50% of the administrative licences of the terrestrial sound broadcasting service that coincide within their coverage area, with a maximum limit of five licences within any single coverage area. In any single autonomous community, no natural or legal person may control more than 40% of the licences that exist in areas where only one licence has coverage.

No natural or legal person may directly or indirectly control more than one third of all administrative licences for the terrestrial sound broadcasting service with total or partial coverage in Spanish territory as a whole. In order to limit the number of licences whose control could be held at the same time, when these limits are calculated, broadcasting stations managed directly by public institutions will not count. These limits will be applied separately to licences for transmission using digital technology and to licences for transmission using analogue technology. For the purpose of calculating these limits, the concept of "control" will have the meaning set forth in Article 42 of the Code of Commerce.

Restriction on ownership, on the transfer of equity holdings and on the transfer of licences

Pursuant to previous legislation, broadcasting licences could be obtained directly by being awarded in public competitive tenders called for such purpose or through purchase from the owner thereof, subject to administrative authorization. All changes in ownership of the equity holdings of companies holding radio licences had to be authorized by the competent authority.

Pursuant to the GCA Act, broadcasting licences can be transferred and leased, subject to certain conditions set forth in the GCA Act and with prior clearance from the audiovisual sector authority. Entering into these legal transactions will, in any event, be subject to payment of a fee to be set by the Government for national licences or by the Autonomous Communities in all other cases. Moreover, there are no restrictions on the transfer of shares or equity holdings of licence holders (except for certain circumstances, as explained in the following paragraph).

The holders of significant equity holdings in an audiovisual communication service provider, such as broadcasting companies, must be recorded in the National Register of audiovisual communication service providers.

With regard to foreign investments and according to the GCA Act, natural or legal persons who are nationals of countries that are not members of the European Economic Area (EEA) may only acquire equity holdings in the share capital or voting rights of audiovisual communication service providers, such as broadcasting companies, pursuant to the principle of reciprocity. According to this principle, natural or legal persons who are nationals of a non-EEA member state may only own a percentage of the equity of a licensee of a terrestrial broadcasting service in Spain that is equal to or below the equity holding percentage that a Spanish person may hold in the capital of a terrestrial broadcasting service licensee in the non-EEA member state in question.

The GCA Act also includes a cap on ownership (direct or indirect) by a natural or legal person who is a national of a non-EEA member state. The individual equity holding may not exceed, either directly or indirectly, 25% of the share capital. In addition, total equity holdings in a single legal person that are held by different natural or legal persons from non-EEA member states must be less than 50% of the share capital.

Penalty system

The penalty system applying to providing television services by terrestrial waves is contained in Articles 55 *et seq*. of the GCA Act. Violations are graded according to their severity, and the applicable penalties are determined case by case. Specifically, penalties for providers of sound audiovisual communication services range from a fine of up to 50,000 euros for minor infringements, up to 100,000 euros for serious violations, and up to 200,000 euros and revocation of the licence for very serious violations.

(iii) **Legal framework for book publishing in Spain**

Publishing

The book publishing activity of the Prisa Group in Spain mainly takes place through its subsidiary, Santillana. It is subject to Act 10/2007 of 22 June, on reading, books and libraries (the Book Act), and by the provisions on text books that are contained in applicable education laws, namely Organic Law 2/2006 of 3 May on education (partially amended by Organic Law 8/2013 of 9 December towards achieving higher quality education), and subsequently by Act 26/2015 of 28 July on modification of the childhood and adolescent protection system, as well as by regional legislation on the subject.

Fixed retail price system

The Book Act establishes a fixed retail price system for published, imported or re-imported books. The retail price can range between 95% and 100% of the fixed price. The fixed price system does not apply to certain categories of books such as, for example, text books and complementary teaching materials published mainly for the development and application of curricula in Primary and Mandatory Secondary Education, collectors' books, art books, second-hand and out-of-print books; or copies of special editions intended for institutions or organisations, or for distribution as a promotional element, as long as they are clearly specified as such.

Prices below the retail price (meaning, between 95% and 100% of the fixed pice) can be applied on certain occasions, such as (for example), on Book Day, at book fairs, book conferences or exhibitions (with a maximum discount of 10% on the fixed price) or when the ultimate consumers are libraries, archives, museums and galleries, education centres, universities or institutions or centres whose founding purpose is scientific or research-related (with a maximum discount of 15% on the fixed price). Lower prices can also be applied by agreement between publishers, distributors and book dealers (an annual offer of prices could be established for specific collections, particular periods or defined periods of time).

Notwithstanding this, a book dealer or retailer could apply prices below the retail price for published or imported books once two years have elapsed as from the last edition, as long as they have been offered by them during a minimum period of six months. The offer and display of these books must be done separately and must be properly indicated relative to the offer and display of books subject to a fixed price.

A breach of the fixed-price obligation could, among other penalties, involve fines of up to 100,000 euros.

(iv) **Legal framework for marketing advertising in Spain**

Marketing of advertising

The activity of selling advertising for all media of the various companies in the Prisa Group throughout the world is exclusively handled through its subsidiary Prisa Brand Solutions, S.L. and companies in which the latter has a holding. It is subject to both the General Advertising Act (Law 34/1988) of 11 November, Law 34/2002 of 11 July on Information Society and E-Commerce Services (the LSSICE), and the European self-regulation code through the Autocontrol association.

General advertising legislation

The General Advertising Act prohibits the conduct of illegal and subliminal advertising and advertising regarding certain goods, and lays down actions in the event of non-compliance with respect to these activities. Illegal advertising is understood as the kind which undermines human dignity or violates rights recognised in the Constitution. Likewise, any advertising that targets minors and which encourages them to purchase a good by exploiting their inexperience or gullibility, or in which parents or guardians appear, thereby persuading them to make purchases, is illegal, as well as any which is directed at the purchase of certain products whose advertising is regulated by specific standards. Misleading, deceitful and aggressive advertising is also considered illegal, given that these acts constitute unfair competition in accordance with the provisions set forth in Act 3/1991 of 10 January on Unfair Competition, amended by Act 29/2009 of 30 December amending the legal framework regarding unfair competition and advertising towards improving the protection of consumers and users.

These standards apply to both advertising in traditional media, such as print media, radio and television, and in new technologies.

Internet advertising

Complementary to the General Advertising Act, Prisa Brand Solutions S.L. (sole proprietorship) complies with the provisions set forth in the LSSICE, after the amendment thereof by Royal Decree-Law 13/2012, which affects the wording of Article 22 thereof on revocation of the consent given to receiving commercial communications and the installation of Cookies on the devices of users. In this regard, providers of information society services must obtain the consent of users, whenever technically possible and effective, to installing their data recovery systems on users' devices, barring under certain circumstances.

Self-regulation codes

Advertising is regulated in Europe through the self-regulation code, whose fundamental guidelines have been transposed into the codes of ethics of the association for the self-regulation of commercial communication, Autocontrol (Code of Ethics of Advertising Behaviour and Code of Ethics of online trust), as well as in sector codes relating to various different products and services.

(v) **Television and radio regulations in Portugal**

Television activity in Portugal is subject to compliance with various sector standards that regulate the prior attainment of permits or licences for providing certain services in the territory, to renewal of the granted permits and licences, and to the programming, schedule and control of broadcast audiovisual content, as well as to the advertising incorporated into the broadcasts of operators.

Regulation of Terrestrial Television

Television operators such as *TVI – Televisão Independente, S.A.* ("**TVI**") – are regulated by Act 27/2007 of 30 July (the "Television Act"), which incorporated Directive 2007/65/EC of the European Parliament and of the Council, on television activities, which was last amended in Portugal in accordance with Act 78/2015 of 29 July.

The Portuguese Regulatory Entity for Social Communication (the "**ERC**"), created in 2015 by Law 53/2005 of 5 November, is the independent administrative body responsible for regulating the content broadcast by various social communication media, including television, radio and press, pursuant to the provisions set forth in Article 39 of the Constitution of the Republic of Portugal. However, two independent administrative bodies also regulate television activity: ANACOM (*Autoridade Nacional das Comunicações*) regarding matters relating to telecommunications activity, and the Portuguese Competition Authority (*Autoridade da Concôrrencia*).

Mandatory permits and licences

Terrestrial broadcasting activity in Portugal can only be pursued subject to previously obtaining a licence conferred in according with the obligations provided for in the Television Act. Through a public tender, TVI obtained the corresponding television broadcasting licence, in accordance with Resolution of the Council of Ministers no. 6/92 of 6 February 1992 for an initial period of 15 years, beginning broadcasting on 20 February 1993. TVI's licence was renewed for an additional period of 15 years in accordance with Resolution 1-L/2006 of the Portuguese Regulatory Body for Social Communication (the "ERC") on 20 June 2006, which was corrected and ratified by this regulator in a new Resolution, No. 2/LIC-TV/2007. TVI is therefore one of just two private operators licenced for terrestrial, open radio wave broadcasting by a general channel via free broadcast, which can only be conferred in Portugal by means of an appropriate public competitive tender called by a decision of the member of Government invested with powers.

TVI exercised its right to reserve and use the digital terrestrial spectrum to which it is entitled under the Television Act, and consequently, since 26 April 2012, it has been broadcasting its digital signal over the whole of Portuguese territory. Simultaneously, TVI is transmitting through other technologies both within and outside Portugal under the broadcast agreements signed with various operators and platforms for cable and satellite distribution.

Valid radio licences are effective for renewable periods of 15 years via individual application by the holders thereof in accordance with Act 54/2010 of 24 December, which endorsed the Radio Act in Portugal, as long as the conditions provided for in projects have been verified. As the competent entity, ERC renewed all the radio licences held by the respective companies that are part of Media Capital.

Limitations on the transfer of shares and on the concentration of television operators.

Pursuant to the Television Act, operators are subject to legislation on the protection and promotion of competition, and they are therefore subject to a prior report issued by ERC in the case of merger transactions among television operators. They are likewise subject to certain restrictions on ownership, whereby a single owner cannot exceed 50% of the licences granted in Portugal in the same zone of territorial coverage.

The licences owned by TVI cannot be transferred separately. However, under the Television Act it is possible to change the domain of television operators with a licence, as long as the ERC issues a binding report that previously verifies (within the period of thirty days) that the operator domain transaction does not jeopardise the conditions of the conferred licence, that it guarantees the obligations according to which the licence was conferred and that it respects the interests of the potential viewers of the services according to the approved projects.

The Television Act establishes certain rules about the transparency of the ownership of the share capital of companies whose corporate purpose is social communications, including the ownership of the parent companies, and about the composition of their boards of directors, broadcasting managers and editorial content. Any alteration must be communicated to ERC in detail.

Obligations about content

The Television Act prohibits the broadcast of programs that could incite violence or hate for reasons of race, gender, religion or nationality or programs that could harm the mental, physical or moral development of minors, among other legal limitations. Specifically, especially protected viewing hours are established for the most vulnerable audiences for television broadcasts between 6.00 am and 10.30 pm.

National television operators are obliged to transmit six hours per day and must incorporate a minimum of 50% of Portuguese language material among their broadcasts, excluding advertising, teletext and television sales, 20% of which must be reserved for creative material originally produced in Portuguese. Said Act likewise makes it mandatory to transmit 50% of their nationwide broadcasts featuring European material, discounting time given over to news, sports, game shows, advertising, television sales and teletext. Moreover, national operators must ensure that over 10% of their programming, with the aforementioned exclusions, involves independent creative productions produced within the last five years.

Television activity contains some limitations on advertising and sponsorships, which are recorded mainly in the Advertising Code (Decree Law 330/90 of 23 October), which regulates advertising content and prohibits certain forms of advertising, including tobacco products, alcohol, medicines or medical treatments, amongst others. The Television Act itself complements standards on advertising prohibiting the sponsorship of programs, forms of advertising, the flagging and separation of this from content or the duration of slots reserved for advertising.

List of events of general interest

Every year, the Portuguese government publishes a list of events considered as being of general interest to the public, which means that subscription television operators must offer access to free television operators under transparent and non-discriminatory conditions. The right to broadcast certain extracts of these types of events is regulated and safeguarded in the Television Act.

Administrative fines

In the exercise of supervisory power, the ERC can impose penalties that range from revocation or suspension of the television licence to fines up to a maximum of 375,000 euros due a very serious breach, depending on the gravity of the events. Very extreme cases in which there is an attack against freedom of expression or against programming freedom could constitute a criminal penalty of up to three years of prison.

(vi) Legal framework for the press in Spain

The core business activity of Prisa Noticias, S.L. is the operation of all kinds of informative press media, and it is the parent company of the publishing companies of the group's leaders in print and digital media. Specifically, Ediciones El País, S.L., Diario As, S.L., Estructura Grupo de Estudios Económicos, S.A. and Espacio Digital Editorial, S.L. are, respectively, the publishers of El País, As, CincoDías and of Huffington Post, the digital leader.

Currently and within the framework of the fundamental right in Article 20 of the Spanish Constitution, rules originally targeting the print media coexist in the press with rules applying to the digital environment, where the former actively pursue their business activity as a result of the sector's digital transformation.

Here we find specific laws such as Law 14/1966 of 18 March, on the Press and Printing (partially in force), which regulates, among other matters, the framework for publishing houses and the civil liability of the media; Organic Law 2/1984 of 26 March, which regulates the right to rectification that is recognised of both natural and legal persons regarding disseminated information (by any means of social communication) featuring facts that might allude to them and which they deem inaccurate and where disclosure of it could cause them harm; and Organic Law 2/1997 of 19 June, which regulates the conscience clause of information professionals, the purpose of which is to assure independence in the performance of their professional duties.

In the digital area, the press is also subject to the aforementioned LSSICE, which applies to the identification and maintenance of electronic information services, cookies and the sphere of e-commerce, etc.

Moreover, flagships such as El País are innovators to the extent that it is the first national medium to create a "Style Guide" as a type of manual that brings together standards of journalistic behaviour and writing guidelines in a profession that depends on letters, accents and words and to which the professionals who work at the daily paper are subject. The current "Style Guide", the twenty-second edition, is updated to the digital environment without losing sight of its printed edition.

In turn, the daily paper, AS, is preparing its own "Style Guide", whose first edition is planned for the end of 2018.

Finally, journalistic activity is subject to application of regulations pertaining to the protection of honour, privacy and image, which sometimes clashes with information released in the media, and likewise, legislation that applies to minors, to intellectual and industrial property and to consumers and users.

(vii) Legal framework for audiovisual production services in Spain

The audiovisual business area is engaged in through Prisa Audiovisual, S.L.U., particularly through its investee companies Prisa Producciones de Vídeo, S.L.U., Plural Entertainment Canarias, S.L.U. and Sociedad Canaria de Televisión, S.L. This area focuses on content production services for various operators of the audiovisual communication service.

Production services are subject to various general and specific rules on such activity. In particular, Act 7/2010 of 31 March, the General Audiovisual Communication Act (hereinafter, the "**GCA Act**") should be highlighted, which has been amended on several occasions (the last time occurring in May 2015), and the implementing regulations thereof, Royal Decree 1624/2011 of 14 November. The latter approves the Implementing Regulations of Act 7/2010 of 31 March, the General Audiovisual Communication Act, with respect to televised commercial communication, and Royal Decree 21/2014 of 17 January, thereby amending the implementing regulations of Act 7/2010 of 31 March, and the General Audiovisual Communication Act, with respect to televised commercial communication, approved by Royal Decree 1624/2011 of 14 November.

The GCA Act is especially applicable to the audiovisual production area in three fundamental aspects that are transferred by operators to producers in commissioning or service agreements, specifically the classification of producers as independent according to the definitions contained therein, and the regulation of content and advertising, upon incorporating Directive 2007/65/EC of 11 December into the Spanish legal system.

Regarding classification as an independent producer, it should be pointed out that television service providers with national or regional coverage must reserve 51% of annual broadcasting time for European audiovisual material, and in turn, 50% of this share is reserved for the broadcasting of European material originally recorded in any of the official Spanish languages. Moreover, at least 10% of the 51% reserved for broadcasting European audiovisual material must be dedicated to the broadcasting of European material of independent producers, and half of that 10% must have been produced within the last five years.

With respect to financing obligations, pursuant to the GCA Act, providers of national or regional television service coverage are obligated to contribute annually to the advance financing of European productions of cinematographic films, films and series for television and documentaries and animated films using 5% of the revenue earned in the preceding financial year. At least 60% of this financing obligation must be assigned to films, and 40% or less to films, series or mini-series for television. In any event, 60% of this financing must be allocated to productions where the original language is any of the official languages in Spain.

Likewise, the GCA Act establishes certain restrictions and limitations in relation to the advertising, sponsorship and product placement, and it includes provisions pertaining to promotion of the actual programming and to electronic programming guides. The GCA Act also contains several provisions pertaining to the protection of minors and disabled persons. In this regard, the GCA Act prohibits the open broadcasting of pornographic and violent content, and any other content that could affect the physical, mental or moral development of minors may only be broadcast between 10.00 pm and 6.00 am. Similar restrictions apply to programs dedicated to gambling and betting and programs with content relating to esotericism.

Regarding content, the GCA Act includes various important standards in connection with these that mainly affect the rights of service-users, with special reference to minors, the rights included in the Constitution (equality, non-discrimination, etc.) and the rights of service providers (editorial freedom).

With respect to advertising, the GCA Act simplifies and softens rules regarding advertising and eliminates some limits on the broadcast of advertising, particularly in relation to the time between successive advertising breaks. Likewise, the GCA Act introduces the possibility of product presence in television programs and includes specific regulation on sponsorship.

Finally and additionally, audiovisual production services, just like any content service, fall within the framework of the Constitution with respect to third-party rights and rights regulating Intellectual Property.

5.1.5 Major events in the development of the issuer's business

1972

- Founding of Prisa.

1976

- First publication of El País.

1980s

- Prisa acquires Cadena SER.
- Prisa acquires Cinco Días.

1990

- Sogecable (then 25% held by Prisa) is granted a licence to operate in television, Canal+, the first pay television in Spain.

1996

- Prisa acquires a majority stake in AS and launches the websites for El País, Digital+, AS and Cadena SER.

1997

- Sogecable launches Canal Satélite Digital, a multi-channel digital platform in Spain.

1999

- Prisa expands its business activity in the music market and founds Gran Vía Musical.
- Prisa acquires a holding in Caracol, S.A., one of the largest radio groups in Colombia and creates Participaciones de Radio Latinoamericana, S.L. through which Prisa pursues its radio operations in Chile, Costa Rica, Panama, the United States and France.

2000

- Prisa lists on the Spanish stock market.
- Prisa is expands its business for selling advertising space in communication media and acquires Gerencia de Medios (currently Prisa Brand Solutions, S.L (sole proprietorship)).
- Prisa branches its business activities into book publication and printing through Santillana and Dédalo, respectively.

2001

- Prisa creates Plural Entertainment, to develop and produce audiovisual content.
- Prisa enters the radio market in Mexico through an agreement with Grupo Televisa S.A.B. and the acquisition of a 50% share in Sistema Radiópolis, S.A. de C.V., Radiópolis.
- Prisa acquires Editora Moderna, in Brazil.

2002

- Prisa creates Grupo Latino de Radio, S.A., GLR, as a holding company for the restructuring of its radio business in Latin America. Prisa transfers its share in Participaciones de Radio Latinoamérica, Radiópolis and Radio Caracol to the new holding company.

2005

- Prisa enters the Portuguese media market through the acquisition of 100% of the share capital of Vertix, holder of 33% of the shares in Media Capital.

2006

- Prisa increases its share in Sogecable to 42.9%.
- Prisa merges its radio activities in Latin America and in Spain into Unión Radio.

2007

- Prisa acquires 100% of Iberoamericana Radio Chile, S.A.
- Prisa raises its share in Media Capital to 94.7%.

2008

- Prisa acquires the rest of the share capital of Sogecable to take its interest to 100% and extends the maturity of the bridging loan obtained to finance this acquisition from June 2008 to March 2009.
- 3i Group plc entered the shareholder structure of Unión Radio (now Prisa Radio), taking a share of 8.14%.

2009

- Prisa extends the maturity of the bridging loan to March in the 2010 financial year.
- Merger between CanalSatélite Digital and DTS, the latter being the surviving company.

2010

- Prisa signed an agreement ("*Business Combination Agreement*" or "BCA") on 5th March 2010 with the American company Liberty Acquisition Holdings Corp whereby a resolution was passed at a Prisa EGM to carry out two capital increases via cash contributions for an overall effective sum of 650 million euros which was underwritten by Liberty Acquisition Holdings Corp. investors. Prisa's shares were admitted to trading on the Spanish Stock Exchanges and the New York Exchange (NYSE)— in the form of American Depositary Shares.

Likewise, Prisa shareholders who were shareholders before 23 November 2010 were granted Prisa warrants, which were admitted to trading on the Spanish Stock Exchanges.

- Sale of a 25% interest in Grupo Santillana de Ediciones, S.L. to DLJ SAP Publishing Coöperatief, UA.
- Through Prisa Televisión (previously Sogecable); sale of a 44% interest in DTS to Telefónica (22%) and Telecinco (22%), for 976 million euros, used mainly to pay off debt.
- On 28 December 2010, Prisa Televisión sold 100% of Sociedad General de Televisión Cuatro, S.A and its subsidiaries to Gestevisión Telecinco, S.A. The sale took place through the subscription of a 17.336% interest in Gestevisión Telecinco, S.A. by Prisa Televisión via a non-cash capital increase that was approved by the shareholders in the latter at its general meeting of 24 December 2010. The market value of this investment at the time of the subscription was 590 million euros.

<u>2011</u>

- Sale of a 10% share in Media Capital to PortQuay West I B.V., a company controlled by Miguel Paes do Amaral.
- Prisa refinanced its debt until the 2013 financial year.

<u>2012</u>

- On 30 June 2012 a resolution was passed at Prisa's General Meeting to issue securities mandatorily convertible into ordinary Class A shares in Prisa in two tranches: an A Tranche amounting to 334 million euros which was underwritten by HSBC Bank Plc, Banco Santander, S.A. and CaixaBank, S.A. and a B Tranche amounting to 100 million euros which was subscribed by Telefónica, S.A.

<u>2013</u>

- 10% increase of the interest in Media Capital as a result of the repurchase of the shares sold in 2011.
- Sale of the press distribution activity.
- Through Prisa Radio, an agreement was reached with 3i Group plc to acquire its shares held as treasury stock
- Merger by takeover between Prisa Televisión and Prisa.
- On 10 December 2013 a resolution was passed at Prisa's General Meeting to issue warrants to certain creditor institutions of the Company which included subscription rights over Class A shares through offsetting loans and which could be exercised over a period of five (5) years.
- On 12 December 2013, the agreements and remaining documentation came into effect in connection with the restructure and extension of Prisa's debt signed with all the creditor banks and institutional investors and representing 100% of its financial debt. Together with the refinancing of the debt, an additional financing agreement signed

with certain institutional investors for an approximate amount of 353 million euros also came into force.

<u>2014</u>

- Over the course of the financial year, Prisa sold shares in the company Mediaset España Comunicación, S.A. representing 13.7% of its share capital.
- On 2 June 2014 the sale agreement was signed between Prisa and Telefónica de Contenidos, S.A.U. involving the sale to the latter of 56% of DTS for an initial consideration of 750 million euros. The signing of this agreement implies the automatic conversion of part of Prisa's financial debt into participation loans, as set out in the Group's refinancing agreement that was signed during the 2013 financial year, with the goal of removing the grounds for dissolution facing the Company after recognising the book loss arising from the sale agreement.
- On 1 July 2014, through Prisa's subsidiary Santillana Ediciones Generales, S.L., the sale to Penguin Random House Grupo Editorial, S.A. of its general publishing business in all countries in which it was present, except in Brazil, for an initial adjusted price of 55.4 million euros, took place.
- On 7 July 2014, the mandatory conversion of (i) the Class B non-voting shares convertible into ordinary shares as well as (ii) the entirety of the mandatory convertible bonds issued in 2012 in favour of certain creditor entities and Telefónica, S.A. took place.
- Between May and September 2014, the Company repurchased debt for a total amount of 643.5 million euros through the direct purchase of debt and reverse auctions.
- On 7 August 2014, the reverse auction targeting Prisa's creditor institutions was closed, the Company having agreed the repurchase of a total amount of 406.6 million euros of debt.
- Also on 2 September 2014, Prisa notified the NYSE of its intention to de-list the American Depositary Shares for ordinary Class A shares (ADSs) and its intention to terminate registration of the ADSs with the Securities Exchange Commission (SEC) and end its reporting obligations under the US Securities Exchange Act of 1934.
- On 11 September 2014, a cash capital increase was executed for a total cash sum of 100 million euros that was fully subscribed and paid up by Consorcio Transportista Occher, S.A. de C.V., the net amount of which was allocated to the repurchasing of 133.1 million euros of debt.
- On 1 October 2014, Prisa sold its general publishing business to Penguin Random House Holdings (Brazil), Ltda. for an initial adjusted price of 7.9 million euros through its subsidiary Santillana Ediciones Generales, S.L.

<u>2015</u>

- During 2015, the Company sold shares in Mediaset España Comunicación, S.A. representing 3.6% of its share capital.

- On 30 April 2015, Prisa transferred the entirety of its shares in DTS, Distribuidora de Televisión Digital, S.A. to Telefónica de Contenidos, S.A.U. (56% of the capital of DTS) for a final consideration of 724.5 million euros.
- On 22 May 2015, a share consolidation (or *reverse stock split*) and a capital reduction of 1.30 euros took place, Prisa's share capital thus being established at 215,807,874 euros represented by 71,935,958 shares each with a nominal value of three euros.
- On 2 December 2015, a cash capital increase was executed for a total effective amount of 64 million euros, which was wholly subscribed and fully paid by International Media Group, S.à.r.l.
- During 2015, the Company paid off debt for a total amount of 833.9 million euros with the proceeds obtained from the sales of DTS, Mediaset España Comunicación, S.A. and Ediciones Generales.

<u>2016</u>

- On 1 February 2016, the Company repurchased debt from its creditor institutions for a total amount of 65.9 million euros through the reverse auction procedure.
- On 1 March 2016, Santillana signed an agreement with Carvajal, S.A. for the purchase of the latter's education business for a final consideration, after application of the appropriate adjustments, of COP 51,880,276,089, the buyer having paid 14.4 million euros. The transaction involved the purchase of the shares possessed by Carvajal S.A. in the companies engaged in the education business in Colombia, Argentina, Chile, Guatemala, Mexico, Peru and Puerto Rico, in addition to the transfer of certain brands linked to the business and the granting of a licence in relation to brands associated with the NORMA name of the Carvajal Group.
- On 1 April 2016, a resolution was passed at Prisa's General Meeting to issue mandatory bonds convertible into Prisa new shares and the subscribing thereof through the exchanging of loans. Said issue finally came to 100.7 million euros, divided into 32.1 million euros in the A Series (underwritten by HSBC Bank Plc., various institutions in the Santander group and Caixabank, S.A.) and 68.6 million euros in the B Series, fully underwritten by HSBC Bank Plc.
- During 2016, the Company paid off debt for a total amount of 140.8 million euros with the proceeds obtained from the sale of DTS and the funds from the capital increase.

<u>2017 and 2018</u>

- As mentioned in paragraph (A) of Section II.1 (Risk Factors) of this Registration Document, despite the fact that considerable effort has been made in recent years to reduce debt, including, amongst others, the sale of non-strategic assets, as at the date of this Registration Document, the Group exhibits a situation of high financial debt with a maturity schedule that could have a negative effect on its equity situation.

  As part of this process of disinvestment of non-strategic assets aimed at reducing Group borrowing, on 13 July 2017, the Company reached an agreement for the sale of its fully owned subsidiary Vertix - which implies the indirect sale of its stake in Media Capital (as described later on in this paragraph)—. As a result of signing said agreement, a book loss and a reduction in the Company's individual own funds were recognised, which led the Company to be technically eligible for dissolution.

With the aim of redirecting this situation, a series of strategic measures and actions aimed at reinforcing and optimising the Company's financial structure and equity were planned which include (i) the execution of a series of capital and reserve reductions; (ii) the cash capital increase for up to 563.2 million euros; (iii) a capital increase through the voluntary offsetting of loans of 100 million euros (which, as stated in paragraph (v) below, as of the date of this prospectus it is not foreseen that it is going to be executed); (iv) the restructuring of the Prisa Group's financial debt which will imply the significant extension of the maturity dates of said debt and a change in debtor; and (v), in the framework of a financial and organisational restructuring of the Group, the intra-group sale of up to 75% of its holding in Santillana between Prisa Participadas and Holdco (a Spanish company fully owned by Prisa). Additionally, the holders of the bonds issued after a resolution passed at the General Meeting of Shareholders held on 1 April 2016 that were mentioned above requested the early conversion of all the bonds in accordance with the conversion bases and formats.

(i) *Sale of Grupo Media Capital SGPS, S.A. which, as at the date of this Registration Document, is pending execution*

On 13 July 2017, Prisa's Board of Directors agreed to accept the binding offer made by Altice NV for the entire share that Prisa holds indirectly, via its wholly owned subsidiary Vertix, in Media Capital for an *enterprise value* of 440 million euros. The decision was notified to the market on 14 July 2017 through the appropriate material fact notice.

Subsequently, the parties entered into a sales contract via which Prisa will send to MEO - Serviços Comunicaçao e Multimédia, S.A., subsidiary of Altice NV, 100% of the shares into which Vertix's share capital is divided, which involves the indirect transfer or 94.69% of the share capital of Media Capital.

The final consideration of the transaction is subject to the usual adjustments for this type of business. In this respect, Prisa considers that, according to its most reasonable estimation, the price of Prisa's share in Media Capital after allowing for calculation of said adjustments ("*equity value*") ought to be around 321.5 million euros. Nonetheless, the final consideration will depend on developments in Media Capital's business up until the date on which the sale takes place.

This transaction, after deducting the costs needed to carry out the sale, has led to recognising a book loss in the consolidated accounts of the Prisa Group of 73.2 million euros and, in Prisa's individual accounts of 85.6 million euros.

The execution of the transaction will be suspended unless (i) the required authorisation has been obtained from the competent Portuguese authorities that, according to the provisions in the sales contract, must be granted unconditionally or, if subject to the fulfilment of certain non-divestment obligations, that such obligations do not materially affect the value of Media Capital or of Media Capital's business or the value of the Altice NV business in Portugal, (ii) the obtainment of an authorisation or *waiver* of said sale by certain financial creditors of Prisa, as well as (iii) the approval of Prisa's General Shareholders' Meeting for the purposes of the provisions set out in article 160.f) of the Corporation Law.

Condition precedent (ii) was fulfilled following the corresponding *waiver* by Prisa's financial creditors on 29 September 2017, whilst condition (iii) was satisfied following the approval for the transaction at Company's General Meeting held on 15 November 2017. Consequently, as at the date of this Registration Document, the execution of the transaction is solely subject to the condition of obtaining the mandatory authorisation from the competent Portuguese authorities under the terms and conditions indicated in the foregoing paragraph.

(ii) *<u>Capital and reserve reductions</u>*

At the General Shareholders Meeting held on 15 November 2017, the shareholders passed (i) the offsetting of losses against the voluntary reserves of 1.5787 billion euros and against the legal reserve of 5.3 million euros; (ii) a share capital reduction of 154.3 million euros through a reduction of the nominal value of the Company's shares of 1.97 euros down to 1.03 euros per share, to offset losses, and (ii) a subsequent capital reduction of 7 million euros through a reduction of the nominal value of the Company's shares of 0.09 euros down to 0.94 euros per share, to increase the legal reserve. On 17 November 2017, the aforementioned capital and reserve reductions took place through the execution of the public deed for the aforementioned agreements, with registration in the Mercantile Registry of Madrid taking place on 21 November 2017. These moves allowed the Company to remove the aforementioned eligibility for dissolution.

This notwithstanding, on 30 November 2017 the Company found itself in a mandatory capital reduction case (provided that one company financial year had elapsed without recovering the net equity), as the net equity for trading purposes (including PPLs) was below two thirds of the share capital.

(iii) *<u>Capital increase to cover the early conversion and consequent redemption of all the bonds in the issuance of bonds mandatorily convertible into Prisa shares issued in 2016.</u>*

Additionally, on 31 October 2017, the holders of the bonds mandatorily convertible into Prisa shares issued in 2016 for the amount of 100.7 million euros exercised the option of early conversion to which they were entitled in accordance with the conversion bases and formats. The result of said conversion was the execution of a capital increase for an effective amount of 9,861,920.70 euros on 17th November 2017, through the issuance of 10,491,405 new ordinary shares in the Company, and the resulting early redemption of all the bonds. The shares issued as part of this capital increase were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on 29 November 2017.

(iv) *<u>Cash capital increase for an effective amount of up to 563.2 million euros, constituting the object of the public offering described in the Share Securities Note of this Prospectus</u>*

The Company has agreed to increase its capital through cash contributions of a total aggregated nominal amount of 441.2 million euros, by issuing and putting into circulation 469,350,139 New Ordinary shares, each with a par value of 0.94 euros, with an issue premium of 0.26 euros per share and for a total effective amount of up to 563.2 million euros (equivalent to a total effect amount per share of 1.20 euros): divided into (i) a cash capital increase of a total effective amount of 450 million euros, agreed upon by the Extraordinary Meeting of Shareholders on 15 November 2017, and (ii) a cash capital increase for a total effective amount of 113.2 million euros, agreed upon by the Company's Board of Directors on 22 January 2018 under the scope of the delegation made in its favour by the Ordinary General Meeting of Shareholders on 20 April 2015.

Although these capital increases are made under the scope of two different agreements (the first, by virtue of a General Meeting of Shareholders agreement on 15 November 2017, and the second by virtue of an agreement by the Board of Directors on 22 January 2018 - in turn, under the scope of the delegation of powers granted by the General Meeting of Shareholders on 20 April 2015), given that both have identical terms and conditions, the Company agreed to execute them simultaneously. Therefore, the public offering in this prospectus encompasses the shares issued for the execution of both capital increases in their entirety (both capital increases are referred to jointly as the "**Capital Increase**").

The detailed information on the terms and conditions of the public offering made within the framework of this Capital Increase is set out in the Share Securities Note which forms an integral part of this Prospectus. Below can be found a summary of the main aspects of the aforementioned capital increase agreements:

- Cash capital increase for a total effective amount of 450 million euros: At the EGM on 15 November 2017, the shareholders agreed to a capital increase with cash contributions for a nominal amount of 352.5 million euros through the issuance and circulation of 375 million new ordinary shares each with a nominal value of 0.94 euros, with a share premium of 0.26 euros per share and raising a total effective sum of 450 million euros (without detriment to the provision for under-subscription).
- Cash capital increase for a total effective amount of 113.2 million euros: On 20 April 2015 the Ordinary General Meeting of Shareholders of Prisa agreed to give authorisation to the company's Board of Directors, pursuant to article 297.1.b) of the Spanish Corporate Enterprises Act, to agree on an increase in the Company's share capital up to a maximum amount equivalent to half of the share capital at the time of the authorisation (that is, up to 107,903,937.65 euros). Within the scope of this delegation of powers, on 22 January 2018 the Company's Board of Directors agreed to increase the capital with preemptive rights by a nominal amount of 88.7 million euros, by issuing and putting into circulation 94,350,139 new ordinary shares, each with a par value of 0.94 euros, with an issue premium of 0.26 euros per share and a total effective amount of 113.2 million euros (without prejudice to the incomplete subscription provision).

As at the date of this Registration Document, the Company has received commitments for the subscription of the cash Capital Increase from shareholders representing 53.47% of the Company's current share capital. Additionally, 50.60% of the New Shares have been underwritten in virtue of the underwriting agreement the Company has signed with Banco Santander, S.A. and Morgan Stanley & Co. International PLC on 24 January 2018 (see section 5.4 of the Share Securities Note).

(v) *Capital increase featuring the voluntary offsetting of loans for a total (nominal plus premium) amount of 100 million euros which, as at the date of this Registration Document, is pending execution*

At the General Meeting of Shareholders on 15 November 2017, Prisa's shareholders resolved, subject to certain conditions, to carry out another capital increase involving the voluntary offsetting of loans for a total (nominal plus premium) amount of, at least, 100 million euros (without detriment to the provision for under-subscription). This exclusively targeted the creditor institutions in the participative loan arising from the restructuring agreement subject to English law known as the "Override Agreement", which was signed by Prisa and a syndicate of creditor institutions on 11 December 2013, the Override Agreement. Said Override Agreement will cover different debt tranches, one of which has the nature of a participative loan. The loans subject to offsetting are those in the mandatory participative loan tranche.

This capital increase, for a nominal amount of 47 million euros, would imply the issuance of 50 million shares. Given that the minimum unitary share premium amount was set at 1.06 euros per share, the total minimum amount of the share premium would come to 53 million euros (without detriment to the provision for under-subscription).

In this sense, the Company has signed a framework agreement - the Lock-up Agreement-, with all of its financial creditors participating in the Override Agreement. The Lock-up Agreement regulates the basic terms and the procedure to follow in order to refinance and modify the conditions of Prisa's current financial debt under the Override Agreement. In this respect, it must be taken into account that the conditions agreed with the creditor entities for the Refinancing do not consider the capitalisation of any amount of debt within the Refinancing framework, for which reason the capital increase through the offsetting of credit described in this section would be rendered null and void if not executed within the period of one year granted by the General Meeting to this effect. In this regard, as of the date of this Prospectus, Prisa believes that the aforementioned conversion is not likely to occur.

Furthermore, it is hereby placed on record that, as at the date of this Registration Document, the Company has not received any debt conversion commitment within the framework of this capital increase.

(vi) *Refinancing which, as at the date of this Registration Document, is pending execution*

The debt regulated by said restructuring agreement, subject to English law, called the "Override Agreement", which was signed by Prisa and a syndicate of creditor entities on 11 December 2013, amounts to 1,585.8 million euros on 30 September 2017, representing 95.7% of the Group's total gross bank debt (1,657.2 million euros on said date).

Given the relative proximity of the due date of some of the debt tranches contained in the Override Agreement, in the context of the capital increase constituting the object of the Shares Note of this Prospectus, the Company has maintained a negotiating process with its creditor entities, in order to novate the main terms of its financial debt.

In this regard on 16 January 2018, the Company signed a framework agreement, the Lock-up Agreement, which regulates the basic terms and the procedure to follow in order to refinance and modify the conditions of Prisa's current financial debt, with the majority of its financial creditors. The rest of the financial creditors joined the Lock-up Agreement between this date and 22 January 2018, such that all financial creditors participating in the Override Agreement had signed the aforementioned framework agreement by the date of this Prospectus. The creditors have made a commitment through the Lock-up Agreement to support the proposed modifications to the financing regulated in the Override Agreement, according to the terms described later on.

The basic terms of the Refinancing agreed with all of the creditors contain the following main agreements:

– Amortisation of an initial amount of between 450 and 480 million euros. If the Company has not subscribed to other working capital financing lines that cover the Group's operational needs at the time that the Refinancing comes into force, the Company will amortise 450 million euros work of debt and could retain the other 30 million euros to cover these needs. In this scenario, approximately 350 million euros of Tranche 2 and 100 million euros of the PPLs would be amortised. This repayment will be made prior to 30 June 2018 (inclusive), the cut-off date on which the new terms of the financial date should come into force.

– The Company must amortise 275 million euros before April 2020 ("**Milestone 2020**"). Milestone 2020 is not an enforceable payment obligation, but rather a milestone that will lead to an increase in the cost of the debt if it is not met. In any case, if this amount is not amortised this will not be considered as a breach of the terms and conditions of the refinanced debt.

– Debtor: The debtor will be Holdco, a Spanish company fully owned by Prisa, which will own up to 75 of shares representing the share capital of Santillana. However if, according to aspects described in item *(vii)* below regarding the corporate reorganisation of the Prisa Group, the second Refinancing alternative is executed, Prisa itself will also hold a debtor position.

– Expiry: the expiry of Tranche 2 (new tranche 2) is extended by four years until 30 November 2022 (currently expires in December 2018), and the expiry of Tranche 3 (new tranche 3) is extended by three years, until 31 December 2022 (this tranche currently expires in December 2019).

– Other repayment scenarios:

  - Early repayment without penalty.
  - An annual "*Cash sweep*" (repayment linked to excess cash that may be present in the Company, if applicable, on certain dates), as of 30 June 2021 if the amount of cash available in the Spanish sector of the group's cash pooling exceeds 30 million. As explained below, if the

Company makes any repayment by virtue of the cash sweep, the amortisation amounts provided for in the contract, described in the following item, will be reduced.

- Other amortisations: 15 million euros on 31 December 2020 and 25 million euros on 31 December 2021, which will be reduced if the Company has made any repayments according to the cash sweep provided for in the previous item.

– Allowed additional debt: up to 86.5 million euros of a more senior rank than the refinanced debt. However, if the company does not amortise 480 million euros as indicated above, and instead amortises 450 million euros within the refinancing framework, the amount will be reduced to 56.5 million euros.

– Interest:

- As of the entry into force of the Refinancing: Euribor plus an initial margin of 4% with a floor of 0%;

- As of 1 January 2021: Euribor plus 4% plus an additional margin of 1.5% (0.5% payable in cash and 1% capitalisable).

  In other words, from 1 January 2021 the interest rate applicable to the debt that exists at the time will be Euribor plus a 5.5% margin; and

- Should Milestone 2020 not have been reached, and from 1 May 2020 and only until such time as said Milestone should be reached, an additional margin of 1.5% (0.5% payable in cash and 1% capitalisable) would be applied.

  In other words, from 1 May 2020 if Milestone 2020 is not met (and for as long as this circumstance lasts) and until 31 December 2020, the interest rate that will apply to the debt existing at that time will be Euribor plus a 5.5% interest margin. As of 1 January 2021, if Milestone 2020 has still not been met (and for as long as this circumstance lasts), the interest rate that will apply to the debt existing at that time will be Euribor plus a 7% interest margin.

– Guarantees: Prisa Radio and Prisa Participadas cease to be guarantors of the debt, although most other personal guarantors and real guarantees, referred to under the "Personal Guarantees" and "Real Guarantees" subheadings of paragraph 10.1 of the Registration Document, that currently guarantee the Override Agreement, with the exceptions described therein.

Similarly, the possible relaxation of financial obligations (covenants), reporting obligations and general obligations in force in the Override Agreement, listed in paragraphs 10.2 and 10.3, are currently being negotiated by the company and its creditor entities.

Therefore, depending on the status of the sale of Media Capital at the time of formalisation of the Refinancing (as indicated, no later than next 30 June), the Company's debt situation would be as follows:

Base Scenario	Financial debt amortised with the entry into force of the Refinancing	Remaining gross financial debt (starting from the gross debt position on 30.09.2017)
- Sale of Media Capital for 321 million euros - Capital Increase of 563 million	771 million euros	935.0 million euros
- Capital Increase of 563 million	450 million euros	1,367.0 million euros

Bear in mind that, in both scenarios, the "Remaining gross financial debt" column includes the debt arising from the deferred payment in Prisa Radio shares in the amount of 36.5 million euros (see section 22 of the Registration Document) and the increase arising from the capitalisable interest (PIK) of part of the current bank debt from 30 September 2017 to 30 June 2018, the date the Refinancing would come into force, making a total of 11.9 million euros (see section 10.1 (B) of the Registration Document). Additionally, the second scenario includes the consolidation of the gross debt of Media Capital, amounting to 111.4 million euros, on the assumption that its sale will not continue.

In accordance with the provisions of the Lock-up Agreement, the Refinancing of the Scheme must take place subsequent to the Capital Increase referred to in section (iv), above, (and the subject of this Prospectus), as the execution of the Capital Increase prior to 31 March 2018 is a requirement for the execution of the Refinancing and, in any case, no later than 30 June 2018, the scheduled deadline for the coming into force of the new terms of the Group's financial debt. Thus, the scheduled deadlines for each action would be as follows:

Deadline	Milestone
31 March 2018	Subscription of Capital Increase
No later than 30 June 2018	Coming into force of the new financing agreements and the new terms of the financial debt

(vii) *<u>Corporate reorganisation of the Prisa Group (including the sale by Prisa Participadas of up to 75% of the shares representing the share capital of Santillana) which, as at the date of this Registration Document, is pending execution]</u>*

In parallel with the entry into force of the new financing contracts, a stake in the share capital of Santillana would be purchased by Holdco (a company fully owned by Prisa). This stake is currently owned by Prisa Participadas. Prisa Participadas currently owns a 75% stake in the capital of Santillana, corresponding to the percentage of the Group's stake. To make this acquisition, Holdco will become the debtor of all or part of the Prisa Group's new financial debt at that moment. In other words, the acquisition would fundamentally be financed by Holdco taking on Prisa's financial debt under the new conditions agreed within the framework of the Refinancing process, relating to periods, costs and guarantees.

The purpose of the proposed transaction is (i) to take advantage of the financial capacity of Santillana to address the servicing of debt using the cash flows its business generates; (ii) allow the successful outcome of the Group's financial debt renegotiation process, due to the fact that the execution of the transaction would give Holdco more robust cash generation for the servicing of debt; and (iii) to complete the restructuring and reorganisation of the Group's businesses, according to the main business areas, i.e., Education, Radio and Press —in the event that the sale of Media Capital should go ahead—, in such a way that Prisa Participadas would continue to be the entity in charge of the management of cross-disciplinary and secondary activities and inactive companies.

In the context of the restructuring and reorganisation of the Group's businesses, Prisa Participadas will carry out the pertinent trade operations in order for its holding in the companies Prisa Radio, S.A. and Prisaprint, S.L. to be transferred to a new company of Spanish nationality ("**Prisa Holding**") fully held by Prisa. The purpose of these trade operations is to adapt the Group's organisational structure to the grouping of businesses planned in the Group's strategic plan (see section 7.1 of the Registration Document for more details on the corporate structure following the implementation of these operations) and achieve an organisational structure in which the various business areas -that is, Education (Santillana), Radio and Press and Audiovisual- are managed through legally separate business units, keeping the rest of the holdings considered non-strategic separate, allowing the optimisation of the organisational structure of the business and the Group's organisational chart

There are two alternatives for this operation: (i) the first alternative consists of the acquisition by Holdco of 75% of the share capital of Santillana from Prisa Participadas, and the taking on by Holdco of all of Prisa's financial debt under the Override Agreement (following the Refinancing); and (ii) the second alternative would consist of the acquisition of at least 50.1% of the share capital in Santillana and the taking on by Holdco of the necessary amount of the aforementioned financial debt to finance this partial acquisition, in such a way that Prisa would continue to be a debtor under the Override Agreement.

Without detriment to the fact that the acquisition of Santillana would be financed through the taking on by Holdco of some of Prisa's financial debt, prior to said taking on, Holdco would receive a loan from Prisa with the funds from (i) the Capital Increase constituting the object of the Share Securities Note, (ii) the sale of Media Capital, if applicable; and (iii) the Group's available cash. Holdco would offset this loan from Prisa with the amount of financial debt it would take on as part of the Refinancing process. These funds would also be used by Holdco to pay Prisa Participadas the price of the shares in Santillana.

This debt with the financial creditors, as mentioned previously, would have different characteristics in terms of its maturity, cost, guarantees and rank.

As at the date of this Registration Document, this transaction, regardless of the alternative executed, is expected to take effect no later than 30 June 2018. The implementation of the first alternative or the second alternative will depend fundamentally on the date on which the funds from the sale of Media Capital, if applicable, are received. If said funds were to be received on or before 30 June 2018, the first alternative would be executed. If they are not received by that date, the second alternative would be executed. In this second alternative, Prisa Participadas would distribute a dividend in kind to Prisa consisting of the remaining holding in Santillana's share capital not transferred to Holdco. In either of the two cases, Holdco would acquire between 50.01% and 75% of Santillana, depending on its market value.

This sale of the holding in Santillana shall take place, in accordance with the form and substance described in this section, using the general standards for transactions between companies of the same group contained in the General Accounting Plan in relation to the valuation of the transaction, which means valuing it at fair value. As a result, Holdco would recognise the investment acquired by its fair value (equivalent to the price paid), whilst Prisa Participadas would recognise the profit from the transaction, that is, the difference between the price received, net of the corresponding costs, and the value for which the transferred holding was recorded, in its profit and loss account. In both alternatives, Santillana would be acquired at market value. Although the Company has a reference for the market value of Santillana, this transaction will be performed at the market value determined by an independent expert at the time of its execution.

Once the sale of Santillana has been executed, Prisa Participadas would distribute a dividend to Prisa for approximately the amount of the profit obtained from the transaction. This would mean the recording of a minimum estimated accounting gain of 450 million euros on Prisa's individual financial statements.

As a result of either of the alternatives described above, Holdco would become the direct holder of up to a maximum of 75% of the share capital of Santillana, whereas Victoria Capital Partners would continue to hold the remaining 25% (see paragraph 6.1.1 of this Registration Document). In both cases, Prisa Participadas would cease to be guarantor for the financial debt, whilst Prisa would remain a guarantor.

If, in the event that the equity holding in Santillana constituting the object of the transaction should not constitute the entire equity holding currently held by Prisa Participadas - which will depend on the market value set by an independent expert -, but rather a percentage of the holding in Santillana of less than 75% but in any case in excess of 50.01%, the purchase would be recorded by both entities using the same criteria, to wit by also following the aforementioned general accounting standards in this case.

This transaction, together with all the others described in section 5.2.1 of this Registration Document, allows Prisa to individually improve its financial and equity situation. As regards the financial statements of the Group, it is worth highlighting that the transaction described above would neither have an impact on the equity nor on the consolidated result.

5.2 Investment

5.2.1 Description, (including the amount) of key investments of the issuing company in each financial year for the period covered by the historical financial information and up to the date of the registration document

The following table offers details by item of developments regarding investments made in the last three years and information as at September 2017 compared to September 2016. The Media Capital investments are included in the figures for 2014, 2015 and 2016. The figures for the first nine months of the 2017 and 2016 financial years do not include investments in relation to Media Capital as Media Capital consolidates as a discontinued operation:

Recurring investments (Thousand euros)	**30.09.17** *(unaudited)*	**30.09.16** *(unaudited)*	**2016** *(audited)*	**2015** *(audited)*	**2014** *(audited)*
Intangible assets	**32,644**	**34,084**	**48,973**	**52.811**	**67.197**
Software applications	5,883	7,667	11,748	10,384	12.374
Prototypes	25,467	24,993	33,599	36,926	36,259
Copyright	672	1,217	1,491	995	3,154
Customer installation and registration	-	-	-	-	14.387
Other intangible assets	622	207	2,135	4,506	1.023
Tangible fixed assets	**13.476**	**11,636**	**23,130**	**27.658**	**29.788**
Land and structures	335	211	1,508	791	475
Technical installations and machinery	988	2,422	7,236	4,603	6.831
Advances and fixed assets in progress	695	658	891	3,210	2.139
Decoders and digital cards	-	-	-	-	5.582
Other tangible fixed assets	11.458	8,345	13,495	19,054	14.761
Total	**46,120**	**45,720**	**72,103**	**80,469**	**96.985**

For information purposes, and to facilitate the comparison of the information (bearing in mind that the above table contains the Media Capital investments during the 2014, 2015 and 2016 financial years), the amount of the investments made by Media Capital is included in each of the periods:

Recurring investment (Thousands of euros)	**30.09.17** *(unaudited)*	**30.09.16** *(unaudited)*	**2016** *(audited)*	**2015** *(audited)*	**2014** *(audited)*
MEDIA CAPITAL INVESTMENTS	**2,140**	**2,313**	**6,311**	**5,496**	**5,167**

Recurring investment (thousands of euros)	30.09.17 *(unaudited)*	30.09.16 *(unaudited)*	31.12.16 *(audited)*	31.12.15 *(audited)*	31.12.14 *(audited)*
Domestic	12,283	19,433	24,708	24,632	44.029
International	33.838	26,287	47,395	55,837	52,956
Total	**46,120**	**45,720**	**72,103**	**80,469**	**96.985**

The principal items included in this section and the valuation criteria used are as follows:

Software applications:

Appearing in this statement are the amounts paid towards the development of specific IT programs or the amounts incurred in purchasing from third parties the software licence for the use of the programs.

Prototypes-

This statement includes, essentially, the prototypes for publishing books, valued as the cost incurred in materials and in jobs performed by third parties up to the hardware that makes the mass industrial production possible.

Advance against royalties

Contains the amounts paid to the authors in advance, whether paid or not, for future rights or royalties for the right to use the different manifestations of the intellectual property.

Customer installation and registration

Includes the costs incurred by DTS, Distribuidora de Televisión Digital, S.A. in the customer installation and registration processes for paid digital satellite television. This amount corresponds to the additions made up to June 2014, the date on which DTS was classed as a *"Non-current asset held for sale"*.

Other intangible assets-

Essentially contains the amounts disbursed to acquire administrative concessions for the use of radio frequencies, subject to the temporary administrative concession system.

Developments in the investments made are fundamentally affected by the progress of Santillana, which represents between 75%-80% of Group investment. Up to June 2014, the Ediciones Generales investments (2300 thousand euros) and DTS investments (22,416 thousand euros) are included, whilst from October 2016 the investments made in Norma (2,270 thousand euros) are included.

By geographical area, the investment is fundamentally international, closely relating to the investment required for the development of the Education Systems of Santillana (UNO and Compartir), fundamentally classroom digitisation. 11 million euros was invested in classroom digitisation in 2014, 14.07 million euros in 2015 and 8.632 million euros in 2016.

The main investments in the year 2014 were:

- In Santillana, 36 million euros was invested in prototypes and masters (principally in Brazil, Spain and Mexico), 11 million in classroom digitisation and 5 million in digital projects (UNO and Compartir platform, development of Aula Virtual, etc.). Investment was also made in changing warehouse in Spain and in servers.

- In the field of Radio, most notable is digital investment of 1.5 million euros (platforms for musicals and talk radio, in the Yes FM project, mobility, CRM, etc.). In international radio, investment came to 3.5 million euros, mostly relating to the maintenance of facilities and equipment.
- In the field of Press, most notable is digital investment of 2.1 million euros (development of the websites of El País, As, Cinco Días, Meristation and the mobility projects of these websites). Additionally, 0.9 million euros was invested in the maintenance and renewal of facilities and equipment.
- In Media Capital, most notable was the investment in 2014 on upgrading the digital Television editing system (1.2 million euros), technical and maintenance projects in the Radio segment (0.9 million euros) and the OTT project (0.5 million euros).

The main investments in the year 2015 were:

- In Santillana, 37 million euros was invested in prototypes and masters (principally in Brazil, Spain and Mexico and Chile), 14 million in classroom digitisation and 5 million in digital projects (UNO and Compartir platform, international accreditation of Education Technology, etc.). Additionally, investment was made in servers and digital printing machines in Puerto Rico.
- In the field of Radio, most notable is digital investment of 1.2 million euros (development of websites, in the Yes FM project, mobility, CRM, etc.). Additionally, investment was made in Spain in the migration of systems and technical developments and in radio station facilities. In international radio, investment came to 7.5 million euros, of which 4.2 million corresponds to frequencies in Colombia and the rest is investment, principally in the maintenance of facilities and upgrading of equipment.
- As regards Press, most notable is digital investment of 2.2 million euros (development of the websites of El País, As Cinco Días, Meristation and mobility projects of these websites and CRM and integration of publishing systems). Additionally, 1.2 million euros was invested in the maintenance and upgrading of facilities and equipment.
- In Media Capital, the 2015 investment in upgrading the digital Television editing system (1.1 million euros) continued. Additionally notable was investment in technical and maintenance projects in the Audiovisual Production segment (1.7 million euros).

The main investments in the year 2016 were:

- In Santillana, 34 million euros was invested in prototypes and masters (principally in Brazil, Spain, Mexico, Chile and Peru), and 9 million in classroom digitisation.
- In the field of Radio most notable was digital investment of 1 million euros (applications and web development, podcasts, etc.). Additionally, in Spain investment was made in broadcasting systems, IT equipment, the migration of systems, radio station facilities and broadcasting systems. In international radio, investment came to 2.9 million euros, principally in the maintenance of facilities and upgrade of equipment.
- As regards Press, most notable is digital investment of 3 million euros (development of the websites of El País, As, Cinco Días, Meristation and mobility projects of these

websites and CRM and integration of publishing systems). Additionally, 1.3 million euros was invested in the remodelling of the editorial office of El País.

- In Media Capital, most notable was the renewal of the news editing systems (0.8 million euros) and facilities in relation to post-production, within the Audiovisual Production segment.

The main investments over the nine month period ending 30 September 2017 were:

- In Santillana, 25 million euros were invested in prototypes and Master's degrees (mainly in Brazil, Spain and Mexico), and 9 million euros in classroom digitalisation.
- In the Radio area, emphasis should be placed on 0.5 million euros of digital investments (Hertz project in partnership with Google, new music player, etc.). In addition, investments were made in Spain in broadcasting systems and technological renewal. Investments totalled 1.2 million euros in the international radio sector, mainly in investments in Colombia (Proeco, studio equipment, IT systems, etc.) and Chile (installations).
- Notable aspects in the Press sector are 2 million euros of digital investments (development of the El País and As websites, projects with Google for El País and AS and the integration of publishing systems).
- In the "Corporation and others" area, highlights are 0.5 million euros worth of digital investments (Https project, M2 platform, Asset management project, etc.).

The information in relation to tangible fixed assets is described in paragraph 8 of this Registration Document.

5.2.2 Description of the main investments made by the issuing company currently underway, including the geographical distribution of said investments (domestic and abroad) and the financing method (internal and external)

During the 2017 financial year, the Group continued to make the normal recurring investments for its activity, which were principally financed internally. Investments made over the nine month period up to 30 September 2017 are shown in paragraph 5.2.1 of this Registration Document. There were no significant investments in progress during the period between 1 October 2017 and the date of this Registration Document.

5.2.3 Information on the main future investments of the issuing company in relation to which its managing bodies have already made firm commitments

To date there are no future investments in relation to which the managing bodies have already made firm commitments. Notwithstanding the foregoing, as indicated in section 3.4 of the Share Securities Note, up to 113 million euros from the Capital Increase are due to be allocated to the development of the Group's businesses, particularly those with the greatest potential for growth, both in organic and inorganic investment opportunities and in the creation of value for the shareholders.

Nonetheless, on 14 November 2013, Prisa Radio, certain companies in the 3i group, Prisa and Grupo Godó de Comunicación, S.L. signed a framework agreement for the acquisition of shares and regulation of Prisa Radio shareholder rights. Under this agreement, and in order to structure the exit of the 3i group companies from the shareholder register of Prisa Radio, the latter would acquire the Prisa Radio shares owned by the 3i group companies for subsequent redemption. Without detriment to any eventual rises, the total price to be paid by Prisa Radio to 3i as remuneration for the transfer of the shares initially came to a total amount of 52,898,302.00 euros. For more information, see paragraph 22 of this Registration Document.

6. DESCRIPTION OF THE BUSINESS

6.1 Core activities

6.1.1 Description of, and key factors in relation to, the nature of the operations of the issuing company and its main activities, stating the main categories of product sold and/or services provided in each financial year during the period covered by the historical financial information.

Prisa is a company that specialises in the creation and distribution of cultural, educational, informative and entertainment content in the Spanish- and Portuguese-speaking markets.

Present in 25 countries, Prisa reaches over 60 million people through its main brands such as El País, Santillana, Moderna, Compartir, UNOi, SER, Los40, W Radio, Radio Caracol and AS. As one of the main companies in the education, press, talk radio and music radio businesses, Prisa is one of the largest media groups in the Hispanic world, as a result of the content produced and thanks to its efforts to contribute to develop the digital ecosystem through the innovation of its products and services and its accessibility through any digital environment. Its presence in Spain, Brazil and in all Spanish-speaking Latin American countries (Colombia, Chile, Mexico, Peru, etc.) and in the growing Hispanic market in the United States opens up a Latin American dimension with a potential worldwide market of over 700 million people.

The Group believes that the quality of its products and services, the positioning of its brands, its sales force, its global presence and its human capital provide it with the necessary competitive advantage to grow, increase profitability and create value, taking advantage of the opportunities offered by the digital world.

Prisa’s activities are grouped into four main business areas (equivalent to the operating segments): Education (Sanillana), Radio, Press (News) and Audiovisual.

- The **Education** area includes the activities carried out by Prisa in the education and training markets through its publishing house Santillana, consisting of publishing school texts and language books and providing Digital Education Systems.

- The **Radio** area includes domestic and international radio activity and the sale of advertising and the promotion and production of musical events. This area includes the Spain Radio, International Radio and Music business lines.

- The **Press** area includes the activities of the sale of newspapers and magazines, advertising, promotions and printing. This area includes brands like El País and As.

- Up until the end of the 2016 financial year, the **Audiovisual** area included the activities carried out by the Group’s Portuguese subsidiary, Media Capital, through the broadcasting of advertising and audiovisual production.

  Furthermore, since January 2017, the Audiovisual area has included a new line of business encompassing the activities carried out through Prisa Video, focusing on the production, distribution and marketing of video. Prisa Video was created in 2015, and consists of the companies Prisa Audiovisual, S.L.U. and Prisa Producciones de Video, S.L. At the end of the 2016 financial year, Prisa Video was included under the "Others" item.

For this reason, the financial information in relation to the Audiovisual area for the 2016 and 2015 financial years contained in this Registration Document has been re-stated to include the activities of Prisa Video for the purpose of comparison. As a result, the items "Others" and "Adjustments and eliminations" have also been re-stated.

For its part, the "**Others**" item includes the corporate activities carried out by the different business units through the companies Prisa Brand Solutions, S.L. (sole proprietorship), Prisa Tecnología, S.L., Promotora de Informaciones, S.A., Prisaprint, S.L., Promotora de Actividades América 2010, S.L., Promotora de Actividades América 2010 México, S.A. de C.V., Prisa Participadas, S.L., Prisa Inc., Prisa División Internacional, S.L., GLP Colombia, Ltda.,Vertix, SGPS, S.A., Prisa Gestión de Servicios, S.L., Audiovisual Sport, S.L., Promotora Audiovisual de Colombia Pacsa, S.A., Promotora de Actividades de Colombia, Ltda., Promotora de Emisoras, S.L., Promotora de Emisoras de Televisión, S.A., and, as indicated in the previous paragraph, Prisa Audiovisual, S.L.U. and Prisa Producciones de Video, S.L. up until the financial year that ended on 31 December 2016.

Bear in mind, furthermore, that as at 30 September 2017, Media Capital was shown as a discontinued activity in the Group's financial information, as a result of the agreement reached between Prisa and Altice NV for the sale of Prisa's entire holding in Vertix to a subsidiary of the latter -which implies the indirect transfer of Prisa's holding in Media Capital-, which, as at the date of this Prospectus, is pending execution (in this respect, see section 5.1.5 - *2017 and 2018 (i)*). As a result, the financial information in relation to the nine month period ending on 30 September 2017 for the Audiovisual area only includes Prisa Vídeo on an operations level.

In the year 2016, Prisa made operating income of 1.358 billion euros, of which 42% came from Spain, 45% from the Americas and 13% from Portugal. The adjusted EBITDA generated came to 273 million euros.

There are positive future growth outlooks for the different countries and in the different media in which the Group is present, especially in the areas of Education and Radio, and in the sphere of digital transformation.

In recent years, Prisa has been focussing on digital transformation, thus aligning itself with market demand and the new digital business models. In 2016, the Group's digital transformation income increased by 4.1% to reach 201 million euros and represent 15% of the Group's total operating income (compared to 11% in 2014). In the area of Education, the UNOi and Compartir Digital systems continued their development in the Americas, reaching 900,000 students who are now using these comprehensive education solutions generated by digital learning environments. In the advertising area, transformation is also present, with a 13% increase in digital advertising in the Group and a 15% increase in the Press business area. Another indicator of this transformation is the growth in average unique users on websites, which reached 123 million in 2016, growing 9% YoY.

Prisa's strategic focus is aimed at the growth opportunities existing in the Spanish market and, especially, internationally. In the digital field, worth noting are the opportunities existing in the education, press and radio markets due to their dynamism, high demand and their signs of expansion outside Spain. The growth opportunities in each of these markets are described later on. Prisa is immersed in the digital transformation process, developing content as a complement to its changing traditional media business. In this new digital environment, Prisa considers that the Group is positioned for future growth in the digital area and the creation of new content on the net in the Spanish- and Portuguese-speaking markets. Worth noting is the digital transformation in the business areas of Education and Press.

Part of the Group's digital strategy is based on a consumer-orientated model, distributing the products to its clients based on their preferences and socioeconomic profile. By boosting information and knowledge on consumers through the creation of a client database with millions of entries, Prisa believes that it will be able to offer more attractive and valuable marketing services to advertisers and sell their products in a more appropriate way. Additionally, in boosting the resources and capacities among its segments of activity, Prisa's goal is to increase the range of its products and its knowledge of consumers and capitalise on its digital assets.

In recent years, the Company has been making a considerable effort to improve efficiency through cost redutions to adapt to the changes in the market and those arising from the digitization. Said effort has resulted in improved margins between 2014 and 2016 (the adjusted EBITDA margin went from 18% to 20.3% during said period). Prisa is currently still focussed on improving efficiency in various areas of its businesses, through initiatives that include, amongst others, the discontinuation of non-strategic business, a reduction in external services and cost redutions at various levels. The Group's management estimates that the implementation of the planned measures will allow a level of cost savings to be reached over the next three years of approximately 40 million euros by the third year (the forecast cost of the implementation of said measures being approximately 30 million euros).

As part of Prisa's growth strategy, the Group is seeking to optimise its capital structure. In recent years considerable effort has been made to reduce debt, including the sale of non-strategic assets, capital increases and the repurchasing of debt at a discounted rate. In this respect, Prisa believes that the Capital Increase, together with the sale of Media Capital and the restructuring of the debt — which are pending execution as at the date of this Registration Document (for more information, see paragraph 5.1.5 of this Registration Document) — will allow it to achieve a stable capital structure that is sustainable in the long-term. Its management is focussed on the generation of cash, maximisation of the value of its business and the profitability of its investments in order to create value for its shareholders.

The following table details the key figures for each business area, for the indicated periods (2016, 2015, 2014):

	Prisa Group			**Education**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	(thousand euros)			**(thousand euros)**		
	(audited)			*(audited)*		
Operating income	**1,358,037**	**1,374,062**	**1,454,728**	**637,535**	**642,816**	**716,641**
	(unaudited)(*)			*(unaudited)*(*)		
Adjusted operating income (2)	1,349,442	1,374,062	1,387,762	632,608	642,816	651,632

EBITDA [(3)]	248,862	248,414	183,385	170,913	167,160	170,736
EBITDA adjusted [(4)]	273,367	279,357	249,866	180,244	171,709	158,042
Operating profit (EBIT)	133,474	120,828	28,720	98,582	88,699	85,145
EBITDA Margin [(5)]	*18.3%*	*18.1%*	*12.6%*	*26.8%*	*26.0%*	*23.8%*
Adjusted EBITDA margin [(6)]	*20.3%*	*20.3%*	*18.0%*	*28.5%*	*26.7%*	*24.3%*
EBIT Margin [(7)]	*9.8%*	*8.8%*	*2.0%*	*15.5%*	*13.8%*	*11.9%*

	Radio			**Press**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	(thousand euros)			**(thousand euros)**		
	(audited)			*(audited)*		
Operating income	**301,051**	**314,764**	**305,136**	**239,896**	**241,265**	**260,224**
	(unaudited)[(*)]			*(unaudited)[(*)]*		
Adjusted operating income [(2)]	301,051	314,764	305,136	239,896	241,265	255,018
EBITDA [(3)]	41,266	54,701	45,737	15,236	6,399	1,454
EBITDA adjusted [(4)]	46,674	65,458	53,850	16,813	16,485	14,610
Operating profit (EBIT)	28,202	42.279	24,822	7,060	(6,463)	(21.594)
EBITDA Margin [(5)]	*13.7%*	*17.4%*	*15.0%*	*6.4%*	*2.7%*	*0.6%*
Adjusted EBITDA margin [(6)]	*15.5%*	*20.8%*	*17.6%*	*7.0%*	*6.8%*	*5.7%*
EBIT Margin [(7)]	*9.4%*	*13.4%*	*8.1%*	*2.9%*	*(2.7%)*	*(8.3%)*

	Audiovisual			**Others**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	(unaudited) [(**)]			*(unaudited) [(**)]*		
Operating income [(1)]	175,235	174,712	179,773	65.774	53,754	53,315
Adjusted operating income [(2)]	175,235	174,712	179,773	62.106	53,754	56.564
EBITDA [(3)]	39,833	40,123	42,113	(18,593)	(19,729)	(74.034)
EBITDA adjusted [(4)]	41,059	40,903	43,822	(11.630)	(14,958)	(17.837)
Operating profit (EBIT)	30,918	29,682	32,435	(31.493)	(33.128)	(89.466)
EBITDA Margin [(5)]	*22.7%*	*23.0%*	*23.4%*	---	---	---
Adjusted EBITDA margin [(6)]	*23.4%*	*23.4%*	*24.4%*	---	---	---
EBIT Margin [(7)]	*17.6%*	*17.0%*	*18.0%*	---	---	---

	De-recognition and adjustments		
	Financial year ending 31 December of		
	2016	2015	2014
		(unaudited) (**)	
Operating income [(1)]...................	(61.454)	(53,249)	(60,361)
Adjusted operating income [(2)]....	(61.454)	(53,249)	(60,361)
EBITDA [(3)]	207	(240)	(2,621)
EBITDA adjusted [(4)]..................	207	(240)	(2,621)
Operating profit (EBIT).............	205	(241)	(2.622)
EBITDA Margin [(5)]	---	---	---
Adjusted EBITDA margin [(6)]......	---	---	---
EBIT Margin [(7)]..........................	---	---	---

The following table shows the contribution by business area for the indicated periods:

	Education			**Radio**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
		(audited)			*(audited)*	
Operating income	**47%**	**47%**	**49%**	**22%**	**23%**	**21%**
		(unaudited)(*)			*(unaudited)(*)*	
EBITDA [(3)]	69%	67%	93%	17%	22%	25%
Operating profit (EBIT)................	74%	73%	296%	21%	35%	86%

	Press			**Audiovisual**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
		(audited)			*(unaudited)(**)*	
Operating income [(1)]	**18%**	**18%**	**18%**	**13%**	**13%**	**12%**
		(unaudited)(*)				
EBITDA [(3)]	6%	3%	1%	16%	16%	23%
Operating profit (EBIT)................	5%	(5)%	(75)%	23%	25%	113%

	Others			**De-recognition and adjustments**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
		(unaudited) (**)			*(unaudited) (**)*	
Operating income [(1)].........................	5%	4%	4%	(5%)	(4%)	(4%)
EBITDA [(3)]	(7%)	(8%)	(40%)	0%	(0%)	(1%)
Operating profit (EBIT)...................	(24%)	(27%)	(312%)	0%	(0%)	(9%)

(*) *Except with respect to the Operating Profit/Loss (EBIT) figure, which matches the operating profit/loss as defined in the IFRS and has been subject to an audit.*

(**) *Except for the 2014 operating income and Operating Profit/Loss (EBIT), which are audited.*

(1) The operating income figures in the Audiovisual area, in the Others item and in the Adjustments and Eliminations item corresponding to the 2016 and 2015 financial years, are re-stated to reflect the Group's new classification of segments, which includes the activities of Prisa Video in the Audiovisual area, as described at the start of section 6.1.1 of this Registration Document. For this reason, these earnings figures constitute APMs, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(2) Adjusted operating income is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(3) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(4) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(5) EBITDA margin is an APM that results from the EBITDA to operating revenue ratio from a single period. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.
(6) The adjusted EBITDA Margin is an APM that results from the adjusted EBITDA to operating revenue ratio in a single period. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.
(7) EBIT margin is an APM that results from the Operating result (EBIT) to operating revenue ratio from a single period. The definition, explanation, use and reconciliation of this APM is set out in paragraph 26 of this Registration Document.

A. Education

The Education division includes the activities that Prisa carries out in education and training through its publishing house Santillana, which has been present for more than five decades in the sector. As at September 2017, the Education area represents 58.5% of the Group's total operating income and 92% of its EBITDA as at this same date. For its part, during the 2016 financial year, this business area accounted for 47% of the group's operating income (638 million euros) and achieved an EBITDA of 171 million euros (with an EBITDA margin of 26.8%), i.e., 69% of the Group's EBITDA.

Santillana is present in 22 countries and its activities cover a wide range of products that range from the publishing of school texts (Santillana and Moderna in Brazil) and the publishing of language books (Richmond, Santillana Français, Español Santillana and Santillana USA) to Digital Education Systems (UNO and SANTILLANA COMPARTIR).

Santillana's products cover educational content that ranges from pre-school education up to the Baccalaureate ("**K-12**" segment, as it is known in the Americas) and professional training, although most of the operating income in this area comes from K-12.

Santillana is one of the main education companies in Spain and Latin America with a combined market quota of 25% in 2016 (22% in 2014)[1] with top positions in Spain, Mexico, Colombia, Chile, Peru and Argentina, amongst others, and with the competitive advantage of being the only company that operates in all Spanish and Latin American markets. Santillana has annual sales of over 107 million books with 30 million students using Santillana books

[1] Source: Internal estimates. Market share is calculated in relation to the census performed by the sales network in schools and based on the number of Santillana books prescribed by teachers.

and around 1 million students using the digital education systems[2]. Additionally, Prisa believes that its capacity to generate content (through more than 850 professionals) and the capillarity of its sales force — with 1,700 professionals covering more than 210,000 schools (8,000 visits daily) — allow it to offer a range of products and services that is hard to replicate. All this generates high barriers to entry for any local or international operator.

Additionally, in September 2016, Santillana completed the purchase of Carvajal Soluciones Educativas (Norma), a leading company in Latin America in the development of content and technology for learning. With this transaction, the company has reinforced its education business in the Americas.

Despite the fact that the Education business is less dependent on the financial cycle and advertising than the rest of the business areas in which the Group is present, this is a business with a very seasonal pattern, due to the timetables of the campaigns in each hemisphere (north and south), the sequencing of school term-times in each of the countries in which it is present, the different laws these countries have in force and the stage they are at. Additionally, the business also depends in part on the receiving of orders from institutions, which are not always repeat ones. Despite this, the Education area remains one of the most stable business areas within the Group, strengthening its presence and evolution on a daily basis.

By line of activity, as at December 2016, 80% of operating income came from the sale of traditional books to private and public schools whilst 18% came from the sale of Digital Education Systems (private schools). In terms of geographical origin, 79% of the total operating income from the Education area came from overseas (502 million euros), Brazil being the most notable, accounting for 27% of the total, followed by Mexico with a contribution of 12%. Spain generated 135 million euros in operating income, representing 21% of the total.

Although the sale of educational books or training services can be affected by economic developments and the growing middle class, there is a trend towards an increase in spending on education in emerging countries. In this respect, according to internal data on the sector, the average spend on education in emerging markets is $17-20 per student, compared to $130 per student in developed countries, meaning that there is a wide margin for growth.

The traditional business continues to show potential for growth with the main countries expected to increase investment in the quality of education. Additionally, the education sector is experiencing an environment of digital and educational transformation, where efforts devoted to innovation and the quality of the content are complemented by the offer of a comprehensive education service system for school centres, teachers and students which incorporates technology, training and advisory services. Nonetheless, the digital transformation in the education sector is still at a low ebb in the countries in which Santillana operates, where the main barriers are resistance to change on the part of teachers or the limited resources of centres to invest in technological infrastructure. In this context, in addition to paying attention to the quality and innovation of all its content, Santillana strives to offer school centres, teachers and students a comprehensive service that incorporates

[2] Source: Internal estimates. For estimation of the number of students, in addition to the school information stored in the sales CRM, a comparison and validation are performed with reports from the sector published in the book associations or publisher associations of the different countries in which Santillana operates.

technology, training and advisory services. In this way, Santillana seeks to successfully implement the transition towards a business model aimed at digital added value.

In this context, the performance of the digital education systems with a strong component of innovation that were launched in the Americas (UNO and SANTILLANA COMPARTIR systems) stands out. The combined weight of these systems is increasingly large, growing both in number of students and turnover (in the local currency). This financial year has been key to consolidating both education models and showing their educational contribution. The education systems include: suggested lesson plans, teacher training, equipment for the centre, and evaluation and advisory platforms.

The UNO system ended the 2016 financial year with 282,000 students (257,000 in 2014). Its model offers schools a comprehensive digital concept that includes content, equipment and education services, with a strong technological component. For its part, SANTILLANA COMPARTIR is designed as a modular, flexible education solution that includes ICT depending on the needs and pace of each school centre. It ended 2016 with 586,000 students (374,000 in 2014) and a presence in 14 countries.

The Education division has begun a major diversification process, with projects that aim to meet the new training needs of K-12, where substantial curriculum changes are expected to take place over the next few years (new subjects, ongoing evaluation models, etc.). This initiative comes under the title of “21st Century Education”. Other actions have been carried out outside K-12, both extracurricular and in relation to university education.

In 2016, in the Americas, all the education campaigns in the most important countries increased their operating income in the local currency with the exception of Mexico, due to lower sales to institutions. In 2016, Spain showed an improvement in operations despite experiencing a slight drop in operating income attributable to fewer new developments in 2016 compared to the previous financial year. The exchange rate had a negative impact on operating income of 44.7 million euros and 15.1 million euros on EBITDA.

Strategic focus

Prisa’s strategic focus in the Education division includes:

- Maintaining its leading position, benefiting from the macroeconomic recovery in Latin America and expanding into new segments of growth.
- Continuing to lead the digital transformation from traditional text books and focussing on the development of content to improve the learning experience of the comprehensive education solutions.
- Reinforcing its range of products, focussing on quality to meet the growing demand for services that complement education, and using its leading position in Iberia and Latin America as leverage.
- Improving efficiency and cost control.

Prisa’s interest in the Education area, through its holding in the capital of Santillana, is 75%, whilst the remaining 25% belongs to Victoria Capital Partners (previously DLJ).

The following table details the key figures for the Education division for the indicated period:

	Education		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(thousand euros)	
		(audited)	
Operating income	**637,535**	**642,816**	**716,641**
Spain	135,382	139,633	148,715
International	502,153	503,183	567,926
		(unaudited)(*)	
Adjusted operating income (1)	632,608	642,816	651,632
EBITDA (2)	170,913	167,160	170,736
Adjusted EBITDA (3)	180,244	171,709	158,042
Operating profit (EBIT)	98,582	88,699	85,145
EBITDA Margin (4)	*26.8%*	*26.0%*	*23.8%*
Adjusted EBITDA margin (5)	*28.5%*	*26.7%*	*24.3%*
EBIT Margin (6)	*15.5%*	*13.8%*	*11.9%*

(*) Except with respect to the Operating income (EBIT) figure, which matches the operating profit as defined in the IFRS-EU and has been subject to an audit.

(1) Adjusted operating income is an APM, the definition, the explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(3) Adjusted EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(4) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.
(5) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(6) EBIT margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.

The following table details the contribution of the Education area's geographical markets to the area's operating income:

	Education		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(audited)(*)	
Operating income	**100%**	**100%**	**100%**
Spain	21%	22%	21%
International (1)	79%	78%	79%
The Americas	*78%*	*77%*	*78%*
Brazil	27%	28%	32%

Mexico	12%	15%	14%
Colombia	4%	3%	3%
Argentina (1)	4%	6%	4%
Chile	4%	5%	4%
Peru (1)	8%	3%	2%
Rest of the Americas (1)	19%	17%	18%
Rest of the World (Portugal) (1)	*1%*	*1%*	*1%*

(*) *With the exception of the balances identified as APMs in the following note, the figures presented in this table have been audited.*

(1) These are APMs that result from the aggregation and breaking down, respectively, of the Group's total consolidated operating income according to the geographical distribution of the institutions that produce such. For the definition, explanation, use and reconciliation of these APMs, please see paragraph 26 of this Registration Document.

B. Radio

The Radio area includes both Prisa's domestic and international radio activity (both talk and music radio) and the promotion and production of musical events. During the nine month period ending on 30 September 2017, the Radio area represented 22.7% of the Group's total operating income and 13.5% of its EBITDA at the same date. In the 2016 financial year, 22% of the Group's total operating income came from this area (301 million euros) and the contribution to the Group's EBITDA was 17% (41 million euros with an EBITDA margin of 13.7%).

The Radio division includes two main lines of business: Radio (in turn comprising the segments of Talk Radio and Music Radio, taking into account the characteristics of vertical markets, and the segments of International Radio and Spain Radio, taking into account the geographical diversification of the Group's activities) and Music. The activities of the Radio division currently take place through the Prisa Radio business unit (which is headed up by Prisa Radio, S.A.).

Prisa Radio is one of the largest Hispanic-speaking radio groups with approximately 23 million listeners (aggregate audience data from the countries in which Prisa Radio is present[3]) and more than 1,000 radio stations, including own, investee and associated stations, distributed over 13 countries:

- Directly in eight: Argentina, Colombia, Costa Rica, Chile, USA, Spain, Mexico and Panama.

[3] Sources: Spain (General Media Survey –EGM– 2nd wave of 2017, population over 14 years of age, all social classes, measured in working days, based on Spain, July 2017), Colombia (ECAR, population from 12 to 69 years of age, all social classes, Monday to Sunday, based on 18 markets, December 2016), Chile (IPSOS and EGM, population over 15 years of age, all social classes, Monday to Saturday, based on Santiago, Chile), Argentina (IBOPE, population from 12 to 74 years of age, all social classes, Monday to Sunday, based on Buenos Aires and suburbs, December 2016), Mexico (INRA AMCM, MEDIÓMETRO, population over 13 years of age, Monday to Friday from 6am to 10pm, based on Valley of Mexico metropolitan area, December 2016), Costa Rica (EGM, population from 16 to 64 years of age, Monday to Friday, based on Costa Rica, December 2016), United States (Nielsen, people over 6 years of age, Monday to Sunday, based on Miami, December 2016)

- Through brand and content franchises in another five: Ecuador, Guatemala, the Dominican Republic, Paraguay and Nicaragua.

Prisa Radio is one of the main operators in terms of audience in Spain (EGM, 2nd wave of 2017, population over 14 years of age, all social classes, measured in working days, based on Spain, July 2017), Colombia (ECAR, population from 12 to 69 years of age, all social classes, Monday to Sunday, based on 18 markets, December 2016) and Chile (IPSOS and EGM, population over 15 years of age, all social classes, Monday to Saturday, based on Santiago de Chile), and maintains second position in Mexico (INRA AMCM, MEDIÓMETRO, population over 13 years of age, Monday to Friday from 6am to 10pm, based on the metropolitan Valley of Mexico area, December 2016).

In Spain, its main brands are SER, 40 principales, Cadena Dial, M80, Radiolé and Máxima FM. In Colombia, the group operates through its brands Radio Caracol and W Radio, whilst in Chile its main brands are ADN Radio Chile and Radio Corazón.

Prisa Radio has developed a management model aimed at continuing to offer the best content, preserving the value of its brands, revitalising the radio formats, technological innovation and the production and presence of its content on all digital platforms. Prisa believes that this model is allowing it to reinforce commercial synergies and the development of new formats and standards, on both general and music radio stations. Through this model, Prisa intends to combine the global presence of its business with a local approach that will allow it to optimise exchanges and multiply the Group's value creation.

In an environment of digital transformation, Prisa Radio is increasingly facing greater competition due to the proliferation of radio services and online aggregators, in addition to online music streaming services (Spotify, Deezer, YouTube, etc.). In this respect, the internet represents an opportunity for operators with brands with prominent positioning to reach a wider audience through improved user experience, providing their content online (launching players, mobile applications, exploiting on-demand content, developing aggregators, etc.) and investing in the technological transformation.

In the Music line of business, the Planet Events Group company is one of the main operators in Spain in the contracting, production and promotion of large music events and tours of domestic and international artists. Created in 1999, it has consolidated itself as one of the leading players in its sector.

Likewise, Tyrona Eventos is the Prisa Radio company in Latin America for the production and organisation of events, festivals and tours of domestic and international artists. Since its launch in 2015, over 15 music events of all styles and formats have taken place between Colombia and Mexico featuring first rate international artists.

Strategic focus

Prisa's strategic focus in the Radio division includes:

- Maintaining its leading position, benefiting from the macroeconomic recovery and expected growth of the advertising market.

- Positioning itself in the digital transformation from an analogical model to a multimedia digital content model. Boosting the on-demand audio content to increase interaction and commitment with users.

- Strengthening its product portfolio, including through the expansion of its global brands, with a clear focus on the 40 Principales on a global scale and Tropicana in Colombia.
- Boosting its commercial strategy to boost digital revenue.
- Focus on cost control.

Share ownership of the Prisa Radio business unit (through Prisa's share in Prisa Radio, S.A.) is split between Prisa (80%) and the Godó Group (20%), following the exit of certain 3i group entities from the shareholder body (see section 22 of this Registration Document for more information).

The following table details the key figures for the Radio division for the indicated period:

	Radio Spain			**International Radio**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	(thousand euros) *(unaudited)*			**(thousand euros)** *(unaudited)*		
Operating income [(1)]	178.528	185.625	175,477	98,916	114,471	120,861
Adjusted operating income [(2)]	178.528	185.625	175,477	98,916	114,471	120,861
EBITDA [(3)]	20,943	21,290	11,293	20,462	31,970	33,750
EBITDA adjusted [(4)]	22,756	29,086	16,873	23,540	34,849	35,785
Operating profit (EBIT)	(2,460)	12,222	2,166	16,936	29,445	22,627
EBITDA Margin [(5)]	11.4%	11.2%	6.4%	20.7%	27.9%	27.9%
Adjusted EBITDA margin [(6)]	12.4%	15.3%	9.6%	23.8%	30.4%	29.6%
EBIT Margin [(7)]	(1.3%)	6.4%	1.2%	17.1%	25.7%	18.7%

	Music			**Consolidation adjustments**		
	Financial year ending 31 December of			**Financial year ending 31 December of**		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	(thousand euros) *(unaudited)*			**(thousand euros)** *(unaudited)*		
Operating income [(1)]	28,724	20,536	20,340	(5.117)	(5.867)	(11,542)
Adjusted operating income [(2)]	28,724	20,536	20,340	(5.117)	(5.867)	(11,542)
EBITDA [(3)]	(138)	1,448	698	-	(7)	(5)
EBITDA adjusted [(4)]	377	1,530	1,197	-	(7)	(5)
Operating profit (EBIT)	(3,118)	(448)	109	16,844	1,061	(80)
EBITDA Margin [(5)]	(0.5%)	7.1%	3.4%	0.0%	0.1%	0.0%
Adjusted EBITDA margin [(6)]	1.3%	7.5%	5.9%	0.0%	0.1%	0.0%
EBIT Margin [(7)]	(10.9%)	(2.2%)	0.5%	(174.9%)	(10.5%)	0.7%

	Radio Total		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
	(thousand euros)		
	(audited)		
Operating income	**301,051**	**314,764**	**305,136**
	(unaudited)[(*)]		
Adjusted operating income [(2)]	301,051	314,764	305,136
EBITDA [(3)]	41,266	54,701	45,737
EBITDA adjusted [(4)]	46,674	65,458	53,850
Operating profit (EBIT)................	28,202	42.279	24,822
EBITDA Margin [(5)]	13.7%	17.4%	15.0%
Adjusted EBITDA margin [(6)]..........	15.5%	20.8%	17.6%
EBIT Margin [(7)].............................	9.4%	13.4%	8.1%

(*) Except with respect to the Operating income (EBIT) figure, which matches the operating income as defined in the IFRS-EU and has been subject to an audit.

The following table details the contribution of Radio activities to the area's operating income:

	Radio		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
	(unaudited)		
Operating income.....................	**100%**	**100%**	**100%**
Radio in Spain [(1)]	61%	60%	58%
International Radio [(1)]	33%	36%	40%
Music [(1)]	10%	7%	7%
Consolidation adjustments [(1)]	(4%)	(3%)	(5%)

(1) The operating income from the different lines of business in the Radio area constitutes APMs that result from the breaking down of the operating income for the Radio area. The definition, explanation, use and reconciliation of these APMs are set out in paragraph 26 of this Registration Document.
(2) Adjusted operating income is an APM, the definition, the explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(3) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(4) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(5) The Operating income (EBIT) is the book operating profit/loss as defined in the IFRS-EU.
(6) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.

(7) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(8) EBIT margin is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

i. Radio in Spain

In 2016, radio in Spain represented 61% of the total operating income from the Radio area, reaching 183 million euros. The bulk of the operating income from this area comes from advertising.

Prisa's Radio market share in Spain in terms of the number of listeners is 38% for general radio and 43% for music radio[4].

In Spain, the competitive strength of the Radio area through its main radio stations (Cadena SER, 40 principales, Cadena Dial, M-80 Radiolé and Máxima FM) stands out. Cadena SER has a leading position in the talk radio market with 4.4 million listeners (share of 38%), whilst 40 principales and Dial rank first and second in the music radio market with audiences of 20% and 16% respectively[5].

Cadena SER is the leading brand and stand-out Spanish radio station for news, with 4,409,000 listeners and 6,081,000 unique users on the Internet (comScore Multiplataforma, May 2017). Four out of ten people who listen to a talk radio station on a daily basis in Spain choose Cadena SER, with a range of programmes like Hoy por Hoy, La Ventana, Hora 25, A vivir que son dos días and El Larguero. Prisa believes that its more then 20 consecutive years as one of the sector's main brands have allowed it to consolidate itself in the market with a value proposition which is recognised by its audience.

40 principales is one of the main players in the segment of music radio in Spain with 2,870,000 listeners each day[6]. It distributes its content through all digital platforms. Additionally, every year it organises various music concerts, festivals and awards.

According to the EGM, 2nd wave of 2017, the audience of the radio stations belonging to Prisa in Spain, in thousands of listeners, is as follows:

Thousands of Listeners	**Listeners**		
	Second wave 2017	**Position**	**Share**
General Radio	**4,409**	**1**	**38%**
SER	4,409		38%
Music Radio (*)	**6,232**	**1**	**43%**
40 principales	2,871		20%
Dial	2,371		16%
Maxima FM	391		3%

[4] Source: EGM, 2nd wave of 2017, population of over 14 years of age, all social classes, measured in working days, based on Spain, July 2017.

[5] Source: EGM, 2nd wave of 2017, population of over 14 years of age, all social classes, measured in working days, based on Spain, July 2017.

[6] Source: EGM, 2nd wave of 2017, population of over 14 years of age, all social classes, measured in working days, based on Spain, July 2017.

Thousands of Listeners	Listeners		
M80	457		3%
Radiolé	486		3%

(*) The sum of the different radio channels is not shown, because duplicates are eliminated.

ii. International Radio

In 2016, operating income from International Radio came to 98.9 million euros and represented 32.8% of the total operating income from the Radio area. The most significant contribution to this operating income comes from Colombia (58% of the total), followed by Chile (23%).

In Colombia, the group is the market leader through its brands Radio Caracol and W Radio. The group of radio stations in the Caracol group reached an audience of 7,850,000 listeners with a market share of 28%[7] Radio Caracol continues to be the leading news, sports and entertainment station in Colombia and one of the foremost in Latin America and, together with W Radio, constitutes one of the pillars of Prisa Radio.

In Chile, Prisa Radio is the radio market leader with 2,269,000 listeners and a market share of 42%[8]. Of the ten formats distributed, five are amongst the top ten on the audience ranking, notably the talk radio station ADN Radio Chile and Radio Corazón, which continues to be the country's most listened to radio station for yet another year.

In Mexico, Prisa Radio operates in the local market under the name of TELEVISA Radio, 50% held by Televisa. Prisa Radio manages its 75 radio stations (own and affiliated) and distributes six talk and music programme formats. It reaches an audience of 1,381,000 listeners daily, ranking second with a share of 15%[9]. Mexico is consolidated in the accounts of Prisa Radio using the equity accounting method.

In Argentina, listeners of the radio stations of Prisa Radio numbered 870,000 in 2016[10]. Radio Continental continues to reinforce its recognition within talk radio in the country.

In Costa Rica, Prisa Radio broadcasts three formats of radio through a company held 50/50 with the La Nación group, with three lines of music radio: Bésame, Los40 and Q´teja have 204,000 listeners daily[11].

Prisa Radio in the United States has an audience of 112,000 listeners through a radio station in Miami (Radio Caracol), a city in which it is the market leader in talk radio for the Hispanic population (Nielsen, over 6 years of age, Monday to Sunday, based on Miami, December 2016).

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[7] Source: ECAR, population from 12 to 69 years of age, all social classes, Monday to Sunday, based on 18 markets, December 2016.

[8] Source: IPSOS and EGM, population over 15 years of age, all social classes, Monday to Saturday, based on Santiago, Chile.

[9] Source: INRA AMCM, MEDIÓMETRO, population over 13 years of age, Monday to Friday from 6am to 10pm, based on the metropolitan Valley of Mexico area, December 2016.

[10] Source: ECAR, population from 12 to 74 years of age, all social classes, Monday to Sunday, based on Buenos Aires and the suburbs, December 2016.

[11] Source: EGM, population from 16 to 64 years of age, Monday to Friday, based on Costa Rica, December 2016.

The audience of the main international radio stations of Prisa Radio is as follows:

Thousands of Listeners	Listeners		
	2016	Position	Share
Colombia	7,850	1	28%
Chile	2,269	1	42%
Mexico	1,381	2	15%
Argentina	870	5	14%
Costa Rica	204	4	14%
USA (Miami)	112	4	5%

iii. Music and others (Radio)

Through the Music line of business, Prisa carries out music event promotion and production activities such as concerts, festivals, music awards, debates and conferences. Prisa believes that these activities allow the brands of the Radio business to have a higher profile, increase the engagement of their audience and boost cross-selling. This line of business principally takes place through the companies Planet Events and Tyrona Events.

Planet Events (created in 1999) is one of the main operators in Spain in the contracting, production and promotion of large music events and tours of domestic and international artists.

Tyrona Eventos is the Prisa Radio company in Latin America for the production and organisation of events, festivals and tours of domestic and international artists.

Tyrona Eventos is positioned as one of the main operators in the concert sector in Colombia, organising more than 20 music shows in different formats.

C. <u>Press</u>

The Press division principally covers the sales activities in relation to periodicals and magazines, advertising, promotions and printing. During the nine month period ending on 30 September 2017, the Press area represented 17.6% of the Group’s total operating income and 1.1% of its EBITDA at the same date. In the 2016 financial year, this area represented 18% of the Group’s total operating income. As at 31 December 2016, the area’s main sources of operating income came from advertising (48%) and the sale of newspapers (38%).

This area covers various news brands with a global outlook, notably including El País, As, Cinco Días, El Huffington Post, Tentaciones, SModa, Babelia, Buena Vida, Icon and MeriStation, in addition to other corporate magazines. The activities of the Press division take place through the Prisa Noticias business unit (which is headed up by Prisa Noticias, S.L.).

In the Press area, El País is a market leader, being the world’s number one digital portal for information in Spanish and number one in Spain. AS is top-ranked in Latin America and is second in Spain (Comscore, PC and mobile multi-platform, June 2017).

The Press division is currently transitioning towards digital transformation. Prisa faces a press market:

- that is becoming increasingly smaller.

- with a wide range of parent companies of traditional newspaper enterprises, joined by digital independent press startups.
- with changing user patterns in the consumption of news through the social networks which forces companies to develop new formats, alliances and new models,
- with the need to continue investing to address technological change and
- where advertising revenue no longer goes exclusively to the media.

In this context, it is increasingly important to offer a quality product, offer new services and specialised multimedia content, develop distribution alliances, internationalise brands, set up mixed business models (free/paid) and innovate in advertising formats.

At the same time, the new digital environment (Google, Facebook, Amazon, Influencers, etc.) offers new ways to reach consumers and advertisers, which is causing a structural change in the advertising market. This panorama, together with the need to continue to grow in a profitable manner and gain in global scale, may trigger the consolidation of the media sector in Spain.

In this environment, as at December 2016, the Press area has 88 million unique users. Significant restructuring measures have been implemented in the Legacy business - in other words, the development of traditional media - aimed at adapting this to the changes occurring as a result of digitisation and efforts in this area continue.

Advertising revenue in this area came to 114 million euros in the 2016 financial year with the contribution of online advertising, representing 41% of the total advertising revenue for the Press area as at 31st December 2016 being particularly noteworthy.

Newspaper sales revenue reached 92 million euros in 2016 and drops were experienced in line with those experienced by the sector (according to the i2P report, drawn up by Arce Media, Kantar Media, drafted by Media Hotline, December 2016)

Despite the drop in advertising and circulation in recent years, continued efforts in cost control and improved efficiency have allowed the press division to end the 2016 financial year with a positive EBITDA of 15 million euros.

Strategic focus

Prisa’s strategic focus in the press area includes:

- Using the strength of its brands as leverage to grow in the digital market and increasing its market shares and its global reach.
- Geographical expansion through the implementation of agreements.
- Focus on scalability to achieve profitable growth.
- Taking advantage of its digital leadership to strengthen its position and boost video.
- Developing new advertising sales methods.
- Strengthening sales strategy to boost monetisation.
- Continuing to focus on the improvement of its structures by achieving improved efficiency.

The key figures for the Press area, in thousands of euros, are shown below:

	Press Total		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(thousand euros) *(audited)*(*)	
Operating income	**239,896**	**241,265**	**260,224**
Advertising	114,488	111,140	109,372
Online advertising (1)	46,830	40,389	31,840
Paper advertising (1)	67,658	70.751	77,532
Circulation	91,572	96,130	108,996
Promo. and others	33,836	33,995	41,856
		(unaudited)(**)	
Adjusted operating income (2)	239,896	241,265	255,018
EBITDA (3)	15,236	6,399	1,454
EBITDA adjusted (4)	16,813	16,485	14,610
Operating profit (EBIT)	7,060	(6,463)	(21.594)
EBITDA Margin (5)	*6.4%*	*2.7%*	*0.6%*
Adjusted EBITDA margin (6)	*7.0%*	*6.8%*	*5.7%*
EBIT Margin (7)	*2.9%*	*(2.7%)*	*(8.3%)*

(*) Except with respect to the advertising revenue breakdown (that is, online and paper advertising), which are identified as APMs in the following note and which are therefore unaudited.

(**) Except with respect to the Operating income (EBIT) figure, which matches the operating income as defined in the IFRS-EU and has been subject to an audit.

(1) The advertising revenue breakdown (online and paper advertising) is an APM the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(2) Adjusted operating income is an APM, the definition, the explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(3) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(4) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(5) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.
(6) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(7) EBIT margin is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

i. El País

In 2016, El País (founded in 1976) represented 72% of the Press area's total operating income.

El País occupies the top position worldwide in news websites in Spanish and in terms of the worldwide media ranking, it is 12th placed, the top positions being taken up by Chinese, American and British media (Comscore, PC data, June 2017). In terms of unique users (Omniture, September 2017), El País maintains its position as market leader, achieving an average monthly figure of 76 million as of September 2017, with a significant contribution from Latin America accounting for 33% of the total.

According to the Spanish Circulation Audit Office (OJD), El País has been the most circulated Spanish-language newspaper in Spain for the last 30 years. According to the Spanish Circulation Audit Office (September 2017), El País had an average daily circulation of 177,168 copies during the first nine months of 2017, with a share of 42%, which is over 79,000 more copies than El Mundo (average daily circulation of 97,837 copies) and almost 97,000 more than ABC (average daily circulation of 80,602 copies) during this same period.

El País offers its readers open, global dialogue based on information, analysis, tolerance, democracy and dignity, another reason why it has been classified as the most influential Spanish language media on the internet, according to the Global Thought Leaders index, which lists the market leaders that shape global online conversation each year.

The commitment of El País to offering its readers new, quality products has led to its most recent launches: Materia, the scientific and technological information website; Verne, that specialises in looking for stories that deserve to be shared; Planeta Futuro, with content on sustainable development; Tentaciones, new trends magazine aimed at a younger audience; or Jot Down, a benchmark publication in the circulation of culture and ideas. El País has also reinforced its commitment to multimedia content with its new platform El País Vídeo.

Prisa understands that its commitment to quality content, brand recognition, the launching of new products, constant innovation and its substantial Latin American presence (it is the region's only global media concern and has newspaper offices in Mexico DF and Sao Paulo, as well as in Barcelona and Madrid) have contributed to consolidating the position of El País in the press market.

El País is currently undergoing a period of transition towards a new digital business model. In this respect, in 2016, more than 40% of the total advertising revenue from the Press business area came from the digital area.

ii. AS

The sports newspaper As represented 21% of the operating income from the Press area in 2016.

AS is the leading sports newspaper in global readership, with more than 7 million unique users on a global scale (comScore, PC data, June 2017) and the second sports newspaper in Spain (comScore, PC and mobile multi-platform, June 2017).

In 2013, AS began its international expansion and currently has publications in Chile, Colombia and Mexico, where it is the most-read among the sports media according to comScore, June 2017, and also in Argentina, the USA, Peru, South Africa, Singapore and Malaysia. It has an English version, AS English, and another global one for all of the Americas, AS América. In this respect, international business already represents 48% of the total.

Within the framework of its internationalisation strategy, in August 2017 the agreement for the launch of the digital As Arabia edition, through which the AS Newspaper would bring Arab readers the best information, was announced. This is a project that will reach 25 countries in the Near East and North Africa, from Mauritania to Iraq. This project consolidates the international expansion of the newspaper AS, which celebrated its fiftieth anniversary in 2017 and has reinforced its position as a sector leader. The AS Arabia publishing line will be the same followed by AS both in Spain and in the five Latin American versions, as well as in the United States, Singapore and Malaysia.

As for the printed edition, according to the Spanish Circulation Audit Office (December 2016), AS is the leading publication in seven Autonomous Communities, where it has increased its lead with respect to its main competitor. As of September 2017, according to the Spanish Circulation Audit Office, the AS Newspaper had an average daily circulation of 114,505 copies, with a share of 34%, placing it just 15,000 copies away from Marca, which reached 129,303 copies in that same period.

AS has been able to adapt its business model to the digital reality, successfully generating online income. In 2016, more than 60% of AS's advertising income is digital (digital formats: web + mobile).

D. Audiovisual

Up to the closing of the 2016 financial year, this area mainly included the business of Media Capital. Since January 2017, this business area has also included the activity carried out by Prisa Vídeo, a line of business created in 2015 (on this subject, see the description at the beginning of this section, section 6.1.1, in relation to the regrouping of the Group's operating segments). The Audiovisual business area represented 12.9% of the Group's operating income in 2016 (including Media Capital and Prisa Vídeo).

As at 30 September 2017 (and, for the purpose of comparison, as at 30 September 2016), Media Capital was shown as a discontinued activity in the Group's financial information, as a result of the agreement reached between Prisa and Altice NV for the sale of Prisa's entire holding in Vertix to a subsidiary of the latter -which implies the indirect transfer of Prisa's holding in Media Capital-, which, as at the date of this Prospectus, is pending execution (on this subject, see section 5.1.5. - 2017 and 2018 (i)). As a result, the financial information in relation to the nine month period ending on 30 September 2017 for the Audiovisual area only includes Prisa Vídeo on an operations level.

Once the sale of Media Capital has been formalised, the Group will devote itself to developing audiovisual content and digital channels to be distributed over the internet, through Prisa Vídeo. In this new line of business, Prisa Vídeo will open up new lines of exploitation for digital video.

i. Media Capital

Media Capital is Portugal's leading media group. In 2016, Media Capital reported operating income of 174 million euros and an EBITDA of 42.2 million euros. Media Capital operates in the television segment through its subsidiary TVI (82% of the operating income of Media Capital in 2016), in the audiovisual production business and is present in the radio, music, cinema distribution and DVD and internet businesses.

According to GFK[12], TVI is Portugal's leading open television channel in terms of audience. Its programming strategy is based on information, national fiction and entertainment and also includes cinema, foreign series, football and children's and young people's programmes. In the 2016 financial year, TVI maintained its leadership both in 24 hours with an audience of 22% and during prime time with an audience of 25%, according to GFK.

Additionally, through TVI Internacional, TVI Ficção + TVI (entertainment), TVI Reality, TVI24 (news, 24hrs a day) and TVI Africa (for Angola and Mozambique), the channel has broadened its distribution to reach Portuguese communities in other countries and continents. The TVI content currently reaches 14 countries, from Australia and New Zealand to the United States, including Puerto Rico, Angola, Mozambique, Cabo Verde, Timor and various countries in Europe, such as Spain, France, Luxembourg, Switzerland, Monaco and Andorra.

In the production area, Media Capital operates in the market with Plural Entertainment, which maintains its position amongst the largest audiovisual producers in the Iberian market (Spain and Portugal), particularly standing out in the area of fiction in Portuguese and in the entertainment area in Spanish.

In radio, Media Capital has various radio stations which include Radio Comercial, Radio Clube Portugués, Cidade FM, Best Rock FM, M80, Romántica FM, SmoothFM, VodafoneFM and the digital radio station, Cotonete. All of these include various music formats and reach over a million listeners on a daily basis, according to Marktest, in September 2017. Also, according to Marktest, Media Capital stood second in the ranking in terms of audience ratings in September 2017, with a market share of 36%. As at September 2017, the radio business accounted for 11% of Media Capital's total operating income.

Additionally, Media Capital is exposed to the music editing and events business through Farol Música.

Finally, Media Capital is present in the internet business through Media Capital Digital, a multimedia company the digital brand of which, IOL, is the second largest national internet portal.

Strategic focus

Prisa's strategic focus in Media Capital includes:

- Maintaining its leading status in open radio and television audiences, a position it has held for years both on prime time and 24 hour.
- Branching into other markets (Angola, Cabo Verde, Mozambique, Brazil), underpinned by its production capacity in fiction, entertainment and news.
- The development of new themed channels distributed through pay television.

For its part, the share structure in the Audiovisual area (with respect to Media Capital) is divided into 94.69% owned by Prisa, 5.05% by NCG Banco and 0.26% in free float.

The following table shows the key figures corresponding to Media Capital in the indicated periods:

[12] An audience measurement company in Portugal since 2010, having won the tender announced by the Market Research Analysis Commission: an organisation comprising advertising associations, media agencies and the media.

	Media Capital		
	Financial year ending 31 December of		
	2016	**2015**	**2014**
		(thousand euros)	
		(audited)	
Operating income	**174,027**	**174,386**	**179,773**
Advertising	121,403	116,574	114,126
Sale of audiovisual rights and programmes	30,175	27,979	25,531
Others	22,449	29,833	40,116
		(unaudited)[(*)]	
Adjusted operating income [(1)]	174,027	174,386	179,773
EBITDA [(2)]	42,195	41,396	42,113
Adjusted EBITDA [(3)]	43,015	42,175	43,822
Operating profit (EBIT)	33,285	30,957	32,435
EBITDA Margin [(4)]	*24.2%*	*23.7%*	*23.4%*
Adjusted EBITDA margin [(5)]	*24.7%*	*24.2%*	*24.4%*
EBIT Margin [(6)]	*19.1%*	*17.8%*	*18.0%*

(*) Except with respect to the Operating income (EBIT) figure, which matches the operating income as defined in the IFRS-EU and has been subject to an audit.

(1) Adjusted operating income is an APM, the definition, the explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

(3) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.

(4) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.

(5) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

(6) EBIT margin is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

ii. Prisa Vídeo

Prisa Video was created in 2015 to develop and drive the production, distribution and marketing of video within the Group, in the areas of entertainment, current affairs, information, fiction and education. To do this it launched an audiovisual production label, incorporating the new digital video narratives, as well as classic production for third parties. One of the production company's main goals is to develop content together with advertisers and thus boost sales transformation and participate in the development of local advertising.

Its strategic goals start with:

- Multiplying the production of video, positioning Prisa as a key group and improving the range offered to users.
- Building a new relationship with the brands, producing with them and for them.

- Building a digital video business environment that is independent of the current brands.
- Building a product distribution network and distributing third party products.
- Expanding the project in Latin America and Hispanic USA.

	Prisa Video	
	Financial year ending 31 December of	
	2016	**2015**
	(thousand euros) *(unaudited)*	
Operating income [(1)]	1,320	325
Adjusted operating income [(2)]	1,320	325
EBITDA [(3)]	(2,359)	(1,273)
EBITDA adjusted [(4)]	(1,957)	(1,272)
Operating profit (EBIT)	(2,365)	(1,275)
EBITDA Margin [(5)]	*(178.8%)*	*(391.2%)*
Adjusted EBITDA margin [(6)]	*(148.2%)*	*(391.0%)*
EBIT Margin [(7)]	*(179.2%)*	*(391.9%)*

(1) Prisa Video's operating income is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(2) Adjusted operating income is an APM, the definition, the explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.
(3) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(4) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(5) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.
(6) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(7) EBIT margin is an APM, the definition, explanation, use and reconciliation of which are set out in paragraph 26 of this Registration Document.

6.1.2 Indication of any significant new product and/or service that has appeared and, insofar as the development thereof has been publicly disclosed, indicate the phase this is at.

The new products and services developed by the Group are mentioned in paragraphs 11 and 12.1 of this Registration Document.

6.2 Main markets

From the point of view of the geographical segmentation of the markets in which it operates, the Americas are the Group's main geographical market (51% of the Group's operating income during the first nine months of 2017), followed by Spain (48% of the Group's operating income during the first nine months of 2017). For its part, taking into account the activities carried out in the different market segments, Prisa's main exposure is to the education market (through Santillana in the Education business division), the advertising market (essentially through the Press and Radio business divisions) and the newspaper distribution market (through the Press business division).

6.2.1 Geographical markets

In terms of the geographical distribution of operating income, in 2016, Prisa generated 58% of its operating income outside Spain. Of the total operating income generated in the international area (792 million euros), 78% came from the Americas (Santillana and Radio) and 22% from Portugal (Media Capital and a residual part from the Education business area). In the nine month period ending on 30 September 2017, Prisa generated 52% of its operating income outside Spain.

In terms of Spain, in 2016 some 566 million euros was generated, of which 42% came from the Press business division, 34% from the Radio business division and the remaining 24% from the Education business division.

792 million euros were generated overseas in 2016, of which 1% came from the Press business area, 14% from the Radio business area, 63% from the Education business area and 22% from Media Capital.

The developments in terms of operating income by geographical origin during the last three financial years are shown below:

Geographical origin of Operating Income

	Nine-month period ended on 30 September		**Financial year closed on 31 December of**		
	2017	**2016**	**2016**	**2015**	**2014**
	(thousand euros)				
		(unaudited)		*(audited)*	
Spain..........................	431,770	455,978	566,366	575,371	579,997
International	461,831	441,428	791,671	798,691	874,731
Total operating income......................	***893,601***	***897,406***	***1,358,037***	***1,374,062***	***1,454,728***
% Spain	48%	51%	42%	42%	40%
% International	52%	49%	58%	58%	60%

The Group's profit from the Americas up to September 2017 was positively affected by the appreciation of the exchange rate in the region. Excluding the exchange rate impact, profit from the Americas continues to show growth in the local currency in aggregated terms, thanks to growth in Brazil, despite including a temporary delay in the Government's order to Santillana in September 2017 (although there is still some weakness in domestic demand and uncertainty surrounding the political situation), and Argentina (growth in sales to institutions) and the consolidation of Norma (one of the region's main global operators in the Education sector), which was acquired in September 2016.

For the coming years, the countries in the Americas in which the Group is present are expected to show attractive growth rates, notably the recovery in Brazil following a period of significant drops. Stable growth of over 2% is expected for Spain according to International Monetary Fund (IMF) estimates as at October 2017).

The table below shows the IMF's GDP growth estimates as at October 2017 for the main countries where the Group has a presence:

Country	**Estimated GDP growth**		
	2017	**2018**	**2019**
Spain	3.1%	2.5%	2.0%
Portugal	2.5%	2.0%	1.7%
Brazil	0.7%	1.5%	2.0%
Mexico	2.1%	1.9%	2.3%
Colombia	1.7%	2.8%	3.6%
Argentina	2.5%	2.5%	2.7%
Chile	1.4%	2.5%	2.7%
Peru	2.7%	3.8%	4.0%

Source: IMF, October 2017

6.2.2 Education market

Prisa has exposure to the education market through Santillana, which in 2016 generated operating income of 638 million euros.

The education sector is undergoing a transformation process as regards the education system, both in terms of going digital and education methods. The model has been transferred from the universalisation of education (the situation of emerging markets like that of Latin America) towards an improved learning experience (developed countries) through access to an integrated range of quality content, services and technology. In the markets in which Santillana operates, this transformation is taking place very slowly and gradually due to high barriers to entry which include resistance to change (especially on the part of teachers), a scarcity of approved multimedia products and limited resources at centres to invest in technological structures.

Although the digital transformation already affects the education sector on a global scale, the various education markets will be progressively affected in different ways:

- Pre-school: from zero to six years of age, divided into two stages of 0-3 years and 3-6 years. Santillana's presence is residual at this stage.
- The K-12 market: these are primary, secondary and baccalaureate students between 6 and 18 years of age. The content of this educational stage must adhere to a regulated format and also include the obligatory education courses (primary and secondary).

  Text books continue to be the main teaching resource (nowadays complemented with digital material) which has to match the approved study plan of the official curriculum for regulated education. This is the curricular material which teachers prefer.

This is the main market in which Santillana operates, in Spain and in the Americas, offering products and services with added value (traditional education, education systems and extra-curricular services) to both the public and private market.

- University and Further Education: these are markets that are more and more dependent on mobile and omnipresent education, affected by the global e-Learning market, which continues to grow. Further education will take on a major role, in such a way that it will allow the development of the necessary skills and specialisation for the changing working world. It is worth noting that Santillana is not present in the University segment.

  This dynamic digital and technological environment, which demands new learning systems, will increase its range of massive open online courses, offering a larger variety of subjects and formats (MOOC - massive open online course) available on various platforms, some promoted by the universities themselves (edX, Coursera, Udacy, Harvard Open Courses, Stanford MOOC, etc.).

  In addition to language courses, Santillana recently launched its own online course platform for employability in information technology and digital marketing (BeJob). This is content aimed at professional profiles with high employment demand.

This paragraph focuses on the K-12 sector since this is the main market in which Santillana operates. At this stage, the presence of technology is seen as an indispensable tool to achieve teaching goals, which must necessarily be accompanied by a change in the teaching and learning process so that students learn more and better. Nonetheless, the transition is taking place very slowly and the changes are not expected to be significant in the short term.

For this reason companies are making an effort to adapt their resources and content to the digital ecosystem. Nonetheless, they are facing the following digital transformation barriers:

- Resistance to change, especially on the part of teachers.

  The digital transformation has already reached the different agents in the education system (institutions, schools, teachers, students, tools or content) but the main barrier is the attitudes of teachers as a cornerstone in any change.

  Lack of knowledge and experience of trainers in the new education process and in the use of tools for digital learning.

- Limited resources in the centres to invest in technological infrastructure for education.

  Lack of classroom equipment, specialist technical figures, connectivity (penetration of quality broadband), student and household equipment.

- Scarcity of approved multimedia content for learning.

  The content multiplies and diversifies, from traditional books complemented with digital support material to content repository platforms, online courses, content generated by users, etc. where an agent is required to certify the quality of the content, organise it and make it accessible in a user-friendly environment.

In this respect, the sector will be affected by the following digital transformation trends:

- Students become the focus of the education experience. Better knowledge of students, student experience, collaboration and communication in the learning process, new educational formats, etc.

Personalisation: The social implication of the digital transformation is complex and will require a flexible transformation allowing the personalisation of learning (promoting creativity, entrepreneurship, innovation, etc.)

The technological evaluation platforms, big data and learning analytics will achieve greater tailoring of the levels and difficulties of learning to the profile and needs of each student (adaptive learning).

- Content and Services: new formats, new platforms and content generated by the users themselves, appearance of tools for the creation of content, video, etc.

  The development of the maker culture has reached schools which are becoming personal factories with the incorporation of robotics, programming, 3D design, etc.

  Social networks promote the collaboration and participation of the education community (collaborative learning).

- Equipment: the trend towards BYOD (Bring Your Own Device) will be progressively incorporated into schools which will have to establish security mechanisms and practices for good use.

- Increased presence of technological operators like Google (G-Suite), Amazon (support for OER, or Open Educational Resources) Microsoft and Apple.

In this environment, Santillana has developed a competitive position as a global operator, accompanying centres and teachers on the path to the digital process, and offering:

- A portfolio of traditional education content and services with added value (Santillana and Moderna), languages (Richmond, and Spanish and French Santillana), education systems (UNO, Compartir, Educa Inventia and Richmond Solutions) and extra-curricular activity and evaluation services (SetVeintiuno, Smartlag, Logros, etc.). All based on the text book itself, complementary digital material and the development of technological platforms and tools that are already established.

- Different promotional and after-sales services through the sales network itself, providing the centre's director with access to the necessary technical support to boost digital transformation, in addition to training, coaching and advisory services for the teachers in the new learning process and teaching them about the potential of digital technology in traditional education and new ways to use this.

Text books

The tables below show the market trends for education books in Spain and in the Americas, where the digital transformation of learning is becoming more and more important each year but printed/audio education books continue to generate the greatest volume of business, although with a slight downward trend, according to the "Global Entertainment and Media Outlook 2017" report produced by the consultancy firm PricewaterhouseCoopers (PWC).

Education books in Spain (USD Mn)	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Electronic	35	35	39	*43*	*47*	*51*	*56*	*61*
Hard/audio copies	884	989	1,031	*1,048*	*1,053*	*1,044*	*1,032*	*1,019*
TOTAL	**919**	**1,024**	**1,070**	**1,091**	**1,100**	**1,095**	**1,088**	**1,080**

Education books in Latin America (USD Mn)	2014	2015	2016	2017	2018	2019	2020	2021
Electronic	8	14	19	*25*	*31*	*38*	*44*	*50*
Hard/audio copies	813	780	750	*730*	*721*	*719*	*721*	*724*
TOTAL	**821**	**794**	**769**	**755**	**752**	**757**	**765**	**774**

The following table shows the size of the text book market (which includes the entire schooled population from pre-school to baccalaureate) and Santillana's target market (school centres with which promotional work is carried out directly) by country, all in thousands of students, in addition to Santillana's market share (excluding public purchases) for the 2016 financial year:

Country	Total market	Target market	Santillana's share of the target market
Argentina	2,804	2,132	37.5%
Bolivia	375	368	32.5%
Brazil	3,548	2,948	25.2%
Guatemala	909	598	31.8%
El Salvador	288	234	38.8%
Honduras	387	230	42.9%
Costa Rica	103	103	34.0%
Panama	146	144	30.9%
Chile	381	346	28.1%
Colombia	1,672	1,138	35.6%
Ecuador	932	684	33.5%
Spain	6,510	6,510	18.9%
Mexico	3,397	2,214	18.6%
Paraguay	338	173	21.1%
Peru	1,977	948	31.3%
Portugal	1,241	1,241	5.0%
Puerto Rico	114	115	30.4%
Dom. Rep.	396	396	32.8%
Uruguay	128	74	21.1%
Venezuela	1,652	1,115	43.0%
TOTAL	**27,298**	**21,711**	**24.6%**

Source: internal estimates, excludes the USA

According to its internal estimates, Prisa considers Santillana to be one of the foremost global operators in the text book market, with the exception of Brazil (where it has been second-ranked since 2015, when the Abril Group acquired Editora Saraiva, creating the Somos Educação Group) and Portugal (where it participates with a small share of 5%).

In October 2016, Santillana acquired one of the main global operators in the region of the Americas, Norma, which allowed it to strengthen the markets in Colombia, Argentina, Mexico and Peru, principally.

In the various different countries, Santillana competes, on the one hand, with a fragmented market of local companies and, on the other, with a small number of publishing groups (SOMOS, SM, Anaya, Pearson, etc. which participate to a greater or lesser degree in the region and with varying weights in the different education segments).

Santillana's market shares in languages for the 2016 financial year are shown below:

Country	Language	Ranking	Share
Brazil	English	1	32.0%
	Spanish	1	50.0%
Spain	English	4	8.0%
	French	1	41.0%
Mexico	English	1	25.0%
Colombia	English	1	22.0%
Argentina	English	3	21.0%
Chile	English	4	8.0%
Peru	English	2	25.0%

Source: internal estimates

6.2.3 Advertising market

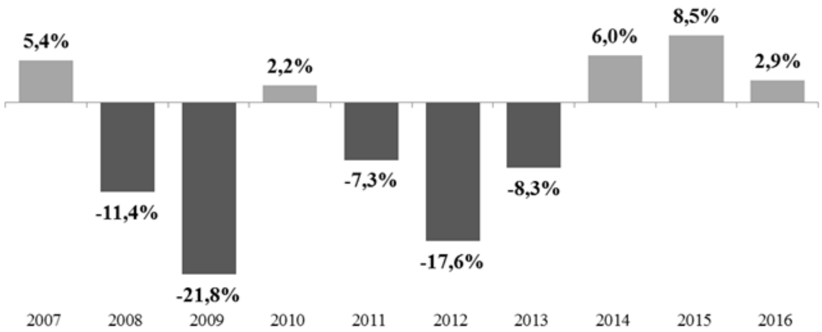
Prisa has exposure to the advertising market in Spain through the Press and Radio business divisions; in the Americas through its presence in the Radio business division (with significant weight in Colombia, Chile and Mexico) and in Portugal through its TVI open television and radio business. Despite the diversification of the Group's operating income, during the nine month period ending on 30 September 2017, advertising revenue represents 27.6% of the Group's operating income (246 million euros), compared to 28.4% in the same period of 2016 (255 million euros).

Advertising market in Spain

In 2014 and for the first time, after 6 years of negative rates, GDP and private consumption started to show growth again. This change in trend translated to an improvement in advertising in the years 2014, 2015 and 2016[13].

Annual developments in advertising investment in Spain

2007-2016



The advertising market in Spain is led by television, which continues to be the top sector in terms of advertising investment. Changes in media consumption habits, especially amongst the younger population (fewer hours of television consumption), have made advertising campaigns switch to more specific target audiences. Part of advertising budgets which had previously been allocated to the conventional media are now being diverted to other segments where Internet is the clear sector winner.

Trends in advertising spending by segment, in thousands of euros, were as follows:

(Thousand euros)	2016	2015	2014	Var. (%) 2016/2015	Var. (%) 2015/2014
Television	2,118	2,011	1,816	5%	11%
Press	561	604	614	(7%)	(2%)
Internet	540	473	387	14%	22%
Radio	391	388	360	1%	8%
Outdoors	320	327	291	(2%)	13%
Magazines	213	219	230	(3%)	(5%)
Sunday supplements	37	41	51	(11%)	(19%)
Cinema	29	27	21	9%	25%
Total	**4,208**	**4,091**	**3,769**	**3%**	**9%**

Source: i2p by Arce Media, Kantar Media, produced by Media Hotline, December 2016

In the 2016 financial year, the total for the advertising market in Spain recorded growth of 3%.

[13] Source: i2P report, by Arce Media, Kantar Media, produced by Media Hotline, December 2016.

The growth experienced in television (+5%), in Internet (+14%) and in radio (+1%) managed to make up for the drops experienced in other media, principally press, magazines and Sunday supplements.

Focusing on the Group, during the first nine months of 2017, some 183 million euros of earnings were generated by advertising in Spain (189 million euros during the same period of the previous financial year, representing a drop of 3.4%). By the end of the 2016 financial year, the Group had generated 269 million euros of revenue from advertising in Spain, almost in line with the 272 million generated in 2015. In terms of the origin of the advertising revenue, 71% came from the Radio division and 29% from the Press division during the first nine months of 2017. This distribution of advertising income by business division has remained stable during the last three financial years (the Radio business contributed approximately 55% in the 2014-2016 period). Nonetheless, a slight increase has been seen in the contribution of the Radio business to the advertising revenue during the first nine months of 2017, mainly as a result of the drop in advertising business in the Press division during the period (-9.2% with respect to the same period of 2016).

The PWC estimates set out in the "*Global Entertainment and Media Outlook 2017-2021*" report for the coming years on developments in the advertising market in Spain for radio and press are detailed below, showing growth in both digital radio and digital press, sectors where Prisa is a market leader:

(Thousands of USD)	**2017**	**2018**	**2019**	**2020**	**2021**
Radio	544	562	578	594	609
% Variation vs. previous year	4.1%	3.3%	2.9%	2.7%	2.5%
Traditional Press	710	693	677	661	649
% Variation vs. previous year	-2.2%	-2.4%	-2.4%	-2.2%	-1.9%
Digital press	256	278	302	326	351
% Variation vs. previous year	11.4%	8.9%	8.4%	7.9%	7.6%

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2017-2021. Radio Market.

Advertising market in the Americas

The advertising market in the Americas has performed quite differently to that in Spain. It has been showing growth for more than 20 years, to a greater or lesser degree, but no period has shown a drop throughout.

The Prisa group has a significant presence in the radio advertising market in various countries in the Americas: principally Chile and Colombia (where it holds the top position in the online market with its audience ratings), and Mexico (where it is second).

The following table details trends in advertising spending in Latin America broken down by country for the main radio markets in which Prisa Radio operates:

(Millions of dollars. Radio Market)	**2016**	**2015**	**2014**	**Var. (%) 2016/2015**	**Var. (%) 2015/2014**

(Millions of dollars. Radio Market)	2016	2015	2014	Var. (%) 2016/2015	Var. (%) 2015/2014
Colombia	**181**	**172**	**164**	**5%**	**5%**
Chile	**88**	**83**	**78**	**6%**	**6%**
Mexico	**482**	**449**	**417**	**7%**	**8%**

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2017-2021. Radio Market.

The PWC estimates for developments in the advertising market over the coming years in the main countries in which Prisa is present are detailed below, showing growth in the three main countries:

(Millions of dollars. Radio Market)	2017	2018	2019	2020	2021
Colombia	**189**	**196**	**203**	**210**	**216**
% Variation vs. previous year	4.4%	4.0%	3.6%	3.2%	2.9%
Chile	**93**	**97**	**102**	**106**	**110**
% Variation vs. previous year	5.4%	5.0%	4.6%	4.2%	3.9%
Mexico	**515**	**548**	**581**	**613**	**645**
% Variation vs. previous year	6.8%	6.4%	6.0%	5.6%	5.1%

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2017-2021. Radio Market

Advertising market in Portugal

The advertising market in Portugal shows behaviour that is fairly similar to that of Spain. Significant drops have been seen in recent years, however the recovery of the advertising market began at the end of 2013.

The performance of advertising spending by segment in the last 3 years, in thousands of euros, was as follows:

(Thousand euros)	2016	2015	2014	Var. (%) 2016/2015	Var. (%) 2015/2014
Television	232	226	219	3%	3%
Press	114	120	125	(5%)	(4%)
Internet	128	105	89	22%	18%
Radio	103	101	99	2%	2%
Other	109	110	112	(1%)	(2%)
Magazines	111	122	125	(9%)	(2%)
Cinema	12	12	11	0%	9%
Total	**809**	**796**	**780**	**2%**	**2%**

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2017-2021

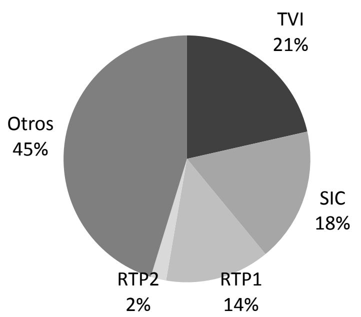
In the 2016 financial year, the total for the advertising market in Portugal experienced growth of 2%.

The growth experienced in television (+3%), in Internet (+22%) and in Radio (+2%) offset the drops in other media, principally press and magazines.

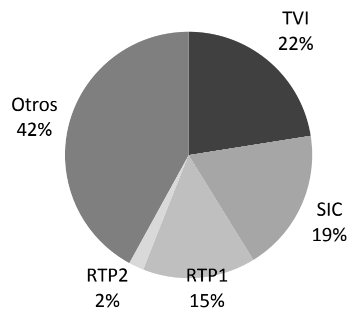
The Group generated 121 million in advertising revenue from Media Capital in Portugal in 2016, showing growth of 4.1% with respect to 2015. TVI (Media Capital's open television channel) saw advertising revenue growth of 3.6%, with 5.8% for radio.

In the open television market in Portugal, Media Capital is in top position in terms of audience share, both for 24 hours and prime time, achieving average daily audiences of 21% and 25% respectively out of the total for Television.

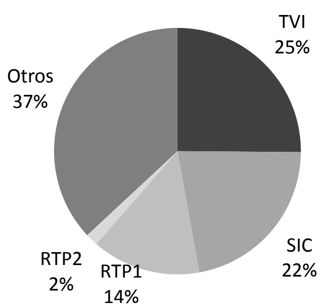
January – December 2016 (24hrs)



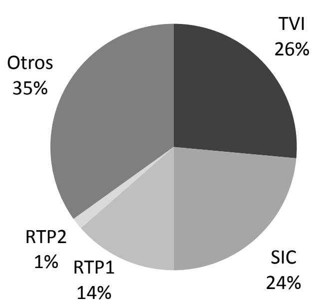
January – December 2015 (24hrs)



January – December 2016 (prime time)



January – December 2015 (prime time)



Source: Gfk December 2016

As for radio, the average consolidated audience quota of Media Capital Radio reached 34.9% in 2016, holding on to the number one spot in the ranking.

Digital advertising market

The advertising investment in digital media continues to gain market share, although, according to the "PWC Global Entertainment and Media Outlook 2017-2021" report, the growth of digital advertising revenue will not offset either the drop in paper advertising or the sale of copies in Spain on aggregate.

In the third quarter of 2017, the growth of advertising investment in digital media showed down (source: i2P report, by Arce Media, Kantar Media, produced by Media Hotline, September 2017). This behaviour does not relate to the drop in financial indicators or consumption and does seem to be associated with the ecosystem of uncertainty surrounding the current situation.

The digital advertising market itself is undergoing a major transformation which is causing a slow-down in its growth due to the following, amongst other factors:

(i) Changes in the consumption of content on the part of users:
  - Proliferation of Adblockers: 26% of unique users use an adblocker according to the IAB 2016 study;
  - The growth in mobile digital consumption is causing a drop in revenue due to less-developed mobile digital marketing and a loss of formats compared to computers; and
  - New content distribution environments with lower monetisation.

(ii) The migration of investment from direct purchases to programmatic buying has given access to non-premium media operators and led to a general drop in prices with respect to direct investment;

(iii) Imbalance between supply and demand due to: a) higher growth in the inventory supply not absorbed by the demand at the same price, b) the reduction of traditional formats (display and branding) to make way for the new ones (video, native advertising, branded content, etc.) and c) concentration of digital advertising investment on Google and FB to the detriment of the traditional media;

(iv) Changes in advertisers' digital investment strategy.

According to the "Global Entertainment and Media Outlook 2017-2021" report by PWC, the main drivers for growth for the coming years will be the client shift towards mobile digital advertising and increased omnipresent consumption of video, which represents an opportunity for the media sector with a competitive position in content, video and brands.

6.2.4 Newspaper circulation market

Prisa has exposure to the newspaper circulation market through the Press business area. During the 2016 financial year, the Group generated 92 million euros in income from the circulation of newspapers and magazines, representing 6.7% of the Group's total operating income.

The press sector in general has been experiencing significant drops in the circulation of newspapers in recent years as a result of the structural changes the industry is undergoing (Spanish Circulation Audit Office, December 2016). In this environment, Prisa has maintained its leadership in national press and has maintained the second position in the sports press (gaining ground on its main competitor) and in the financial press.

The following table shows the average daily circulation in Spain, as well as the market share of the main national Spanish newspapers during the indicated periods:

Circulation of national newspapers / Number of copies daily						
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
El País	194,005	221,389	259,775	41%	41%	42%
El Mundo	108,510	126,369	149,684	23%	24%	24%
ABC	91,159	107,802	128,659	19%	20%	21%
La Razón	77,163	80,107	81,450	16%	15%	13%
Total	**470,838**	**535,667**	**619,568**	**100%**	**100%**	**100%**

Source: Spanish Circulation Audit Office (OJD), December 2016 and 2015

The following table shows the average daily circulation in Spain, as well as the market share of the main Spanish sports newspapers during the indicated periods:

Circulation of national newspapers / Number of copies daily						
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
AS	125,955	133,503	149,004	34%	34%	34%
Marca	139,097	149,458	171,854	38%	38%	39%
Sport	48,235	54,750	57,976	13%	14%	13%
Mundo Deportivo	53,434	58,161	63,805	15%	15%	14%
Total	**366,721**	**395,873**	**442,640**	**100%**	**100%**	**100%**

Source: Spanish Circulation Audit Office (OJD), December 2016 and 2015

As at 31 December 2016, the market share of El País was 41% and that of As was 34% of the total of their respective markets, according to the OJD.

6.3 When the information given in accordance with points 6.1 and 6.2 has been influenced by exceptional factors, this fact merits a mention

In addition to the sale of Media Capital described in paragraph 5.1.5 of this Registration Document, Prisa is not aware of any exceptional factors having influenced the markets in which it operates or its core activities. In any case, section II.1 ("*Risk factors*") of this Registration Document describes the factors that affect or could affect Prisa's activity in the main markets in which it operates.

6.4 If it is important for business activity or for the profitability of the issuer to disclose concise information in relation to the degree of reliance of the issuer on patents or licences, industrial, trade or financial agreements or new manufacturing processes

The activities carried out by Prisa are considerably dependent on administrative licences and elements of industrial property.

The television and radio activities carried out by Prisa require the obtaining of the corresponding administrative licences and, if applicable, the renewal of these. The renewal of the licences, in addition to the granting of new licences, must be approved by the relevant administrative authorities (see Chapter 5.1.4.(C)(ii) of this Registration Document). Likewise, these activities are subject to the requirements established in current legislation in relation to the revoking of licences. Failure to comply with certain requirements may be sanctioned with the loss of the administrative licences held by Prisa. As at the date of this Registration Document, the Company's subsidiary companies have obtained the necessary administrative licences to carry out their business and corporate activity. Said licences are fully valid and effective. The Company understands that its obligations under its licences are not going unfulfilled and additionally, it is not aware of any reason why these should be revoked. In any case, and taking into account the large number of existing licences, the unlikely revoking of any radio licence would not have a significant effect on the company's activities.

Industrial Property

Prisa is the owner of various brands under which it markets various products and services in its different areas of activity. Without detriment to the fact that the most important brands are protected for Spain in most classes of the official catalogue of names, Prisa devotes considerable effort and resources to extending this protection through applying for community trademarks for the territory of the European Union, in addition to the Latin American countries in which it is present. Prisa's most relevant brands are firmly consolidated in Latin America, the largest being Santillana, El País, Moderna, UNO, Compartir, Radio Caracol and W, which are protected outside Spain and locally in certain countries of the Americas.

Prisa maintains centralised monitoring of brands in order to perform exhaustive control and oversight of the portfolio thereof, in addition to making its existing portfolio as profitable as possible, in order for each of the Group's companies to make the most of the information held by the others or even obtain usage licences for brands belonging to another company in the Group.

The following are considered to be the most important brands: Prisa, El País, Santillana, Moderna, UNO, Compartir, As, Cinco Días Plural, TVI, Cadena Ser, Los40, Cadena Dial, Radio Caracol, W, ADN and Radio Continental.

As regards the Internet, the Group's companies have the ".com" and ".es" domains registered for their most important brand names in most cases.

6.5 The basis for any declaration made by the issuer in relation to its competitive position should be included.

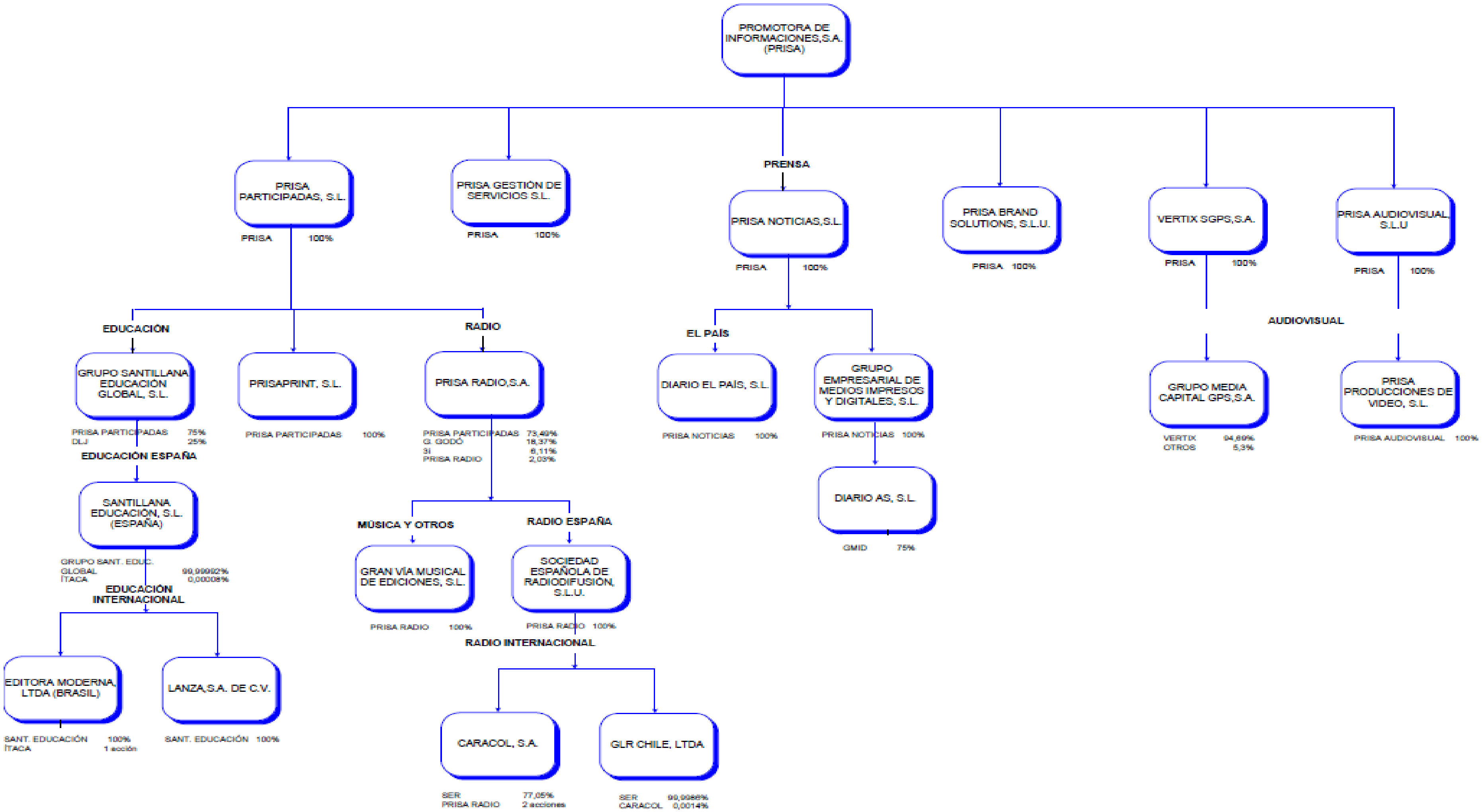
Prisa has based this Registration Document on the information and figures on market share in the sectors in which it operates, in addition to other sector data. Prisa has obtained these figures and information from external sources, such as independent sector publications, state publications or reports by market research companies, such as OJD, Zenith Optimedia, i2p, the IMF, Price Waterhouse Coopers, TNS Sofres, Marktest, ECAR, IPSOS, and INRA. Prisa has complemented said information, when necessary, with data from other external sources, conversations with its clients and through its own internal estimates, taking into account the information publicly available on other operators in the sector and the opinions of Prisa's management regarding information not publicly available. Prisa considers its sources and estimates to be reliable, but has not checked them independently.

7. ORGANISATIONAL STRUCTURE

7.1 If the issuer is part of a group, a brief description of the group and the issuer's position within said group

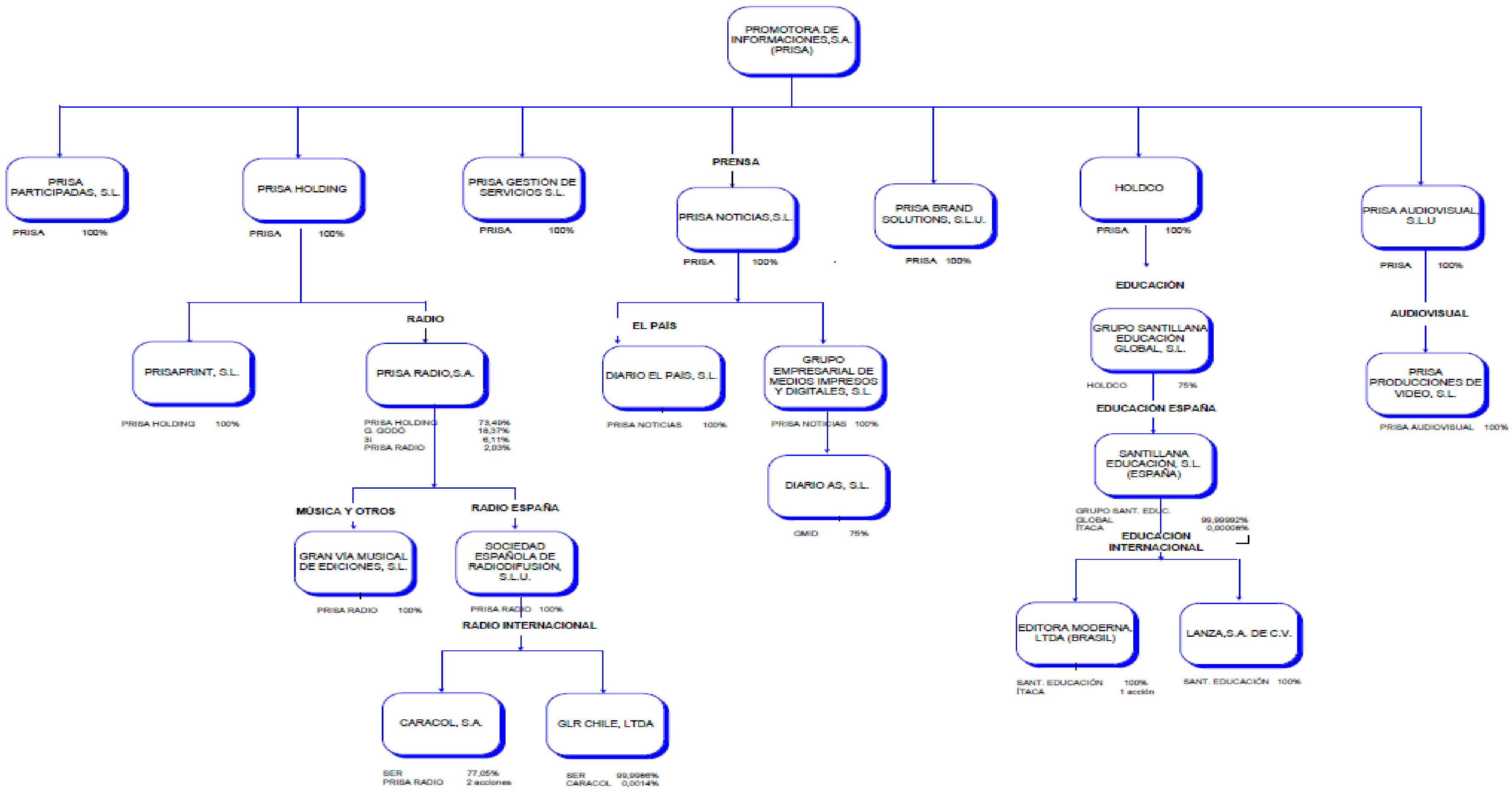
Promotora de Informaciones, S.A. is the parent company of the "Prisa Group". As at 30 September 2017, the Group is made up of 210 companies that are fully consolidated and 30 companies that are accounted for using the equity method:

ORGANIGRAMA GRUPO PRISA



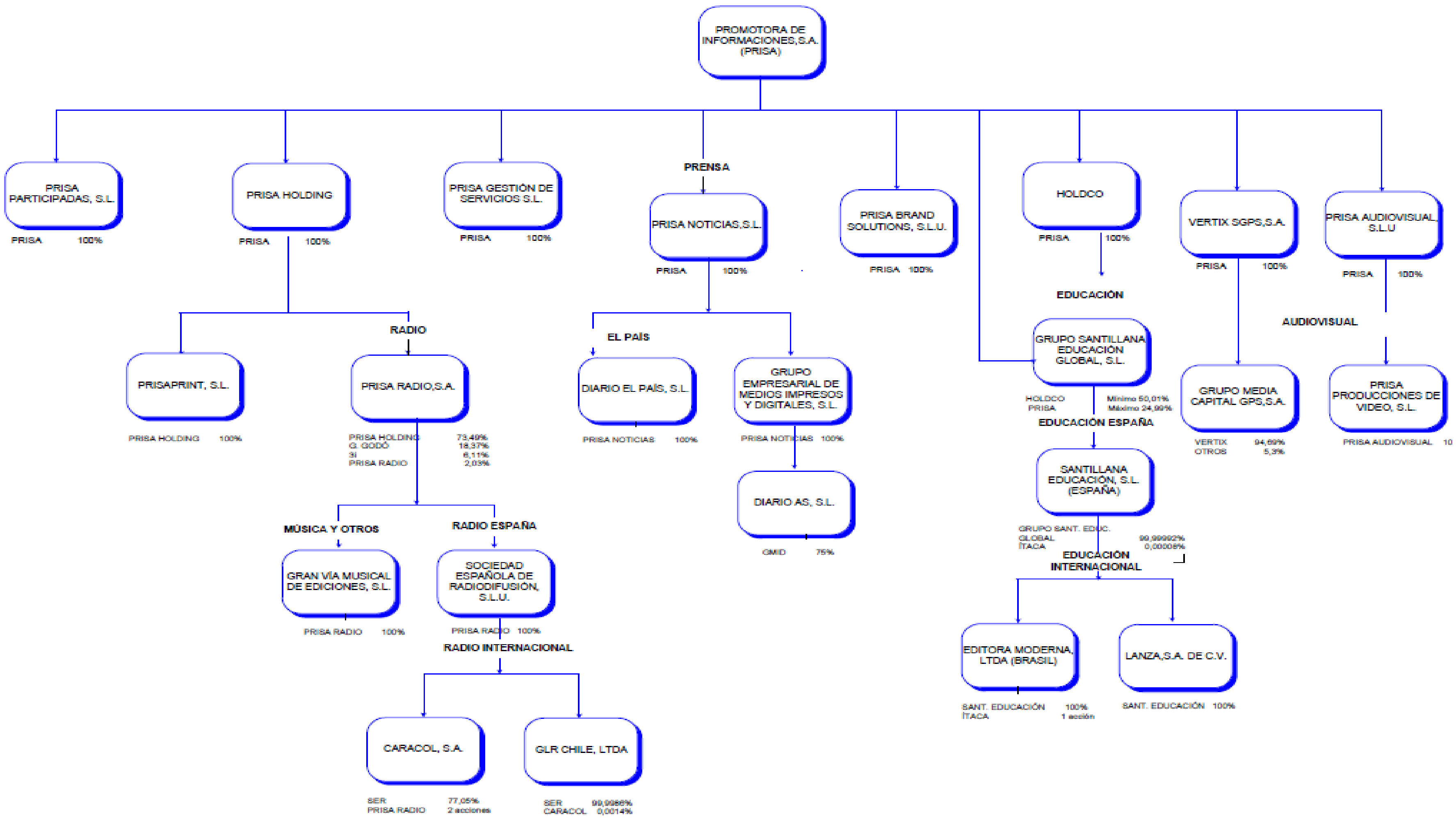
Once the Group’s corporate restructuring operation referred to in section 5.1.5 - 2017 and 2018 (vii) is complete, the Group will have the following organisational structure, should the first alternative be executed:

ORGANIGRAMA GRUPO PRISA ALTERNATIVA I



Once the Group's corporate restructuring operation referred to in section 5.1.5 - 2017 and 2018 (vii) is complete, will have the following organisational structure, should the second alternative be executed:

ORGANIGRAMA GRUPO PRISA ALTERNATIVA II



7.2 List of the issuer's significant subsidiaries, including their name, country of incorporation or residence, the interest in the capital and, if different, the proportion of voting rights regarding them

Below is a list of the companies that make up the Prisa Group as at 30 September 2017((by business unit), stating the company name, address, activity and nominal share percentage. Since said date until that of the Prospectus, there has been no material change in the list of Prisa's significant subsidiaries, except for what has been expressly stated in the table regarding the company Dédalo Grupo Gráfico, S.L. Bear in mind, nonetheless, the Group's corporate reorganisation described in section 5.1.5 - 2017 and 2018 of this Registration Document.

It is stated for the record that as at the date of this Registration Document, there are no differences between the proportion of voting rights and the nominal value of the shares in any of Prisa's subsidiaries, except in the following companies:

- Sistema Radiópolis, S.A. de C.V. (Mexico), where for regulatory reasons, the shares are neutral and therefore grant the holder limited voting rights.
- GLP Chile, where there are three types of share, with a different system for votes:
    - Class A shares, with ordinary voting rights per share.
    - Class B shares, with double voting rights per share; and
    - Class C shares, with no voting rights at meetings.
- Grupo Media Capital, SGPS, S.A, where each group of 100 shares, with a nominal value of 1.06 euros per share, carries the right to one vote.

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
<u>EDUCATION</u> *<u>Fully Consolidated</u>*				
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14. Guatemala – Guatemala	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	98.85% 1.15%
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing house	Santillana Educación, S.L. Itaca, S.L.	100.00% 1 share
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogota. Colombia	Publishing house	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	94.90% 4.80% 0.10% 0.10% 0.10%
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.98% 0.02%
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing house	Santillana Educación, S.L.	100.00%
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	95.00% 5.00%
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing house	Santillana Educación, S.L.	100.00%
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%
Editora Moderna, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	100% 1 share
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brazil	Publishing house	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 share

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (Mexico)	100% 1 share
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14. Guatemala – Guatemala	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.00% 1.00%
Editorial Santillana, S.A. (Dominican Republic)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. Dominican Republic	Publishing house	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L. Grup Promotor D'Ensenyement i Difussió en Catalá, S.L. Ediciones Santillana Inc. (Puerto. Rico)	99.95% 0.01% 0.01% 0.01% 0.01% 0.01% 0.01%
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing house	Santillana Educación, S.L.	100.00%
Editorial Santillana, S.A. de C.V. (Mexico)	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Lanza, S.A. de C.V. Editorial Nuevo México, S.A. de C.V.	100.00% 1 share
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.95% 0.05%
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogota. Colombia	Publishing house	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	94.90% 5.10% 0.00% 0.00% 0.00%
Educa Inventia, Inc. (Puerto Rico)	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	96.16% 3.84%
Educa Inventia, S.A. de C.V. (Mexico)	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	99.99% 1 share
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogota, Colombia	Publishing house	Grupo Pacifico, S.A. (Panama)	100.00%
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	93.52% 6.48%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Educactiva, S.A.C. (Peru)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	99.99% 1 share
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogota, Colombia	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	87.12% 12.88%
Grupo Pacifico, S.A. (Panama)	Urbanización Industrial Orillac, Vía Transistmica, Calle Segunda, Local No. 9, Panama.	Publishing house	Santillana Educación, S.L.	100.00%
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing house	Grupo Pacifico, S.A. (Panama) Santillana Educación, S.L.	99.82% 0.18%
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing house	Prisa Participadas, S.L.	75.00%
Inevery DPS, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Provision of publishing, cultural, educational, leisure and entertainment services; and the development and marketing of educational content.	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100.00% 0.00%
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distributor	Grupo Santillana Educación Global, S.L. Santillana Educación, S.L.	99.99% 0.02%
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Company creation, promotion and administration.	Santillana Educación, S.L. Editorial Santillana, S.A. de C.V. (Mexico)	100.00% 0.00%
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	IT advisory and consultancy services, development and sale of software	Santillana Del Pacífico, S.A.	70.00%
Richmond Educaçâo, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing house	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 share
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (Mexico)	99.98% 0.02%
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sala 2- Sao Paulo. Brazil	Publishing house	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 share
Santillana Administraçao de Biens, LTDA	Rua Padre Adelino, 758. Belezinho. Sao Paulo (Brazil)	Property management	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Canarias, S.L.	Urbanización El Mayorazgo. Parcela 14, 2-7B. Santa Cruz de Tenerife	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.00% 1.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing house	Santillana Educación, S.L. Ed. Grazalema, S.L. Ítaca, S.L.	99.70% 0.15% 0.15%
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Editores, S.A.	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing house	Santillana Educación, S.L.	100.00%
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing house	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online training	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99.99% 0.00%
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing house	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing house	Santillana Educación, S.L. Edicions Obradoiro, S.L.	100.00% 1 share
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogota. Colombia	Production, marketing and distribution of all types of education, training and advisory and consultancy services	Santillana Sistemas Educativos, S.L. Distribuidora y Editora Richmond S.A.	94.46% 5.54%
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing house	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99.99% 0.01%
Santillana USA Publishing Co. Inc.	2023 NW 84th Avenue. Doral. Florida. USA	Publishing house	Grupo Santillana Educación Global, S.L.	100.00%
Santillana, S.A. (Costa Rica)	La Uruca. 200m Oeste de Aviación Civil. San José. Costa Rica	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 share
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing house	Santillana Educación, S.L. Ediciones Santillana, S.A. (Argentina)	99.89% 0.11%
Santillana, S.A. (Peru)	Avenida Primavera 2160. Santiago de Surco. Lima. Peru	Publishing house	Santillana Educación, S.L.	95.00%
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Santillana Sistemas Educativos, S.L. Lanza, S.A. de C.V. Nuevo México, S.A. de C.V.	99.98% 0.02% 1 share
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC) (Previously Uno Educação Ltda.)	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing house	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 share

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing house	Editorial Santillana, S.A. de C.V. Lanza, S.A. de C.V.	70.00% 30.00%
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing house	Santillana Educación, S.L. Ítaca, S.L.	99.90% 0.10%
<u>RADIO</u>				
SPAIN RADIO				
<u>Fully Consolidated</u>				
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	99.56%
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	97.03%
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%
Gestión de Marcas Audiovisuales, S.A.	Gran Vía, 32. Madrid	Production and recording of sound tracks	Sociedad Española de Radiodifusión, S.L.U.	100.00%
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio stations	Ediciones LM, S.L. Sociedad Española de Radiodifusión, S.L.U.	40.00% 50.00%
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	93.42%
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	46.25%
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of services to radio companies	Prisa Participadas, S.L. Prisa Radio, S.A.	73.49% 2.03%
Prisa Radio Perú, S.A.C.	Avda Primavera 2160	Publishing of newspapers, magazines and other periodicals	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	99.99% 1 share
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U. Propulsora Montañesa, S. A.	95.57% 4.32%
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	95.00%
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	99.32%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U. Radio España de Barcelona, S.A.	44.33% 22.17%
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	83.33%
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio stations	Compañía Aragonesa de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.L.U.	66.00% 24.00%
Sociedad Española de Radiodifusión, S.L.U.	Gran Vía, 32. Madrid	Operation of radio stations	Prisa Radio, S.A.	100.00%
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	74.60%
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U. Unión Radio del Pirineu, S.A.	99.00% 1.00%
Sogecable Música, S.L.	Gran Vía, 32. Madrid	Creation, broadcasting, distribution and operation of themed television channels	Sociedad Española de Radiodifusión, S.L.U.	100.00%
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Sociedad Española de Radiodifusión, S.L.U.	75.10%
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U. Compañía Aragonesa de Radiodifusión, S.A. Radio España de Barcelona, S.A. Propulsora Montañesa, S. A.	72.59% 4.14% 1.58% 0.95%
<u>Equity Accounted</u>				
Laudio Irratia, S.L.	Polígono Industrialdea, Edificio Cerámica 3ª Planta. 01400 Llodio, Álava	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	26.40%
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U.	35.99%
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio stations	Prisa Radio, S.A.	33.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
INTERNATIONAL RADIO				
Fully Consolidated				
Abril, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Aurora, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communications services, operation of radio licences	Iberoamerican Radio Holding Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.98% 0.02%
Blaya y Vega, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communications services, operation of radio licences	Radiodifusion Iberoamerican Chile S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio stations	GLR Services Inc.	100.00%
Caracol Estéreo, S.A.	Calle 67 Nº 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	77.04% 2 shares
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	77.05% 2 shares
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Production and sale of CDs, advertising items, promotions and events	GLR Chile Ltda. Sociedad Española de Radiodifusión, S.L.U.	99.84% 0.16%
Compañía de Comunicaciones de Colombia C.C.C. Ltda.	Calle 67 Nº 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A. Sociedad Española de Radiodifusión, S.L.U. Caracol Estéreo, S.A. Ecos de la Montaña Cadena Radial Andina, S.A.	43.45% 19.27% 16.76% 11.13% 4.42%
Compañía de Radios, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communications services, operation of radio licences	Iberoamerican Radio Holding Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.92% 0.08%
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Radio and television broadcasting, operation of radio licences	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile, S.A.	66.67% 33.33%
Comunicaciones Santiago, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Radio and television broadcasting, operation of radio licences	Sociedad Radiodifusora del Norte, Ltda. Iberoamericana Radio Chile, S.A.	75.00% 25.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panama	Advisory services and the marketing of services and products	Sociedad Española de Radiodifusión, S.L.U.	100.00%
Corporación Argentina de Radiodifusión, S.A.	Beazley 3860. Buenos Aires. Argentina	Operation of radio stations	GLR Services Inc. Ediciones Santillana, S.A. (Argentina)	99.17% 0.83%
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	76.8% 1 share
Emisora Mil Veinte, S.A.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	75.72% 1 share
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of communications services and operation of radio licences	Comunicaciones Santiago, S.A. Iberoamericana Radio Chile, S.A.	99.00% 1.00%
GLR Colombia, Ltda.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.U. Prisa División Internacional, S.L.	99.00% 1.00%
GLR Chile, Ltda.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of radio stations	Sociedad Española de Radiodifusión, S.L.U. Caracol, S.A.	100.00% 0.00%
GLR Services Inc.	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL 33137. USA	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.U.	100.00%
GLR Southern California, LLC	3500 Olive Avenue Suite 250 Burbank, CA 91505. USA	Provision of services to radio broadcasting companies	GLR Services Inc.	100.00%
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communications services, operation of radio licences	Grupo Latino de Radiodifusion Chile Ltda. Sociedad Española de Radiodifusión, S.L.U.	100.00% 0.00%
La Voz de Colombia, S.A.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Caracol, S.A.	75.64% 0.01%
LS4 Radio Continental, S.A	Rivadavia 835. Autonomous city of Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc. Corporación Argentina de Radiodifusión, S.A.	70.00% 30.00%
Promotora de Publicidad Radial, S.A.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	77.04% 2 shares

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
			Prisa Radio, S.A.	
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Radio, television, technical and system services, operation of radio licences	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile, S.A.	99.00% 1.00%
Radio Estéreo, S.A	Rivadavia 835. Autonomous city of Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc. Corporación Argentina de Radiodifusión, S.A.	70.00% 30.00%
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Holding company	Iberoamericana Radio Chile S.A. Sociedad Española de Radiodifusión, S.L.U.	100.00% 0.00%
Radio Mercadeo, Ltda.	Calle 67. No. 7-37. 7th floor. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Caracol, S.A. Caracol Estéreo, S.A. Emisora Mil Veinte, S.A. Promotora de Publicidad Radial, S.A. Ecos de la Montaña Cadena Radial Andina, S.A.	48.40% 29.85% 0.35% 0.35% 0.35% 0.01%
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.9% 0.10%
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. No. 1783. Comuna Providencia Santiago. Chile	Operation of radio and television broadcasting	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile S.A.	80.00% 20.00%
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. USA	Real estate development services	Sociedad Española de Radiodifusión, S.L.U. Prisa División Internacional, S.L.	99.99% 1 share
<u>Equity Accounted</u>				
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000, col Espartaco, Mexico City 04870. Mexico	Operation of broadcasting stations	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000, Colonia Espartaco, Delegación Coyoacán, 04870, Mexico City.	Provision of all types of public telecommunications and broadcasting services.	Sistema Radiópolis, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	99.90% 0.10%
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. USA	Development of Latin American radio market in the USA	GLR Services INC.	25.00%
GLR Costa Rica, S.A.	Llorente de Tibás. Edifico La Nación. San	Broadcasting	Sociedad Española de Radiodifusión,	50.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
	José. Costa Rica		S.L.U.	
Green Emerald Business Inc.	Calle 54. Obarrio No. 4. Panama City. Panama	Development of Latin American radio market in Panama	Sociedad Española de Radiodifusión, S.L.U.	34.95%
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Operation of media and communication services	Iberoamericana Radio Chile, S.A.	50.00%
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A.	25.00% 25.00%
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48, Bogota, Colombia	Operation of all aspects of broadcasting and advertising businesses.	Caracol, S.A.	50.00%
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of broadcasting stations	Sistema Radiópolis, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	99.97% 0.03%
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.00% 1.00%
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.00% 1.00%
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. Mexico	Operation of broadcasting stations	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000, col Espartaco, Mexico City 04870. Mexico	Operation of broadcasting stations	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	100.00% 0.00%
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000, col Espartaco, Mexico City 04870. Mexico	Operation of broadcasting stations	Xezz, S.A. de C.V. Radio Comerciales, S.A. de C.V.	100.00% 0.00%
Sistema Radiópolis, S.A. de C.V.	Avenida Vasco de Quiroga 2000. Mexico City Mexico	Operation of broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. USA	Business administration and organisation consultancy	Sociedad Española de Radiodifusión, S.L.U. W3 Comm Inmobiliaria, S.A. de C.V.	48.98% 50.51%
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. USA	Broadcasting	El Dorado Broadcasting Corporation	100.00%
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.00% 1.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
MUSIC				
Fully Consolidated				
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of musical services	Prisa Radio, S.A. Plural Entertainment España	100.00% 0.00%
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L.	100.00%
Prisa Música, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Planet Events, S.A.	100.00%
Prisa Música América, S.A.S.	Calle 98 Nº 18 – 71 Oficina 401	Production and organisation of shows and events	Prisa Música, S.A.	100.00%
PRESS				
Fully Consolidated				
Agrupación de Servicios de Internet y Prensa, S.L.	Valentín Beato, 44. Madrid	Provision of administrative, technological and legal services and distribution of print and digital media	Diario El País, S.L.	100.00%
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile	Diario As, S.L.	100.00%
Diario AS Colombia, SAS	Cl 98, nº 1871 OF401. Bogota D.C.	Publication and operation of As newspaper in Colombia	Diario As, S.L.	100.00%
Diario As USA, Inc	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in the USA	Diario As, S.L.	100.00%
Noticias AS Mexico S.A. de C.V.	Mexico DF	Publication and operation of As newspaper in Mexico	Diario As, S.L. Prisa Noticias, S.L.	99.00% 1.00%
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper	Grupo de Medios Impresos y Digitales, S.L	75.00%
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	Diario El País, S.L. Diario El País Mexico, S.A. de C.V.	96.01% 3.99%
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brazil	Operation of El País newspaper in Brazil	Diario El País, S.L. Ediciones El País, S.L.	99.99% 0.01%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Diario El País Mexico, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. Mexico City Mexico	Operation of El País newspaper in Mexico	Diario El País, S.L. Promotora de Informaciones, S.A.	97.06% 2.94%
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia	Diario El País, S.L.	100.00%
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper	Prisa Noticias, S.L.	100.00%
Ediciones El País (Chile) Limitada.	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publishing, operation and sale of El País newspaper in Chile	Ediciones El País, S.L. Grupo de Medios Impresos y Digitales, S.L	100.00% 0.00%
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publishing, operation and sale of El País newspaper	Diario El País, S.L. Prisa Noticias, S.L.	99.99% 0.01%
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Publishing and operation of the digital Huffington Post for Spain	Prisa Noticias, S.L.	100.00%
Estructura, Grupo de Estudios Económicos, S.A.	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper	Grupo de Medios Impresos y Digitales, S.L	100.00%
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Shareholdings in publishing companies	Prisa Noticias, S.L.	100.00%
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Provision of documentation services	Promotora General de Revistas, S.A.	100.00%
Pressprint, S.L.U.	Valentín Beato, 44. Madrid	Production, printing, publication and distribution of products	Diario El País, S.L.	100.00%
Prisa Eventos, S.L.	Miguel Yuste 40, Madrid	Advertising exclusives in all media and design, organisation, management and marketing of cultural, sporting and promotional activities and events.	Prisa Noticias, S.L.	100.00%
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of press media	Promotora de Informaciones, S.A.	100.00%
Promotora General de Revistas, S.A.	Valentín Beato, 48. Madrid	Publishing, production and operation of magazines	Grupo de Medios Impresos y Digitales, S.L Promotora de Informaciones, S.A.	99.96% 0.04%
Equity Accounted				
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	Marketing of the online As newspaper in Arabic in the Middle East and North Africa.	Diario As, S.L.	49.00%
Betmedia Soluciones, S.L.	Rua de Garrucha 8, Santa Crua, 15179, La Coruña	Development, management and operation of websites, platforms and software for betting activities.	Prisa Noticias, S.L.	25.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	Juan Ignacio Luca de Tena, 7. Madrid	Publishing and marketing of journalistic works in digital format	Prisa Noticias, S.L.	50.00%
Le Monde Libre Societé Comandité Simple	17, Place de la Madeleine. Paris	Shareholdings in publishing companies	Prisa Noticias, S.L.	20.00%
PRINTING				
Fully Consolidated				
Bidasoa Press, S.L.	Calle Malilla Nº 134. 46026. Valencia	Printing of publishing products	Prisaprint, S.L. *(previously Dédalo Grupo Gráfico, S.L., before the liquidation thereof)*	100.00%
Dédalo Grupo Gráfico, S.L. *(liquidated in December 2017)*	Carretera de Pinto a Fuenlabrada, Km. 20.8%. Madrid	Printing of publishing products	Prisaprint, S.L.	100.00%
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700, Dos Hermanas. Seville	Printing of publishing products	Prisaprint, S.L. *(previously Dédalo Grupo Gráfico, S.L., before the liquidation thereof)*	100.00%
Norprensa, S.A.	Parque Empresarial IN-F. Calle Costureiras s/n, 27003. Lugo	Printing of publishing products	Prisaprint, S.L. *(previously Dédalo Grupo Gráfico, S.L., before the liquidation thereof)*	100.00%
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies	Prisa Participadas, S.L.	100.00%
AUDIOVISUAL				
MEDIA CAPITAL				
Fully Consolidated				
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇAO)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 506 Barcarena. Portugal	Creation, development, translation and adaptation of texts and ideas for TV programmes, films, entertainment, advertising and theatre	Plural Entertainment Portugal, S.A.	100.00%
COCO-Companhia de Comunicação, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Broadcasting, creation, development, production, recording and marketing of radio productions and related activities. Promotion of musical and cultural events and diffusion of musical culture.	Radio Comercial, S.A. (COMERCIAL)	100.00%
DRUMS - Comunicações Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.ºs 24-26 1070 249 Lisbon. Portugal	Sound broadcasting in the areas of programme production and transmission	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisbon. Portugal	Radio broadcasting	Media Capital Rádios, S.A (MCR II)	100.00%
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and leasing of audiovisual resources (cameras, video equipment, special film and lighting equipment, cranes, rails, etc.)	Plural Entertainment Portugal, S.A.	100.00%
Empresa Portuguesa de Cenários, Lda. (EPC)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of decoration accessories	Plural Entertainment Portugal, S.A.	100.00%
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Corporate shareholdings	Vertix, SGPS, S.A	94.69%
Leirimedia, Produçoes e Publicidade, LDA	Rua Sampaio e Pina, nº 24-26 1070 249 Lisbon. Portugal	Production and creation of radio programmes and shows, advertising, promotions and performances	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Media Capital Digital, S.A.	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publishing, multimedia production, distribution, consultancy, marketing (mail, telephone, etc.) of goods and services, and acquisition, supply, preparation and distribution of journalism through any media	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Música e Entretenimento, S.A. (MCME)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publishing, graphic arts and playback of recorded media: magazines, audio editing, screening of videos, and provision of services relating to music, radio, television, films, the theatre and literary magazines	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Produçoes, S.A. (MCP)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Concept, design, development, production, promotion, marketing, acquisition, operating rights, recording, distribution and broadcasting of audiovisual media	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Provision of accountancy and financial consultancy services; pursuit of broadcasting activities for production and transmission of radio programmes	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Corporate shareholdings	Grupo Media Capital, SGPS, S. A.	100.00%
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070 249. Lisbon. Portugal	Broadcasting	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
CLMC-Multimedia, Unipessoal, Ltda.	Rua Mário Castelhano, 40, Queluz de Baixo, 2734 502, Barcarena. Portugal	Supply of production and commercial operation of cinematographic, video, radio, television, audiovisual and multimedia activities	Media Global, SGPS, S.A. (MEGLO)	100.00%
NOTIMAIA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, nºs 24/26 1099 044 Lisbon. Portugal	Broadcasting activity and publication of newspapers and magazines.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Penalva do Castelo FM Radiodifusao e Publicidade, Lda.	Rua Sampaio e Pina, nº 24-26 1070 249 Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Audiovisual production and distribution	Media Capital Produçoes, S.A. (MCP)	100.00%
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. USA	Audiovisual production and distribution	Plural Entertainment España, S.L.	100.00%
Plural Entertainment Portugal, S.A.	Rua Mário Castelhano, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Video and film production, organisation of shows, leasing of sound and lighting equipment, advertising, marketing and screening of recorded videos	Media Capital Produçoes, S.A. (MCP)	100.00%
Polimedia - Publicidade e Publicaçoes, Lda.	Rua Sampaio e Pina, nº 24-26 1070 249 Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
PRC Produçoes Radiofonicas de Coimbra, Lda.	Rua Sampaio e Pina, nºs 24-26 1070 249 Lisbon. Portugal	Production of films, videos and TV programmes	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Produçao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publishing, graphic arts and playback of recorded media: magazines, audio editing, screening of videos, and provision of services relating to music, radio, television, films, the theatre and literary magazines	Media Capital Música e Entretenimento, S.A. (MCME)	100.00%
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1 Izquierda. 28010. Madrid	Inactive	Plural Entertainment Portugal, S.A.	100.00%
Produçoes Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisbon. Portugal	Broadcasting, production of audio and video adverts, and recording and production of disks. Development and production of radio programmes	Media Capital Rádios, S.A (MCR II)	100.00%
R 2000 - Comunicaçao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1070-249. Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Media Capital Rádios, S.A (MCR II)	100.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Rádio do Concelho de Cantanhede.Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Radio Comercial, S.A. (COMERCIAL)	100.00%
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina 24-2, 1099 044, Lisbon. Portugal	Operation of radio stations, collection, selection and distribution of information, and cultural, leisure and advertising programmes via audiovisual, radio and digitally transmitted media	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Broadcasting and provision of other social communication services	Radio Comercial, S.A. (COMERCIAL)	100.00%
Rádio Voz de Alcanena, Lda. (RVA)	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Production and broadcasting of educational, informative, recreational and cultural radio programmes.	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Radio Comercial, S.A. (COMERCIAL)	100.00%
Flor Do Éter Radiodifusão, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Creation, production and marketing of cultural, recreational, sports and informative programmes through radio and audiovisual media; promotion of cultural and artistic conferences and exhibitions; and assembly both of and featuring sound and vision equipment	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisbon. Portugal	Broadcasting, creation, development, production, recording and marketing of radio productions and related activities. Promotion of musical and cultural events.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Public relations consultancy, guidance and operational assistance for companies and organisations	Media Global, SGPS, S.A. (MEGLO)	100.00%
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhano, 40, Queluz de Baixo, 2734 502, Barcarena. Portugal	Services, publication and marketing of electronic goods and services. Publication, production and distribution activities in media	Media Capital Digital, S.A.	100.00%
SIRPA. Sociedad de Impresa Radio Paralelo, Lda.	Rua Sampaio e Pina. 24/26. 1099-044. Lisbon. Portugal	Broadcasting, involving production and transmission of programmes	Radio Comercial, S.A. (COMERCIAL)	100.00%
Sociedade de Produçao e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Production of audiovisual and multimedia storage media and	Media Capital Música e Entretenimento, S.A (MCME)	100.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
		phonograms		
Televisao Independente, S.A. (TVI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	All activities in the television sector, including installing, administering and operating any television channels and infrastructure	Media Global, SGPS, S.A. (MEGLO)	100.00%
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Audiovisual production and distribution	Plural Entertainment España, S.L.	100.00%
PRISA VIDEO				
Prisa Producciones de Vídeo, S.L.	Gran Vía, 32. Madrid	Audiovisual production, distribution and marketing	Prisa Audiovisual, S.L.U.	100.00%
PRISA AND OTHERS				
DIGITAL				
Fully Consolidated				
Infotecnia 11824, S.L.	Ronda de Poniente 7. Tres Cantos. Madrid	Provision of telecommunications services	Prisa Tecnología, S.L.	60.00%
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services	Prisa Participadas, S.L.	100.00%
PRISA BRAND SOLUTIONS				
Fully Consolidated				
Eresmas Interactiva Inc.	2600 Douglas Road Suite 502, Coral Gables Miami, Florida, USA, 33134	Advertising sales for digital media.	Latam Digital Ventures, LLC	100.00%
Fullscreen Solutions, S.A. de C.V.	Montecito 38, Piso 6, Of 24, Col. Nápoles Del. Benito Juarez Mexico City, 03100	Sales of video advertising.	Latam Digital Ventures, LLC Prisa Brand Solutions, S.L. (sole proprietorship)	84.00% 1.00%
Latam Digital Ventures, LLC (LDV)	2600 Douglas Road Suite 502, Coral Gables Miami, Florida, USA, 33134	Corporate shareholdings	Prisa Brand Solutions, S.L. (sole proprietorship)	100.00%
Mobvious Corp.	2600 Douglas Road Suite 502, Coral Gables Miami, Florida, USA, 33134	Advertising sales for mobile phones.	Latam Digital Ventures, LLC	60.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Prisa Brand Solutions, S.L. (sole proprietorship)	C/ Valentín Beato, 48. Madrid	Advertising and public relations services	Promotora de Informaciones, S.A.	100.00%
Prisa Digital Inc.	2100 Coral Way. Suite 200. Miami. Florida. 33145. USA	Provision of internet services	Prisa Brand Solutions, S.L. (sole proprietorship)	100.00%
Starm Interactiva, S.A. de C.V.	Montecito 38, Piso 6, Of 24, Col. Nápoles Del. Benito Juarez Mexico City, 03100	Advertising sales for digital media.	Latam Digital Ventures, LLC Prisa Brand Solutions, S.L. (sole proprietorship)	99.99% 0.01%
LOCAL TELEVISION				
Fully Consolidated				
Collserola Audiovisual, S.L.	Plaza Narcis Oller. Nº 6 1º. 1ª. 08006. Barcelona	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	99.95%
Málaga Altavisión, S.A. (In liquidation)	Paseo de Reding, 7. Malaga	Production and broadcasting of television programmes and videos	Promotora de Emisoras de Televisión, S.A.	87.24%
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	61.45%
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Merida. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	70.00%
Promotora de Emisoras, S.L	Gran Vía, 32. Madrid	Broadcasting service	Promotora de Informaciones, S.A.	100.00%
Promotora de Emisoras de Televisión, S.A.	Gran Vía, 32. Madrid	Operation of television channels	Promotora de Emisoras, S.L. Promotora de Informaciones, S.A.	75.00% 25.00%
OTHERS				
Fully Consolidated				
Audiovisual Sport, S.L	Av. de los Artesanos 6, Tres Cantos. Madrid	Management and distribution of audiovisual rights	Prisa Participadas, S.L.	80.00%
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogota. Colombia	Operation and marketing of advertising of any type	Prisa División Internacional, S.L.	100.00%
Prisa División Internacional, S.L.	Gran Vía, 32. Madrid	Shareholdings in foreign companies	Prisa Participadas, S.L.	100.00%
Prisa Audiovisual, S.L.U.	Gran Vía, 32. Madrid	Managing shareholdings	Promotora de Informaciones, S.A.	100.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and performance of all types of administrative, accounting, financial, recruitment, HR and legal tasks	Promotora de Informaciones, S.A.	100.00%
Prisa Inc.	2100 Coral Way, Suite 200, Miami, 33145, USA	Management of companies in the USA and North America	Prisa División Internacional, S.L.	100.00%
Prisa Inn, S.A. (Previously Solomedios, S.A.)	C/ Valentín Beato, 48. Madrid	Management of advertising	Prisa Participadas, S.L.	100.00%
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Management and operation of print and audiovisual social media, and holdings in companies and businesses, and provision of all types of services.	Promotora de Informaciones, S.A.	100.00%
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Audiovisual production and distribution	Prisa Audiovisual, S.L.U.	100.00%
Promotora Audiovisual de Colombia PACSA, S.A. *(liquidated in the third quarter of 2017)*	Calle 70. No. 4-60. 11001. Bogota. Colombia	Audiovisual and communications activity	Promotora de Informaciones, S.A. Promotora de Actividades Audiovisuales de Colombia, Ltda. Grupo Latino de Publicidad Colombia, SAS	53.00% 1.00% 1.00%
Promotora de Actividades América 2010 - Mexico, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. Mexico City Mexico	Development, coordination and management of all types of domestic and international projects relating to the commemoration of the bicentenary of the independence of the American nations	Promotora de Actividades América 2010, S.L. Prisa División Internacional, S.L.	100.00% 1 share
Promotora de Actividades América 2010, S.L. (In liquidation)	Gran Vía, 32. Madrid	Production and organisation of activities and projects relating to the commemoration of the bicentenary of the independence of the American nations	Promotora de Informaciones, S.A.	100.00%
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23. Bogota. Colombia	Audiovisual production and distribution	Prisa División Internacional, S.L. Promotora de Informaciones, S.A.	99.00% 1.00%
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Corporate shareholdings	Promotora de Informaciones, S.A.	100.00%
<u>Equity Accounted</u>				
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales	Promotora de Informaciones, S.A.	25.00%
Chip Audiovisual, S.A.	Coso, 100. 3-4, 50001. Zaragoza	Audiovisual productions for television	Factoría Plural, S.L.	50.00%

COMPANY	REGISTERED ADDRESS	ACTIVITY	COMPANY THAT OWNS THE INTEREST	NOMINAL PERCENTAGE
		programmes		
Factoría Plural, S.L.	Calle Biarritz, 2. 50017, Zaragoza	Audiovisual production, creation and distribution	Prisa Audiovisual, S.L.U.	15.00%
Nuntium Tv, S.L.	Avenida Alcaide Ramírez Bethencourt, no. 8, Las Palmas de Gran Canaria	Production, execution and broadcasting of audiovisual programmes	Plural Entertainment Canarias, S.L.	45,00%
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a TV channel to promote the Canary Islands	Prisa Audiovisual, S.L.U.	40.00%
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for television programmes	Prisa Audiovisual, S.L.U.	40.00%

1. Prisa operates the following brands in its Education business unit:
   - Santillana: text books and complementary material (Spain, Portugal and Latin America (except Brazil)).
   - Moderna: text books and complementary material (Brazil).
   - Sistema UNO (Uno Sistema de Ensino in Brazil and Sistema UNO Internacional in Mexico): bilingual learning system using digital platform. (Colombia, Mexico and Brazil).
   - Richmond: English as a foreign language.
   - Loqueleo (Salamandra in Brazil): books for infants and young children.
   - Santillana Compartir (Moderna Compartilha in Brazil): educational solution (text and digital content) (Argentina, Bolivia, Brazil (Moderna Compartilha), Central America, Chile, Colombia, Ecuador, Mexico, Peru, the Dominican Republic and Uruguay).
   - Norma (under licence from Grupo Carvajal), in Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, the USA, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Puerto Rico and Uruguay.
   - Bejob: e-learning training platform for employment.
2. Prisa's Press business unit operates under the following brands
   - General press: El País and Huffington Post.
   - Sporting press: AS.
   - Business press: Cinco Días.
   - Magazines:
     - News stands - Icon, Buena Vida and S Moda.
     - Online: Meristation
     - Corporate magazines (Factoría): Bankia, Club+ Renfe, Club Gourmet (El Corte Inglés), Cercha, AMA, Azul Marino (Acciona), Global (Renault), Claves, Cruz Roja, Bia Aparejadores, Abrecartas (the postal service), Autoclub (Mutua Madrileña), Savia, Natural (Gas Natural), Acciona, Observatorio de Pensiones (Cáser), Guía Repsol, Salud & Corazón, Eroski Club, Hojas (Altadis) País Shopping, Anuario Vinos.

   Prisa has a minority interest in Le Monde.
3. Prisa's Radio business unit operates under the following broadcasting brands:
   - International:
     - Prisa Radio

- Radio (stations):
  - Spain: SER, Cadena SER, LOS40, Cadena Dial, M80Radio, Máxima FM, Radiolé, KeBuena and Podium Podcast.
  - Argentina: Radio Continental and LOS40.
  - Chile: Activa; ADN; Radio Corazón; FMDos; Futuro; LOS40; Imagina; Uno; Pudahuel; Rock&Pop and Radio Uno (Digital).
  - Colombia: W Radio; LOS40; Caracol Radio; Tropicana; RadioActiva; Sistema Oxígeno; Bésame; La Vallenata and Q´ Hubo.
  - Costa Rica: LOS40; ADN; Bésame and Q' Teja.
  - USA: W Radio and Caracol Radio.
  - Mexico: KeBuena; LOS40; Bésame; La Consentida; Radio Gallito and W Radio.
  - Panama: Radio Panama; LOS40; Bésame and W Radio.
- Music:
  - Planet Events (España); Tyrona (Latin America) and Gran Vía Musical.

4. **Media Capital** operates under the following brands:
   - Television: TVI, TVI24, TVI Ficção, TVI Reality and TVI Player.
   - Audiovisual production: Plural Entertainment, EMAV and EPC.
   - Radio: Rádio Comercial, Cidade and Smooth FM.
   - Digital: MCD, IOL, Maisfutebol, IOL Negócios and Autoportal.

The main changes in the consolidation perimeter in 2016 and the first three quarters of 2017 were:

Subsidiaries:

- January 2016: Gran Vía Musical Colombia, S.A.S., a company wholly owned by Gran Vía Musical de Ediciones, S.L., was dissolved
- April 2016: Prisa Radio Perú, S.A.C., a company 99.99% owned by Sociedad Española de Radiodifusión, S.L. and having 1 share held by Prisa Radio, S.A., was formed
- June 2016: RLM Colombia, S.A.S., a company wholly owned by RLM, S.A., was liquidated
- June 2016: Projectos de Media e Publicidade Unipessoal, Lda merged with Serviçios de Consultoria e Gestão, S.A.
- June 2016: Nova Ediciones Musicales, S.A., Lirics and Music, S.L. and Compañía Discográfica Muxxic Records, S.A. merged with Gran Vía Musical de Ediciones, S.L.

- August 2016: the following companies were taken over by Sociedad Española de Radiodifusión, S.L.: Unión Radio Servicios Corporativos, S.A.U., Unión Radio Digital, S.A., Antena 3 de Radio S.A.U., Antena 3 de Radio de Melilla, S.A. and La Palma Difusión, S.A.U.
- March 2016: Santillana signed an agreement with Carvajal, S.A. to purchase its education business (NORMA) for 60 billion Colombian pesos (approximately 16.8 million euros).

  The move entailed the purchase of the shares held by Carvajal S.A. in companies involved in the education sector in Columbia, Argentina, Chile, Guatemala, Mexico, Peru, Puerto Rico and Ecuador, in addition to the transfer of certain brands linked to the business and the granting of a licence for brands associated with Grupo Carvajal's NORMA name.

  This deal was completed in September 2016 for a final price of 51.880 billion Colombian pesos (14.392 million euros), with Ecuador finally being left out of the deal.
- September 2016: the entire share capital of R.C. – Empresa de Radiodifusão, Unipessoal, Lda. was acquired by Rádio Regional de Lisboa – Emissões de Radiodifusão, S.A.
- October 2016: Telecomunicaciones Antequera, S.A.U., a company wholly owned by Málaga Altavisión, S.A., was liquidated.
- October 2016: Média Capital Produções - Investimentos, SGPS, S.A. merged with Média Capital Produções, S.A. (MCP).
- November 2016: Liberty Acquisition Holdings Virginia, Inc. and Prisa Finance (Netherlands) B.V., both wholly owned by Prisa, were liquidated.
- December 2016: Sociedad Española de Radiodifusión, S.L. acquired the whole of Sociedad de Estudios de Radio y Televisión, S.A.
- December 2016: Gran Vía Musical de Ediciones, S.L. sold its equity interest in RLM, S.A. (50.50%). December 2016: GLR Network, LLC and GLR Broadcasting LLC merged with GLR Services, Inc., and Cadena Hispanoamericana de Radio, S.A. (a company 48.15% owned by Caracol, S.A., 46.79% owned by Caracol Estéreo, S.A. and 5.06% owned by Promotora de Publicidad Radial, S.A.) was liquidated.
- April 2017: Instituto Universitario de Postgrado, S.A., a company previously 61.42% owned by Santillana Formación, S.L., was liquidated.
- June 2017: Merchandising on Stage, S.L.U., a company wholly owned by Gran Vía Musical de Ediciones, S.L., was sold.
- In August 2017, Prisa Brand Solutions, S.L. (sole proprietorship) acquired 100% of Latam Digital Ventures, LLC, a company owning 100% of Eresmas Interactiva, Inc., 60% of Mobvious Corp., 99.99% of Starm Interactiva, S.A. de C.V. and 84% of Fullscreen Solutions, S.A. de C.V. Also, PrisaBrand Solutions, S.L.U. participates directly with 0.01% in Starm Interactiva, S.A. de C.V. and with 1% in Fullscreen Solutions, S.A. de C.V.

- Also, in August 2017, Rádio Manteigas Radiodifusão e Publicidade, Lda. and Rádio Sabugal Radiodifusão e Publicidade, Lda., merged with Penalva do Castelo FM Radiodifusao e Publicidade, Lda.
- In September 2017, Sociedad de Estudios de Televisión, S.A. (SERTEL), merged with Sociedad Española de Radiodifusión, S.L.U.
- In December 2017, the liquidation of Dédalo Grupo Gráfico, S.L. was approved.

Associate companies:

- April: Cadena Radiópolis, S.A. de C.V., a company 99.90% owned by Sistema Radiópolis, S.A. de C.V. and 0.10% by Cadena Radiodifusora Mexicana, S.A. de C.V. was formed.
- June 2016: Promotora de Emisoras de Televisión, S.A. sold its 49% equity interest in Riotedisa, S.A.
- July 2016: Plural Entertainment Brazil Produçao de Vídeo, Ltda., a company 49.00% owned by Media Capital Produçoes - Investimentos, SGPS, S.A. was liquidated.
- In August 2017, As Arabia For Marketing, W.L.L. was incorporated, a company that is 49% owned by Diario As, S.L.

Other significant transactions:

See sections 5.1.5 - 2017 and 2018 (i) and (vii) of the Registration Document where the operations planned and pending execution as at the date of this Prospectus that could have a relevant impact on the information contained in this section are described.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Information regarding any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon.

Details of the cost of items of tangible fixed assets and the cumulative depreciation and impairment provisions constituted during 2014 to 2016 and in the nine months to 30 September 2017 are as follows:

	30.09.2017	31.12.2016	31.12.2015	31.12.2014
(thousand euros)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
Tangible fixed assets	**93,928**	**122,390**	**127,866**	**142,684**
Land and structures	71,014	86,799	88,453	98,947
Technical installations and machinery	245,721	359,296	367,806	374,141
Other tangible fixed assets *	102,308	127,631	126,093	129,802
Advances and fixed assets in progress	171	433	1,844	1,236
Depreciation	(297,719)	(424,354)	(427,024)	(431,885)
Impairment	(27,567)	(27,415)	(29,306)	(29,557)

* Includes both “Other tangible fixed assets” and “Ipads and Classroom Kits”.

As of 30 September 2017, the tangible fixed assets of Media Capital were recognised as held for sale, with a value of 14.8 million euros (see section 5.1.5 of this Registration Document).

As at the date of this Registration Document, the Group is operating its productive capacity and facilities very efficiently.

Land and structures

Prisa owns and leases various properties for the performance of its activities in Spain, Portugal, America and elsewhere. All of these properties are considered to be in good condition and suitable for their purpose, and are used appropriately given the nature and individual requirements of each business. Prisa's policy is to improve and replace buildings as it deems appropriate to meet its business needs.

Prisa owns a number of buildings in Spain, Portugal and Latin America that are used as the registered offices of subsidiaries, storage facilities, broadcasting centres and television studios. It also owns various printing plants. Its main buildings are the registered offices and warehouses of Santillana in Latin America, with a gross carrying amount of 11.9 million euros at 31 December 2016, and the registered offices of Radio Caracol and Radio Chile, with gross carrying amounts of 6.9 million euros and 4.4 million euros, respectively. The Group also owns a number of broadcasting centres in Spain, with a gross carrying amount of 4.7 million euros and some buildings in Portugal, with a gross carrying amount of 9.6 million euros.

The Group also uses some buildings under operating leases, with the main ones being those at Gran Vía 32, Miguel Yuste, Tres Cantos, Caspe and Queluz de Baixo (Portugal).

The leases for the Gran Vía 32 and Miguel Yuste buildings have a term of twenty five years, expiring in July 2033. There will be no additional extension to these leases, unless agreed by the parties. The Queluz lease ends in 2019, whilst the Tres Cantos lease has a mandatory 5 year term, expiring on 30 April 2020. The leasing expenses for these buildings amounted to 24.3 million euros in 2016 (24.7 million euros in 2015).

Technical installations and machinery

This item mainly includes pre-press printing equipment, printing presses and finishing equipment, and facilities to provide television services.

The main investments from 2014 to 30 September 2017 mainly relate to the investment by Media Capital in its acquisition of audiovisual equipment (to July 2017, the date on which the assets of Media Capital were reclassified as held for sale), Prisa Radio's investment in technical equipment in Colombia, Chile and Spain, the refurbishment of the Chile headquarters, and Prisa Noticias' investment in refurbishing the editorial offices of El País.

Other tangible fixed assets

This item mainly includes IT and communications equipment, together with furniture and technological equipment (classroom kits, iPads) for classroom use by students and teachers using Santillana education systems.

The most significant investments in this heading from 2014 to 30 September 2017 relate to Santillana's investment in technological equipment for its education systems.

Advances and fixed assets in progress

This account mainly recognises investments in tangible fixed assets that are not yet ready to be brought into use.

Tangible fixed assets are measured at cost, net of any cumulative depreciation and impairment losses.

Costs of expansion, modernisation or improvements that increase productivity, capacity or efficiency, or that extend the useful life of an asset, are capitalised as an increase in the cost of the asset.

Maintenance and upkeep expenses incurred during the period are carried directly through profit and loss.

Tangible assets acquired under financial leases are recognised in the balance sheet according to the nature of the asset leased, simultaneously recognising a liability for the same amount. This will be the lower of the fair value of the leased asset or the sum of the present values of the amounts to be paid to the lessor, plus the exercise price of any purchase option, unless there are reasonable doubts as to the certainty of this being exercised.

See "Future payment commitments" in section 10.1(B) of this Registration Document for more details of operating leases.

It is the policy of Prisa companies to take out insurance to cover potential risks to their tangible fixed assets. The insurance policies taken out provided sufficient coverage of tangible fixed assets in the period analysed.

8.2 A description of any environmental issues that may affect the issuer's utilisation of tangible fixed assets

Prisa is committed to respecting the environment in its business activities to keep down both costs and the impact of its operations as regards the environment. The Group's Environmental Safety Policy sets out a number of basic principles for legal compliance that contribute to the continuous improvement of its activities:

- Prisa will comply with all applicable legal requirements, and even anticipate these whenever possible.
- Prisa actively seeks to reduce and prevent pollution, whilst seeking to save energy and reduce waste in its operations.
- Prisa requires its suppliers to carry out their operations in an environmentally-responsible manner.
- Prisa will strive for safety in its industrial operations, to avoid incidents and adverse environmental impacts.

This policy has three levels of action:

- Control of emissions.
- Control of consumption.
- Control of waste.

Prisa’s objective is to supply safe products and services that respect the environment throughout their life cycle, carrying out its operations in an environmentally responsible way.

Given the printing activities of some companies in the consolidated group, they closely monitor the pollution caused by their waste and emissions, and have put in place appropriate waste removal policies, pursuant to prevailing legislation.

The expenses arising from this (which are hardly significant) are charged through profit and loss as they are incurred.

However, the assessment carried out indicates that the Group has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that might be significant in relation to its equity, financial position and profit or loss.

9. OPERATING AND FINANCIAL REVIEW

9.1 Financial position

See sections 9.2, 10, 20.3 and 20.6 of this Registration Document.

9.2 Operating profit/loss

Details of consolidated operating income of the Prisa Group for the tax years 2014 to 2016, and the year-on-year changes, are shown below. This includes include Media Capital which fully consolidates as a continuing operation:

(Thousand euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)
Sales of advertising and sponsorship	483,861	497,558	490,396	(2.8%)	1.5%
Sale of books and training	626,364	630,689	673,204	(0.7%)	(6.3%)
Sale of newspapers and magazines	91,572	96,130	106,806	(4.7%)	(10.0%)
Sales of promotional products and collections	18,079	18,591	28,196	(2.8%)	(34.1%)
Sale of audiovisual rights and programmes	30,910	28,440	24,249	8.7%	17.3%
Income from fixed assets	4,405	5,990	24,958	(26.5%)	(76.0%)
Provision of intermediation services	7,135	7,780	8,160	(8.3%)	(4.7%)
Other services	72,040	68,818	77,204	4.7%	(10.9%)
Other income	23,671	20,066	21,555	18.0%	(6.9%)
OPERATING REVENUE	**1,358,037**	**1,374,062**	**1,454,728**	**(1.2%)**	**(5.5%)**
ADJUSTED OPERATING INCOME (1)	**1,349,442**	**1,374,062**	**1,387,762**	**(1.8%)**	**(1.0%)**
Purchases and consumables	(217,437)	(212,779)	(260,580)	2.2%	(18.3%)

Personnel expenses	(388,709)	(412,773)	(433,242)	(5.8%)	(4.7%)
Outsourced services	(502,581)	(499,574)	(576,652)	0.6%	(13.4%)
Provision for depreciation of fixed assets	(83,196)	(90,611)	(102,537)	(8.2%)	(11.6%)
Change in trade provisions	(29,149)	(34,412)	(19,788)	(15.3%)	73.9%
Change in portfolio provisions with Group companies	3	0	0	-	-
Other expenses	(3,494)	(3,085)	(33,209)	13,3%	(90.7%)
OPERATING EXPENSES	**(1,224,563)**	**(1,253,234)**	**(1,426,008)**	**(2.3%)**	**(12.1%)**
EBITDA (2)	**248,862**	**248,414**	**183,385**	**0.2%**	**35.5%**
EBITDA, adjusted (3)	**273,367**	**279,357**	**249,866**	**(2.1%)**	**11.8%**
OPERATING INCOME (EBIT)	**133,474**	**120,828**	**28,720**	10.5%	320.7%
EBITDA MARGIN (%) (4)	**18.3%**	**18.1%**	**12.6%**	-	-
Adjusted EBITDA MARGIN (%) (5)	**20.3%**	**20.3%**	**18.0%**	-	-
EBIT MARGIN (%) (6)	**9.8%**	**8.8%**	**2.0%**	-	-

(1) Adjusted earnings are an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(3) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(4) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.
(5) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(6) EBIT margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.

The main changes in the Group's consolidation scope must be considered when interpreting the changes in Prisa's consolidated income statement for the periods reviewed. These are:

- Santillana's Ediciones Generales was sold to Penguin Random House in June 2014, ceasing to be included in the consolidation scope from 1 July 2014.
- In March 2016, Santillana signed an agreement with Carvajal, S.A. for the purchase of the latter's education business in Colombia, Argentina, Chile, Guatemala, Mexico, Peru and Puerto Rico, in addition to the transfer of certain brands linked to the business and the granting of a licence in relation to brands using the NORMA trade name. This business has been integrated into the Group's consolidated accounts since October 2016.

OPERATING REVENUE

Prisa's operating revenues in 2016 amounted to 1,358.04 million euros (1,374.06 million euros in 2015 and 1,454.73 million euros in 2014).

In 2016, operating income fell by 1.2% compared to 2015, strongly affected by the exchange rate effect. In operating income, the exchange rate effect led to a reduction in income of 59.50 million euros. At constant exchange rates, operating income would have increased by 3.2% compared to 2015. The negative exchange rate effect was mainly concentrated in Argentina (-25 million euros), Mexico (-12.31 million euros), Colombia (-9.84 million euros) and Brazil (-8.29 million euros). The Norma business contributed 4.93 million euros in 2016.

Between 2014 and 2015, operating income fell by 5.5%, again influenced by exchange rates and the aforementioned sale of Ediciones Generales. Operating income was negatively affected by the exchange rate effect in the comparison of 2015 and 2014, in the amount of 38.76 million euros. The negative exchange rate effect was concentrated in Brazil (-26.47 million euros), Colombia (-15.70 million euros) and Venezuela (-23.19 million euros). Isolating the exchange rate effect, operating income dropped by 2.9%. In 2014, the activity of Ediciones Generales up to 30 June 2014 was included, contributing 43.40 million euros to operating income and 6.9 million euros to EBITDA. The sale of the business also generated a gain in operating income of 21.61 million euros. If we isolate this scope change effect from the 2014 accounts in addition to the exchange rate effect, operating income would have increased by 1.7% in 2015.

The performance of the euro against the main currencies in which the Group operates over the last three years is shown below:

Versus €	2016	2015	2014
USA	1.11	1.11	1.22
Argentina	16.34	10.26	10.38
Brazil	3.86	3.69	3.26
Chile	749	725	736
Colombia	3,379	3,015	2,857
Mexico	20.66	17.61	17.94
Peru	3.74	3.48	3.56
Costa Rica	610	581	644
Venezuela	710	217	7.64

The Group embarked upon a digital transformation and expansion strategy in Latin America over this period, which managed to mitigate the negative exchange rate effects in the period.

The performance of revenues from digital transformation in the period 2014-2016 is shown below:

(Thousand euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)

Education Systems (UNO and Compartir)	114,882	120,602	109,501	(4.7%)	10.1%
Digital	86,486	72,911	50,876	18.6%	43.3%
TRANSFORMATION REVENUES	**201,368**	**193,513**	**160,377**	**4.1%**	**20.7%**

With regard to digital transformation, revenues from the Groups digital activities (basically Education Systems and digital advertising) amounted to 201.37 million euros in 2016, 4.1% up on 2015. These account for 15% of the Group's total operating income. Revenues from the digital transformation amounted to 193.51 million euros in 2015, compared to 160.38 million euros in 2014, a 20.7% increase in the 2014-2015 period.

The table below shows changes in operating income by geographic origin in the 2014-2016 period:

(Thousands of euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)
Spain	566,366	575,371	579,997	(1,6%)	(0,8%)
International	791,671	798,691	874,731	(0.9%)	(8,7%)
Americas	616,028	621.984	691,719	(1.0%)	(10,1%)
Portugal	175,643	176.707	183,012	(0.6%)	(3.4%)
OPERATING INCOME	**1,358,037**	**1,374,062**	**1,454,728**	**(1.2%)**	**(5.5%)**

There was practically no change in the composition of operating income by geographic origin compared to 2014. Whilst in 2014, 40% of operating income came from Spain and 60% was international, in 2016, 42% of operating income was domestic and 58% was international.

Operating income in Spain fell by 1.6% in 2016 (-9.03 million euros), mainly due to fewer new products in book marketing campaigns by Santillana in Spain in 2016 (-4.3 million euros) and lower sales of Radio advertising (with an overall effect of -6.8 million euros on operating income).

Compared to 2014, in 2015, operating income in Spain fell by 1.0% (-6.08 million euros), mainly due to Ediciones Generales being excluded from the consolidation scope from June 2016 (due to the effect of the sale, -21.61 million euros, and the effect on the scope, -10.66 million euros). The deterioration in the operating income of the Press business area (-18.96 million euros) was offset by the improvement in Radio (15.42 million euros) from increased advertising sales.

There was a significant exchange rate effect on operating income in Latin America during the period, as already mentioned. Operating income in Latin America fell by 1.0% in 2016 compared to 2015 (-5.94 million euros). However, at constant 2015 exchange rates, operating income would have increased by 8.6%. Operating income fell by 9.9% (-68.28 million euros) in 2015 compared to 2014. Adjusting for the negative exchange rate effect, the fall would have been 4.3%. The effect of the exit of the General Publishing business in Latin America since June 2014 is 32.74 million euros.

Operating income in Portugal remained practically stable in 2016 compared to 2015 (-0.6%), although it fell by 3.4% in the comparison of 2014 with 2015 (-6.31 million euros). Practically all of the operating income from Portugal corresponds to Media Capital.

The performance of the main lines of operating revenues in the period analysed are set out below:

Sales of books and training

The main line of operating income for Prisa is the sale of books and training, which accounted for 46% of the total operating income in the whole period (2014, 2015 and 2016). This line is on an upward trend, if we strip out the exchange rate effect and the change in the scope resulting from the exit of General Publishing in June 2014. Sales of books increased by 6.3% between 2015 and 2016, at constant exchange rates. At constant exchange rates and stripping out the effect of General Publishing, revenues from the sale of books grew by 10.5% in the 2014 to 2015 period. This growth was rooted in the positive performance of education campaigns in most countries and, in particular, growth in the UNO and Compartir Education Systems. Compartir had 585,844 students in December 2016, compared to 370,564 in 2014. UNO had 282,034 students in 2016 (261,400 in 2014).

A breakdown of the sale of books and training are shown below, by countries and in thousands of euros:

(Thousand euros)	2016	2015	Change (%) (2015-2016)	Change (%), constant exchange rate	2014	Change (%) (2014-2015)	Change (%) constant exchange rates
Traditional education and Compartir	**560,555**	**564,985**	**-0.8%**	**5.9%**	**566,212**	**-0.2%**	**11.0%**
Argentina	27,536	39,880	-31.0%	16.7%	22,000	81.3%	62.3%
Bolivia	6,068	5,268	15.2%	12.0%	4,198	25.5%	5.9%
Brazil	138,747	146,660	-5.4%	-0.9%	188,517	-22.2%	-11.1%
Northern Central America	26,634	25,908	2.8%	-0.5%	21,369	21.2%	4.4%
Southern Central America	11,321	10,166	11.4%	7.6%	9,122	11.4%	-4.0%
Chile	26,552	29,340	-9.5%	-5.7%	27,962	4.9%	0.0%
Colombia	9,967	10,039	-0.7%	10.8%	9,776	2.7%	16.2%
Ecuador	19,360	18,450	4.9%	7.3%	15,956	15.6%	-5.2%
Spain	132,671	137,853	-3.8%	-3.8%	114,440	20.5%	20.5%
Mexico	54,209	64,216	-15.6%	-0.5%	61,435	4.5%	3.9%
Paraguay	2,159	1,926	12.1%	32.5%	2,240	-14.0%	-24.0%
Peru	48,516	19,890	143.9%	168.3%	16,433	21.0%	8.6%
Portugal	4,765	5,595	-14.8%	-14.8%	6,478	-13.6%	-13.6%
Puerto Rico	9,001	11,137	-19.2%	-18.9%	10,106	10.2%	-8.2%
Dominican Republic	13,421	12,847	4.5%	6.5%	14,418	-10.9%	-19.6%
Uruguay	1,866	2,181	-14.3%	3.2%	2,654	-17.9%	-22.1%

(Thousand euros)	2016	2015	Change (%) (2015-2016)	Change (%), constant exchange rate	2014	Change (%) (2014-2015)	Change (%) constant exchange rates
USA	20,462	18,946	8.0%	8.0%	12,040	57.4%	30.7%
Venezuela	7,300	4,683	55.9%	0.0%	27,068	-82.7%	158.1%
UNO	**61,168**	**67,028**	**-8.7%**	**0.4%**	**67,961**	**-1.4%**	**8.1%**
Brazil	28,449	28,733	-1.0%	3.4%	29,830	-3.7%	12.3%
Colombia	9,606	9,451	1.6%	10.8%	10,136	-6.8%	8.0%
Mexico	23,113	28,844	-19.9%	-6.1%	27,995	3.0%	3.6%
GSE+Inevery	**1,141**	**1,058**	**7.9%**	**7.9%**	**25**	**---**	**---**
NORMA	**4,745**	**0**	**---**	**---**	**0**	**---**	**---**
Argentina	237	0	---	---	0	---	---
Chile	328	0	---	---	0	---	---
Colombia	3,335	0	---	---	0	---	---
Guatemala	317	0	---	---	0	---	---
Mexico	124	0	---	---	0	---	---
Peru	388	0	---	---	0	---	---
Puerto Rico	16	0	---	---	0	---	---
General Publishing	**0**	**0**	**---**	**---**	**38,955**	**-100.0%**	**-100.0%**
Argentina	0	0	---	---	6,915	-100.0%	-100.0%
Brazil	0	0	---	---	8,345	-100.0%	-100.0%
Colombia	0	0	---	---	2,465	-100.0%	-100.0%
Chile	0	0	---	---	1,956	-100.0%	-100.0%
Spain	0	0	---	---	10,542	-100.0%	-100.0%
Mexico	0	0	---	---	8,732	-100.0%	-100.0%
Others	**(1,245)**	**(2,381)**	**47.7%**	**47.7%**	**51**	**---**	**---**
TOTAL	**626,364**	**630,689**	**-0.7%**	**6.3%**	**673,204**	**-6.3%**	**4.1%**
TOTAL EXCLUDING GENERAL PUBLISHING AND NORMA	**621,619**	**630,689**	**-1.4%**	**5.5%**	**634,249**	**-0.6%**	**10.5%**

In 2016, 60% of the total operating income was generated in Spain, Brazil, Mexico and Peru.

- Spain Education fell by 3.8% in 2016, as there were fewer new publications and syllabus changes than in 2015.
- Traditional Education remained practically in line with 2015 in Brazil, at constant exchange rate (-0.9%). The increase in institutional sales in 2016 (a mid-cycle year in terms of the volume of public sales) offset the fall in regular sales (due to the crisis in the

country and the transfer of students from private to state schools). UNO grew by 3.4% in local currency terms in Brazil.

- Traditional Education remained practically stable in Mexico compared to 2015 (-0.5%). UNO fell by 6.1% in Mexico, at 2015 exchange rates.
- As for other countries, revenues notably increased by 168% in Peru in local currency terms, mainly due to higher institutional sales in 2016 (tenders for primary and secondary education). Argentina also performed strongly, growing by 16.7% in local currency terms, due to increased regular sales.
- Overall, UNO remained in line with 2015 in local currency terms.
- “Others” includes retirements due to sales by Santillana to other Prisa Group companies.
- NORMA contributed 4.75 million euros to total sales following its incorporation into the consolidation scope from October 2016.

In 2015, 59% of the total operating income was generated in Spain, Brazil, Mexico and Peru.

- Spain Education grew by 20.5% in 2015, due to adoption of the new education reform and a strong sales performance. In addition to the adoption of the Organic Law for the Improvement of Educational Quality (LOMCE) for the years of primary education pending for 2014 (years 1, 3 and 5), there were also renewals in the rest of primary education (years 2, 4 and 6) and in secondary education (years 1 and 3).
- In Brazil, Traditional Education was down by 11.1% in local currency terms, mainly due to lower institutional sales, as this year was in the low stage of the cycle of public sector sales. However, regular sales and Compartir both grew in 2015 (3.4% and 32.0%, respectively, in local currency terms). UNO Brazil grew by 12.3% in 2015 compared to 2014, in local currency terms.
- Traditional Education in Mexico was up by 3.9% compared to 2014, in local currency terms, whilst UNO also grew (3.6%), at constant exchange rates.
- Notable among other countries was the effect of Argentina, up by 62.3% in local currency terms, mainly due to higher institutional sales.
- Overall, UNO grew by 8.1% in local currency terms.
- General Publishing was included in the consolidation scope for half of 2014, contributing 38.96 million euros in net sales that were not repeated in 2015.

Sales of advertising and sponsorship

The second most important source of operating income for Prisa is advertising, which accounted for 35.9% of the total operating income in 2016 and 2015 and 33.7% in 2014. Prisa’s advertising revenues fell by 2.8% in 2016 compared to 2015, impacted by the exchange rate effect. Advertising revenues would have been down by 0.5% without the exchange rate effect. In the 2014-2015 period, advertising revenues increased by 1.5%, also affected by the negative exchange rate effect. At constant exchange rates, advertising would have increased by 3.2% in 2015.

The table below shows Prisa’s advertising revenues in 2014, 2015 and 2016 by business line:

Business area (thousand euros)	2016	2015	Change (%) (2015-2016)	Change (%) constant exchange rates	2014	Change (%) (2014-2015)	Change (%) constant exchange rates
Radio	**255,748**	**278,522**	**-8.2%**	**-4.2%**	**272,919**	**2.1%**	**5.1%**
Radio Spain	164,077	170,026	-3.5%	-3.5%	157,309	8.1%	8.1%
Radio, international	91,876	108,476	-15.3%	-5.2%	115,303	-5.9%	1.3%
Music	27	59	-55.3%	-55.3%	333	-82.2%	-82.2%
Consolidation adjustments	(232)	(39)	-481.4%	-481.4%	(25)	-56.3%	-56.3%
Press	**114,488**	**111,140**	**3.0%**	**3.3%**	**109,372**	**1.6%**	**1.6%**
El País	81,946	80,005	2.4%	2.6%	74,684	7.1%	7.1%
As	23,068	20,192	14.2%	14.7%	20,255	-0.3%	-0.3%
Others	9,649	10,932	(11.7%)	(11.7%)	14,946	(26.9%)	(26.9%)
Consolidation adjustments	(175)	11	---	---	(513)	---	---
Audiovisual	**121,403**	**116,574**	**4.1%**	**4.1%**	**114,126**	**2.1%**	**2.1%**
Media Capital	121,403	116,574	4.1%	4.1%	114,126	2.1%	2.1%
Prisa Video	0	0	---	---	0	---	---
Others	**25**	**84**	**-69.3%**	**-55.2%**	**132**	**-37.0%**	**-25.4%**
Consolidation adjustments	**(7,803)**	**(8,762)**	**10.9%**	**10.9%**	**(6,154)**	**-42.4%**	**-42.4%**
TOTAL	**483,861**	**497,558**	**-2.8%**	**-0.5%**	**490,396**	**1.5%**	**3.2%**

Radio advertising in Spain fell by 3.5% in 2016, due to lower local (-3.2%) and domestic (-1.4%) advertising, which offset increases in digital advertising (27.9%). The Radio market grew by 0.6%, according to public sources (Media Hotline's i2P report, prepared by Arce Media and Kantar Media, December 2016). In terms of audience, it achieved a market quota of 41.9% through its main broadcasters (Cadena Ser, 40 Principales, Cadena Dial, M-80, Radiolé and Máxima FM), continuing as the leader of the Spanish radio market. It reached 37.1% of the quota for general radio and 43.6% for music radio according to the average of the 3 General Media Surveys (EGM), for the population over 14 years of age, all social classes, measured in working days, based on Spain, produced by the Communications Media Research Association, surveys conducted from 13 January to 22 March 2016 (1st Wave), 6 April to 14 June (2nd Wave) and 7 September to 15 November 2016 (3rd Wave).

Radio Spain grew by 8.1% in 2015 compared to 2014, outperforming the market, which grew by 7.8% according to public sources (Media Hotline's i2P report, prepared by Arce Media and Kantar Media, December 2016). National advertising on Prisa Radio in Spain increased by 9.3%, whilst local advertising was up 6.4% and digital advertising grew by 6.1%.

International Radio advertising fell by 15.3% in 2016 compared to 2015, affected by the depreciation of Latin American currencies. At 2015 exchange rates, International radio advertising was down by 5.2%, with the largest fall in Colombia (-14.2% at constant exchange rates). However, Argentina and Chile reported growth in their local currencies of 47.4% and 5.8%, respectively. Prisa's radios in Chile and Colombia maintained their market leadership, with shares of 39.7% and 38.6%, respectively, according to market data for year-end 2016.

International Radio fell by 5.9% in 2015 compared to 2014. However, the negative exchange rate effect must be taken into account. Stripping out the exchange rate effect, advertising sales for International Radio would have increased by 1.3%.

Press grew by 3.0% in 2016 compared to 2015, and 1.6% in 2015 compared to 2014.

Print advertising fell by 9.2% in 2016 compared to 2015 (the market fell by 7.1% due to the effect of the 2014 football World Cup, according to Media Hotline's i2P report, prepared by Arce Media and Kantar Media, December 2016), whilst digital advertising increased by 15.2% (the market grew by 14% according to the i2P report), and in events, Prisa News grew by 61%, linked to the 40th anniversary of El País. Digital growth and development of events contributed to the rise in advertising in the business in 2016. Digital advertising accounted for 41% of total advertising revenues in 2016.

Print advertising fell by 4.0% in 2015 compared to 2014 (the market remained stable compared to 2014, at 0.5%, according to Media Hotline's i2P report, prepared by Arce Media and Kantar Media, December 2015), whilst digital advertising increased by 27.1% (the market grew by 12.3% according to the i2P report), and in events, Prisa News grew by 21.3%.

Media Capital's advertising performance was positive in 2016, with advertising up by 4.1% (TVI grew by 3.6% and Radio by 5.8%), outperforming the Portuguese market, according to internal estimates. Advertising also increased by 2.1% in 2015 (TVI grew by 1.4% and Radio by 9.1%) outperforming the market, according to internal estimates.

Media Capital maintained its leadership in the 24-hour and prime time segments, with average daily audiences of 20.9% and 23.9% of the total for Television (figures to December 2016), respectively.

The Group is focused on digital growth, and advertising is one of the strongest performing business lines in this area. It grew by 13.0% in 2016 compared to 2015, and by 22.0% in 2015 compared to 2014. The performance of digital advertising compared to non-digital advertising in the period is shown below:

Type of advertising (thousand euros)	2016	2015	2014	Change % (2015-2016)	Change % (2014-2015)
Digital	57,710	51,066	41,871	13.0%	22.0%
Non digital	426,151	446,492	448,525	-4.6%	-0.5%
TOTAL	**483,861**	**497,558**	**490,396**	**-2.8%**	**1.5%**

Sales of newspapers and magazines

The sale of newspapers and magazines represented 6.7 % in 2016, 7.0% in 2015 and 7.3% in 2014 of the Group's total operating income.

These revenues fell by 4.7% in 2016 and 10.0% in 2015 compared to 2014, due to the general decline in sales of print media.

Sales of newspapers and magazines in the period 2014-2016 were as follows:

(Thousand euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)
News	**91,572**	**96,130**	**108,996**	**(4.7%)**	**(11.8%)**
El País	62,097	64,117	70,924	(3.1%)	(9.6%)
As	26,093	27,569	31,460	(5.4%)	(12.4%)
Others	3,382	4,508	6,639	(25.0%)	(32.1%)
Consolidation adjustments	(1)	(63)	(26)	98.5%	(142.8%)
Consolidation adjustments	**0**	**0**	**(2,190)**	**(100.0%)**	**---**
TOTAL	**91,572**	**96,130**	**106,806**	**(4.7%)**	**(10.0%)**

The following table shows the average daily circulation figures for Prisa's two main newspapers in the 2014, 2015 and 2016 tax years:

Copies	2016	2015	2014	Change % (2015-2016)	Change % (2014-2015)
El País	194,005	221,389	259,775	(12.4%)	(14.8%)
AS	125,955	133,503	149,004	(5.7%)	(10.4%)

Source: Spanish Circulation Audit Office (OJD), December 2016-2015

On the other hand, prices changed in the 2014-2016 period. The price of the Monday to Friday editions of El País increased by 10 cents from 1 March 2015. On the other hand, from 5 September 2015, the price of the Saturday edition was raised to 2 euros, with a new product offering (S Moda, Icon, Tentaciones and Buena Vida). Finally, on 1 April 2016, the pricing of El País changed again: to 1.50 euros from Monday to Friday (a 10 cent increase) and to 2.80 euros (30 cent increase) on Sundays.

The circulation of As fell by 5.7%. However, this was less than its main competitor, Marca, which was down by 6.9% in December 2016 compared to 2015, according to OJD figures for December 2016. In general, the sports press has fallen by less than the general and business press, according to the same source.

Readers and users are increasingly consuming information using digital media, resulting in lower circulation for paper formats to the benefit of the digital circulation and audience. Therefore, in addition to analysing the performance of analogue audiences, we also need to consider newspapers' commitment to digital development. There have been substantial increases in browsers and users. Unique browsers of the web pages of El País.com grew by 12.1% in 2016, to an average of 57.0 million per year. Meanwhile, the number of browsers of the pages of As.com increased by 24.9% in 2016, to 32.3 million on average. Prisa's News unit saw its traffic increase considerably in 2016 (8.0%) and 2015 (32.0%) in terms of unique browsers.

In terms of unique multi-platform users (traffic through PC and mobile device) in Spain, El País.com maintained its leadership of the generalist press in 2016, increasing its average monthly users to 14.9 million, according to Comscore, December 2016. In the sports press, As.com achieved an average of 8.1 million unique users per month. The numbers of unique multi-platform users grew by 2% in Spain across Prisa News as a whole. The unique user figures on a worldwide scale currently measured by Comscore only include PC traffic and this is being affected by the increase in mobile consumption. Thus, the trends for users in Spain are only measured including multi-platform consumption.

El País.sites outperformed its main competitor in terms of multi-platform users at year-end 2016 (16.1 million unique users of El País compared to 14.9 million unique users of El Mundo.sites), according to Comscore's multi-platform PC and mobile data for December 2016.

The 2014-2016 evolution of browsers and users of the Press business area is shown below:

(thousand browsers)	2016	2015	2014	Change % 2015-2016	Change % 2014-2015	Var. Abs. 2015-2016	Var. Abs. 2014-2015
El País.com	57,048	50,891	35,444	12.1%	43.6%	6.157	15.446
As.com	32,296	25,864	22,218	24.9%	16.4%	6.431	3.647
Cinco Días.com	4,678	4,825	3,496	-3.1%	38.0%	(148)	1.329
Prisa Noticias (1)	**88,245**	**81,709**	**61,900**	**8.0%**	**32.0%**	**6.536**	**19.809**

Internal source: Omniture, December 2015-2016.

(Thousands of multi-platform users in Spain)	2016	2015	Change (%) (2015-2016)
El País.com	14,853	14,006	6%
As.com	8,074	6,879	17%
Cinco Días.com	2,653	2,890	-8%
Prisa Noticias (1)	**20,423**	**20,083**	**2%**

Source: Comscore, multi-platform data (PC+mobile) in Spain, December 2016-December 2015.

(1) Any duplication has been removed.

Sale of promotional products and collections

Sales of promotional products accounted for 1.3% in 2016, 1.4% in 2015 and 1.9% in 2014.

The revenues generated by sales of promotional products and collections include commercial articles and other products, such as books, CDs and DVDs, sold with Prisa's newspapers. These items are given to the consumer at no cost from time to time.

Revenues from promotional products fell by 2.8% in 2016 compared to 2015. Promotions declined by 34.1% in 2015 compared to 2014, with the contributions being notable from the

“Beatles” collection and “Inglés Total” (Total English) in 2014. However, despite the fall in revenues, promotions continue to generate positive margin.

Sale of audiovisual rights and programmes

Sales of audiovisual rights accounted for 2.3% in 2016, 2.1% in 2015 and 1.7% in 2014.

Revenues from sales of audiovisual rights and programmes increased by 8.7% in 2016, and 17.3% in 2015 compared to 2014.

These sales mainly involve the audiovisual productions of Plural Spain and Plural Portugal, which belong to the Media Capital business unit, and revenues from broadcasting rights of TVI channels. The growth in the period is explained by the incorporation of two new channels for distributing content in 2015 (TVI Reality and TVI Africa).

Revenues from fixed assets

In 2016, revenues from fixed assets amounted to 4.41 million euros, mainly involving gains from the following transactions:

- Santillana: sale of fixed assets in Chile (0.92 million euros).
- Radio: sale of land in Colombia (0.67 million euros) and Chile (0.34 million euros), and sale of GLR Networks (1.57 million euros).
- Gran Vía Musical: sale of RLM (0.34 million euros).
- News: 0.25 million euros from the sale of printing machinery in Barcelona.

In 2015, revenues from fixed assets were posted of 5.99 million euros, mainly involving gains from the following transactions:

- Radio: Sale of land in Cartagena, Colombia (1.11 million euros) and Chile (0.24 million euros).
- Music: Sale of the catalogue of Nova and Lirics de Música (2.01 million euros) in Radio.
- Media Capital: Sale of the Vialonga studios of Plural Portugal (1.80 million euros).
- Sale of the magazines Tiempo de Relojes, Car and Cinemanía (0.58 million euros).

In 2014, revenues from fixed assets were posted of 24.96 million euros, mainly involving gains from the following transactions:

- Santillana: 22.55 million euros from the sale of the General Publishing business to Penguin Random House (gain of 21.61 million euros). At the same time, the sale of a building belonging to Santillana in Chile (0.78 million euros) is included.
- News: 0.4 million euros from the sale of machinery from the Pressprint plant in Barcelona.
- Caracol: 0.69 million euros from the sale of Radio Caracol land.
- Chile: 0.43 million euros from the sale of Radio Chile licences.
- GLR Services: 0.26 million euros from the sale of offices belonging to Radio USA.

- Media Capital: 0.52 million euros, mainly from the sale of the Ups of FICA (0.369 million euros) and collecting insurance for the collapse of Radio towers (0.102 million euros).

Other operating income *(includes the provision of intermediation services, other services and other operating income)*

The other operating income item includes income from value added calls (in Media Capital), print services, event organisation, magazine advertising and marketing services (agency work), income from music, intellectual property rights, e-commerce, revenues from leases, capitalised expenses of in-house work on fixed assets, and other miscellaneous income.

Other operating income accounted for 7.6% in 2016, 7.0% in 2015 and 7.3% in 2014.

This source of revenues increased in the period 2015 to 2016 (6.4%), due mainly to the organisation and management of musical events, offset in part by lower revenues from value added calls in TVI. In 2015, other operating income fell by 9.6% compared to 2014, mainly due to the fall in value added calls.

OPERATING EXPENSES

Prisa's operating expenses in 2016 amounted to 1,224.56 million euros (1,253.23 million euros in 2015 and 1,426.00 million euros in 2014).

Expenses fell by 2.3% in the 2015-2016 period, i.e. a reduction of 28.67 million euros. 48.59 million euros of this reduction was due to exchange rate effects, which resulted in lower revenues and lower expenses at constant exchange rates in the period. Without this exchange rate effect, expenses increased by 1.6%.

The exchange rate effect also affects the comparison of 2015 to 2014, with expenses falling by 32.72 million euros. Expenses fell by 12.1% in the 2014-2015 period, i.e. a fall of 172.77 million euros. Without this exchange rate effect, expenses fell by 9.8%. The other significant effect in the comparison is the retirement of General Publishing from the consolidation scope, which reduced expenses by 44.17 million euros in 2015, and recognition of a Supreme Court judgment on litigation involving Mediapro in 2014, which reduced expenses by 44.99 million euros for 2015. Stripping out these effects, expenses fell by 3.8%.

Purchases and consumables

In 2016, the expense for purchases and consumables increased by 2.2% compared to the previous year, increasing from 212.78 million euros to 217.44 million euros. The increase in expenses was mainly due to Santillana (associated with higher institutional sales, particularly in Peru, and the incorporation of Norma). Consumption of paper, printing and the cost of promotions fell in News, whilst consumption of programming fell in Media Capital.

Expenses for purchases and consumables fell by 18.3% in 2015 compared to 2014, due mainly to the retirement of General Publishing from the consolidation scope. In addition, consumption of paper, printing and the cost of promotions was lower in News, whilst consumption of programming fell in Media Capital.

Outsourced services

Details of expenses for outsourced services in 2014, 2015 and 2016 are shown in the following table:

(Thousand euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)
Outsourced services	(502,581)	(499,574)	(576,652)	0.6%	(13.4%)
Leases and fees	(57,282)	(58,395)	(56,335)	(1.9%)	3.7%
Intellectual property	(35,216)	(32,517)	(39,603)	8.3%	(17.9%)
Repairs and upkeep	(16,775)	(17,691)	(17,338)	(5.2%)	2.0%
Independent professional services	(130,572)	(121,568)	(129,218)	7.4%	(5.9%)
Transport	(35,112)	(38,066)	(47,843)	(7.8%)	(20.4%)
Advertising, promotion and PR	(48,842)	(59,774)	(63,721)	(18.3%)	(6.2%)
Procurement	(23,980)	(25,098)	(26,574)	(4.5%)	(5.6%)
Other outsourced services	(154,802)	(146,465)	(196,020)	5.7%	(25.3%)

Group cost-cutting efforts in the 2014 to 2016 period also extended to its outsourced services. The increase in services was constrained to 0.6% in 2016 compared to 2015. The increase in expenses was associated with increased revenues: musical events in Radio, events associated with the 40th anniversary of El País and exceptional institutional sales in Peru. These operations generated positive gross profit. In 2016 there were also exceptional expenses relating to tax inspections for VAT and Norma incorporating three months of expenses on outsourced services in 2016.

Expenses fell by 13.4% in 2015 compared to 2014, following the retirement of General Publishing from the consolidation scope and the effect of the Supreme Court judgment in relation to the dispute with Mediapro (44.99 million euros in 2014). There was also a reduction in outsourced services in News and Prisa Corporation.

Personnel expenses

The following table shows staff expenses in 2014, 2015 and 2016:

(Thousand euros)	2016	2015	2014	Change (%) (2015-2016)	Change (%) (2014-2015)
Personnel expenses	(388,709)	(412,773)	(433,242)	(5.8%)	(4.7%)
Expenses without variable remuneration and severance compensation	(334,218)	(337,135)	(348,892)	(0.9%)	(3.4%)
Wages and salaries	(258,024)	(259,546)	(266,807)	(0.6%)	(2.7%)
Social security charges	(59,546)	(60,203)	(64,201)	(1.1%)	(6.2%)
Other welfare expenses	(16,648)	(17,386)	(17,884)	(4.2%)	(2.8%)
Variable remuneration	(38,814)	(45,877)	(46,010)	(15.4%)	(0.3%)
Severance compensation	(15,677)	(29,761)	(38,340)	(47.3%)	(22.4%)

In 2014, 2015 and 2016, Prisa continued its significant efforts to optimise its workforce and reduce the wage bill. These efforts focused on adapting the workforce to the new market environment and a more digital business model, compared to the traditional business model (particularly in Press). As a result of these efforts, these expenses fell by 5.8% in 2016 compared to the previous year. Staff expenses fell by 4.7% in 2015 compared to 2014. All items of staff expenses fell in the 2014-2016 period.

Details of changes in the workforce (measured as equivalent man-months) in the 2014-2016 period are shown below:

Equivalent man-months (by business unit)	**2016**	**2015**	**2014**	**Change (%) (2015-2016)**	**Change (%) (2014-2015)**
Santillana	3,906	3,843	3,899	1.6%	(1.4%)
Radio	2,394	2,394	2,497	0.0%	(4.1%)
News	859	846	878	1.5%	(3.6%)
Audiovisual	1,068	1,074	2,824	(0.6%)	(62.0%)
Other	470	489	495	(3.9%)	(1.2%)
TOTAL	**8,697**	**8,646**	**10,593**	**0.6%**	**(18.4%)**
DTS			**1,734**	**---**	**---**

The 18.4% reduction experienced in the workforce (measured in equivalent man-months) in the 2014-2015 period (a decrease of 1,947 in absolute terms) relates to the retirement of DTS from the consolidation scope in 2014.

Provision for depreciation of fixed assets

Depreciation of fixed assets fell between 2014 and 2016. This was down 7.42 million euros in 2016 (particularly in Santillana as a result of less classroom equipment and investment in prototypes) and 11.93 million euros in 2015 compared to 2014 (mainly in News due to the accelerated depreciation of technical printing equipment).

Change in trade provisions

Trade provisions fell by 5.26 million euros in 2016 compared to 2015 (in 2015 there were expenses for extraordinary tax provisions amounting to 13.00 million euros). Provisions increased by 14.62 million euros in the 2014-2015 period, due to higher provisions for returns in Santillana (as a result of higher sales) and the tax impairments already discussed.

Other expenses

Other expenses mainly include extraordinary losses on fixed assets and allocations to consolidation goodwill.

An amount of 3.49 million euros was recognised in 2016, of which 2.62 million euros was generated at Santillana (value impairment to tangible and intangible fixed assets, mainly IT applications and prototypes).

An amount of 3.09 million euros was recognised in 2015, which was mainly generated in Santillana (value impairment to tangible and intangible fixed assets, mainly IT applications and prototypes).

An amount of 33.21 million euros was recognised for this item in 2014. Fixed asset losses include 26.16 million euros in 2014 (mainly asset value impairment in Radio USA and Argentina, lower value of digital platforms in Radio, News and Prisa Digital, and value losses on printing plants in Madrid and Barcelona). Goodwill includes 7.05 million euros in 2014 (mainly in Santillana, 6.79 million euros due to a reduction in the goodwill regarding the investment in Objetiva following the sale of Generales).

EBITDA

EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

EBITDA in 2016 was similar to the figure for 2015 (0.45 million euros, up 0.2%). However, splitting out the negative exchange rate effect (-14.46 million euros), EBITDA at constant exchange rates increased by 6.0%. All the businesses, except Radio (which fell by 13.25 million euros at constant exchange rates), increased their EBITDA (at constant exchange rates): Santillana (18.71 million euros, 11.2%), News (8.15 million euros 127.4%), Media Capital (0.80 million euros, 1.9%) and Corporation with Video (0.49 million euros, 2.3%).

EBITDA increased by 65.03 million euros in 2015 compared to 2014 (35.5%). The exchange rate effect had a negative impact of 8.46 million euros. However, at constant exchange rates EBITDA increased by 73.5 million euros in the period (40.1%). At constant exchange rates, Santillana remains in line with 2014 (despite 2014 including the effect of Ediciones Generales, 35.38 million euros in EBITDA including the gain on the sale). At constant exchange rates, Radio improved by 13.7 million euros (30.0%), News by 4.9 million euros (340%) and Corporation with Video by 55.77 million euros, of which 44.99 million euros relates to the litigation with Mediapro recognised in 2014.

Operating income (EBIT)

Operating income (EBIT) improved in the period from 2014 to 2016.

Operating income (EBIT) rose from 120.83 million euros in 2015 to 133.47 million euros in 2016. The change to EBITDA explains 0.45 million euros of this 12.65 million euro improvement. The difference relates to lower depreciation and amortisation (7.42 million euros) and lower provisions (5.26 million euros) as previously discussed.

Operating income (EBIT) rose from 28.72 million euros in 2014 to 120.83 million euros in 2015. The change to EBITDA explains 65.03 million euros of this 92.11 million euro improvement. The difference relates to lower depreciation and amortisation (11.93 million euros), and smaller losses on fixed assets and impairment of goodwill (-30.12 million euros), offsetting the higher provisions (14.62 million euros) previously discussed.

9.2.1 Information on significant factors, including unusual or infrequent events or new developments, that materially affect the issuer's income from operations, indicating the extent to which income was affected by these

See section 9.2.3 of this Registration Document for information on significant factors that have had a major impact on Prisa's income.

See sections 6.1.1, 6.2, 20.3 and 20.6 of this Registration Document for explanations of the extent to which these factors have impacted Prisa's income.

9.2.2 Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes

See sections 6.3, 9.2, 20.3 and 20.6 of this Registration Document.

9.2.3 Information on any government, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations

The main factors and actions of a governmental, economic, fiscal, monetary or political nature that might, directly or indirectly, impact the outlook for the Group are set out in the risk factors described in the following subsections of section II.1 ("*Risk factors*") of this Registration Document: (B)(i), (B)(ii), (C.1)(ii), and (C.3)(viii).

10. SOURCES OF FINANCING

10.1 Information concerning the issuer's sources of financing (both short and long term)

Details of the Prisa Group's own funds and external funding on 31 December of the years 2014, 2015 and 2016, and 30 September 2017 are as follows:

	30.09.17	31.12.16	31.12.15	31.12.14
	(thousand euros)	*(thousand euros)*		
	(unaudited)	*(audited)*		
Net equity	**(428,028)**	**(336,045)**	**(394,587)**	**(617,771)**
Equity attributable to the Parent	(507,218)	(425,125)	(461,523)	(476,434)
Subscribed share capital	235,008	235,008	235,008	215,808
Other reserves	(725,469)	(705,059)	(800,689)	80,955
Retained earnings (losses)	13,480	47,470	144,206	(765,239)
- from previous years	68,472	115,329	138,912	1,471,593
- in the year: profit attributable to the Parent	(54,992)	(67,859)	5,294	(2,236,832)
Treasury stock	(912)	(1,735)	(2,386)	(3,116)
Exchange rate gains (losses)	(29,325)	(809)	(37,662)	(4,842)
Minority interests	79,190	89,080	66,936	(141,337)
Non-current liabilities	**1,810,603**	**1,909,125**	**2,176,489**	**2,984,524**
Non-current payables to credit institutions	1,586,566	1,653,535	1,907,758	2,645,505
Non-current financial liabilities	121,816	136,149	131,822	118,364
Deferred tax liabilities	18,627	21,055	36,452	60,013

	30.09.17	31.12.16	31.12.15	31.12.14
Non-current provisions	44,824	56,516	59,746	115,964
Other non-current liabilities	38,770	41,870	40,711	44,678
Current liabilities	**587,428**	**553,351**	**581,490**	**1,224,817**
Trade payables	212,226	301,636	296,062	317,521
Associate companies	1,408	1,609	2,893	2,008
Other non-trade payables	49,726	67,945	65,737	67,200
Current payables to credit institutions	50,115	68,488	100,765	108,756
Current financial liabilities	17,559	23,104	23,117	914
Public administrations	43,956	61,633	62,623	57,314
Provisions for returns	18,958	8,071	7,511	6,945
Other current liabilities	25,459	20,865	22,782	45,681
Liability linked to non-current assets held for sale	168,021	–	–	618,478
TOTAL NET ASSETS AND LIABILITIES	**1,970,003**	***2,126,431***	***2,363,392***	***3,591,570***

At 31 December 2014, the liabilities of DTS, Distribuidora de Televisión Digital, S.A., were classified as liabilities linked to non-current assets held for sale on the Group's consolidated balance sheet, as a result of the signing of the sales agreement for DTS with Telefónica in that financial year. The sale of DTS took place on 30 April 2015, once the conditions precedent had been met.

As at 30 September 2017, the liabilities of Media Capital and Vertix were classified as liabilities linked to non-current assets held for sale in the Group's consolidated balance sheet, as a result of the contract with Altice NV for the sale of all of Prisa's equity holdings in Media Capital (see section 7.2 of this Registration Document).

(A) Equity of the Prisa Group

Relevant operations in 2015

Both the total share capital and the number of shares in Prisa changed in 2015, as a result of:

C*apital reduction*

A capital reduction of 1.30 euros, through the redemption of 13 shares each with a par value of 0.10 euros from the treasury share portfolio, from 215,807,875.30 euros to 215,807,874 euros, in order to increase the legal reserve, pursuant to the resolution adopted at the General Shareholders' Meeting of Prisa held on 20 April 2015, and resulting from the technical need to enable the grouping of shares deriving from the reverse split approved at that General Shareholders' Meeting.

Share consolidation and exchange, or reverse split

Consolidation and cancellation of the 2,158,078,740 shares into which the share capital was divided, pursuant to the aforementioned reduction in share capital, to be exchanged for 71,935,958 newly issued shares on terms of one new share for every 30 old shares, increasing the par value of the shares from €0.10 to €3, without modifying total share capital, which remained at 215,807,874 euros, with the accompanying reduction in the number of company shares in circulation. The share exchange took place on 22 May 2015.

Change of denomination of the shares

As a result of the amendment of the articles of association also approved at the General Shareholders' Meeting held on 20 April 2015, the company's share capital was represented by ordinary shares all belonging to the same class and series, and any reference to class A shares was removed.

Capital increase subscribed by the shareholder International Media Group, S.à.r.l.

Under the authorisation to increase share capital granted to it at the General Meeting of Shareholders on 20 April 2015, on 14 November 2015 Prisa's Board of Directors approved a capital increase totalling (nominal value plus share premium) 64 million euros, at an issue price of 10.00 euros per share, excluding preemptive rights, This was subscribed by International Media Group, S.à.r.l. and paid up in full through a cash contribution at the time of the issue.

The capital increase was carried out through the issue and circulation of ordinary shares, with a mandatory report from the auditors designated by the Trade Register, confirming that the issue price complied with the provisions of the Spanish Companies Act.

Following these moves, share capital stood at 235.008 million euros, represented by 78,335,958 ordinary shares, each with a par value of 3 euros.

Other reserves

The change in other reserves in 2015 was due, mainly, to the share premium resulting from the capital increase subscribed by International Media Group, as already described, and to Prisa's individual results for 2014.

Minority interests

See section 20.3.1. of this Registration Document

See section 20.3.4 of this Registration Document for more information on changes in Equity.

Relevant operations in 2016

Issuance of bonds mandatorily convertible into Prisa shares

On 1 April 2016, a resolution was passed at Prisa's General Meeting to issue mandatory bonds convertible into Prisa new shares and the subscribing thereof through the exchanging of loans. Said issue finally came to 100.742 million euros, divided into 32.112 million euros in the A Series (underwritten by HSBC Bank Plc., various institutions of the Santander group and Caixabank, S.A.) and 68.630 million euros in the B Series, fully underwritten by HSBC Bank Plc.

This issue was aimed exclusively at certain Prisa creditors, which subscribed a total of 10,074,209 bonds, in exchange for specific loans having a total value of 100.742 million euros. This issue was subscribed in two tranches in April:

- Tranche A: amounting to 32.112 million euros, which was underwritten by HSBC Bank Plc., Caixabank, S.A. and a number of Santander Group companies, involving the exchange of all of the subordinated debt originating from capitalised interest on the company's 2012 bond issue.

- Tranche B: amounting to 68.630 million euros, underwritten by HSBC and involving the exchange of some of its participation loans.

The maturity date of the bonds is 7 April 2018, without prejudice to the early conversion rights provided for in the agreement, with a unit conversion price of 10 euros per share, accruing annual interest payable in new company shares on the conversion date. As of 30 September 2017, the interest accrued amounted to 3.718 million euros, payable at the time of conversion.

This bond issue was treated as an equity instrument, as its conversion into a fixed number of shares is mandatory, and there is no contractual obligation to deliver cash or any other financial asset.

As a result of recognising the transaction at the fair value of the equity instruments to be issued, an increase in equity of 100.742 million euros was recognised in "Other reserves" on 30 June 2016.

Relevant operations in 2017

Process for the sale of Media Capital

The agreement signed for the sale of Media Capital involved recognition of a book loss that reduced the Group's net worth at 30 September 2017 by 73.221 million euros. The book loss recognised in the parent was 85.587 million euros, which left its net worth for the purposes of triggering its dissolution or a reduction of capital at 30 September at 55.444 million euros. This is less than half of the company's share capital and it is therefore grounds for dissolution.

Capital and reserve reductions

At the General Shareholders Meeting held on 15 November 2017, the shareholders agreed to (i) the offsetting of losses against the voluntary reserves of 1.5787 billion euros and against the legal reserve of 5.3 million euros; (ii) a share capital reduction of 154.3 million euros through a reduction of the nominal value of the Company's shares of 1.97 euros down to 1.03 euros per share, to offset losses, and (ii) a subsequent capital reduction of 7 million euros through a reduction of the nominal value of the Company's shares of 0.09 euros down to 0.94 euros per share, to increase the legal reserve.

Conversion of mandatorily convertible bonds into Prisa shares issued in 2016

On 31 October 2017, the holders of the bonds mandatorily convertible into Prisa shares issued in 2016 for the amount of 100.7 million euros exercised the option of early conversion to which they were entitled in accordance with the conversion bases and formats. The result of said conversion was the execution of a capital increase for an effective amount of 9,861,920.70 euros on 17th November 2017, through the issuance of 10,491,405 new ordinary shares in the Company, and the resulting early redemption of all the bonds.

Capital increases

The Company agreed a cash Capital Increase for a cash amount of up to 563.2 million euros, which is the object of the public offering described in the Share Securities Note of this

Prospectus, in addition to a capital increase through the voluntary offsetting of credit for a total amount of 100 million euros which, as at the date of this Registration Document, is pending implementation. For more details, see section *5.1.5 - 2017 and 2018* of the Registration Document.

On the date of this Registration Document, the share capital is 83,497,721.22 euros and is represented by 88,827,363 ordinary shares, all belonging to the same class and series, each with a par value of 0.94 euros. The share capital is fully subscribed and paid up. The shares are listed on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia) through the Spanish Automated Quotation System (SIBE).

(B) The Prisa Group debt

The main sources of the Group's debt, in addition to its liabilities with credit institutions are:

- **Non-current financial liabilities**: these include:

  The financial liability for the minimum annual dividend for DLJSAP's holding in Grupo Santillana Educación Global, S.L.

  The 2010 sale of 25% of the share capital of Grupo Santillana Educación Global, S.L. included an obligation to pay a preferred annual dividend of 25.8 million dollars. As a result, at 30 September 2017, the Group recognised a financial liability of 121.468 million euros (136.149 million euros at 31 December 2016, 131.822 million euros at 31 December 2015 and 118.206 million euros at 31 December 2014), calculated as the present value of the annual preferred dividends discounted at interest rates applicable to credit instruments with similar characteristics. This liability is denominated in dollars and any differences that arise in the year due to exchange rate movements are recognised as financial income or losses in the consolidated income statement.

  The heading **"Current financial liabilities"** includes the payment obligation accrued for this dividend and pending payment (16.398 million euros at 30 September 2017).

- **Deferred tax liabilities and other amounts payable to public administration bodies**: the analysis of these accounts is detailed in section 20.3.1 of this Registration Document.

- **Non-current provisions** (see section 20.3.1 of this Registration Document) mainly include:

  - Tax provisions: these correspond to the estimated amount of tax liabilities that might result from tax inspections of Group companies the exact amount or payment dates of which have not yet been determined and which depend on compliance with certain conditions.

  - Provisions for severance and liability items: these refer to the estimated amount required to meet claims deriving from the obligations assumed by Group companies in the performance of their business activities, and certain or probable liability arising from current litigation, compensation for employees whose employment is expected to be terminated and other pending obligations of an indeterminate amount, such as guarantees and other similar security payable by the Group.

- **Other non-current liabilities**: these mainly include long-term liabilities arising from the November 2013 agreement between Prisa Radio, S.A. and 3i Group plc for the acquisition by Prisa Radio, S.A. of 3i Group plc treasury shares for 35.176 million euros at 30 September 2017 (37.984 million euros at 31 December 2016, 36.836 million euros at 31 December 2015 and 37.164 million euros at 31 December 2014). See section 22 of this Registration Document for more information.
- **Trade payables**: this item includes debts accrued with suppliers of goods and services.

  The information required under the Additional provision three of Act 15/2010, of 5 July (as amended by the final provision two of Act 31/2014, of 3 December) is provided below. This has been prepared in accordance with the ICAC resolution of 29 January 2016 on average payment periods for suppliers in business transactions:

	31.12.2016	**31.12.2015**
	Days	
Average supplier payment period	82	82
Ratio of transactions paid	80	82
Ratio of transactions pending payment	101	83
	Value (thousand euros)	
Total payments made	364,428	379,562
Total payments pending	49,925	59,020

The average payment period for suppliers is calculated by taking into account the payments made in each financial year for the provision of goods and services, and the amount of such transactions pending payment at the close of each year in the "Trade payables" line item on the consolidated balance sheet. This only refers to Spanish companies in the consolidation group.

The "average payment period for suppliers" is understood to mean the period between the delivery of the goods or provision of the services entrusted to the supplier and the actual payment for these.

The "Ratio of operations paid" is calculated as the ratio of: (a) the sum of the products of (x), the amounts paid by (y) and the number of payment days (the calendar days from the start date of the payment period until actual payment for the transaction) as the numerator; and (b) the total value of payments made during the financial year as the denominator.

The "Ratio of transactions pending payment" is calculated as the ratio of: (a) the sum of the products of (x), the amounts pending payment by (y), and the number of days pending payment (the calendar days from the start date of the payment period until the last day of the period referred to in the financial statements) as the numerator; and (b) the total value of payments pending at the end of the financial year as the denominator.

The maximum legal payment period applicable in 2015 and 2016 was 60 days, as set down in Law 3/2004, of 29 December on measures to combat late payment in business transactions. The Group's average payment period for its suppliers exceeds the maximum allowed in law, partly due to agreements reached with suppliers on postponing and implementing payments.

See section 10.2 of this Registration Document for more information.

- **Other non-trade payables**: this heading mainly includes remuneration pending payment. This item also includes the short-term liability deriving from the agreement between Prisa Radio, S.A. and 3i Group PLC for the acquisition by Prisa Radio, S.A. of 3i Group PLC shares in treasury stock for the sum of 2.227 million euros at 30 September 2017 (2.469 million euros at 31 December 2016, 2.676 million euros at 31 December 2015 and 2.451 million euros at 31 December 2014), and other amounts payable to suppliers of fixed assets.
- **Other current liabilities**: this includes accrual adjustments generated, mainly, in the Education business.
- **Current and non-current payables to credit institutions:** Changes in bank borrowings are shown in the following table:

(thousand euros)	**30.09.2017**	**31.12.2016**	**31.12.2015**	**31.12.2014**
Prisa syndicated loan (Tranche 1)	-	-	-	371,785
Prisa syndicated loan (Tranche 2)	956,512	956,512	956,512	646,739
Prisa syndicated loan (Tranche 3)	176,985	176,985	275,443	1,029,440
Participation loan (PPL)	439,775	439,775	534,439	509,931
Subordinated loan	-	-	31,126	31,094
Loans, credit facilities, leasing and others	83,874	178,847	259,272	273,578
Arrangement costs	(20,465)	(30,096)	(48,269)	(108,306)
Total	**1,636,681**	**1,722,023**	**2,008,523**	**2,754,261**

As of 30 September 2017, Media Capital's payables to credit institutions were recognised as a liability held for sale, with a value of 111.174 million euros (see section 7.2 of this Registration Document).

Of the total payables to credit institutions at 30 September 2017, 97.56% was denominated in euros (97.97% at 31 December 2016, 95.86% at 31 December 2015 and 96.93% at 31 December 2014) with the remainder in foreign currency.

The average interest rate on the Group's financial debt with credit institutions in 2016, 2015 and 2014 was 3.13%, 3.44% and 3.56%, respectively, and 3.01% at 30 September 2017.

Of total payables to credit institutions at 30 September 2017, 61.31% was at variable interest rates (59.85% at 31 December 2016, 57.63% at 31 December 2015 and 44.56% at 31 December 2014), with the remainder at fixed interest rates.

Balances for payables to credit institutions are presented at amortised cost on the consolidated balance sheet, adjusted for costs incurred in opening and formalising the loans.

The theoretical calculation of the fair value of the financial debt was made in accordance with IFRS 13 (measurement at fair value). This involved using the Euribor curve and the discount factor provided by a financial institution, and own credit risk derived from a report by an independent expert into transactions in the secondary debt market (level 2 variables, estimates based on other observable market methods). According to this calculation, the fair value of the Group's financial debt at 30 September 2017 was 1,533.524 million euros, resulting from applying an average discount of 7.46% to the actual payment obligation on the principal to lenders.

The balances for payables to credit institutions at 30 September 2017, in thousand euros, together with their limits and expected maturities are:

(thousand euros)	Maturity	Limit granted	Drawn down with short-term maturity	Drawn down with long-term maturity
Prisa syndicated loan (Tranche 2)	December 2018	956,512	-	956,512
Prisa syndicated loan (Tranche 3)	December 2019	176,985	-	176,985
Participation loan (Profit participating loan)	December 2019	439,775	-	439,775
Credit facility	2017	55,535	27,224	0
Loans	2017 - 2024	26,215	12,324	13,891
Leasing, interest and others	2017 - 2019	-	10,567	19,868
Arrangement costs	2017 - 2019	-	0	(20,465)
Total		**1,655,022**	**50,115**	**1,586,566**

Moreover, as of 30 September 2017, Prisa's net bank borrowings totalled 1,454.7 million euros (equivalent to 6.22 times the adjusted EBITDA LTM).

In spite of this, Prisa estimates that the position of the Group's net bank borrowings in the short term could be significantly affected if the adjustments indicated further on are taken into consideration. For the record, the adjusted figures for the net bank borrowings figure are presented only for purposes of information and do not correspond to the Company's accounting data.

- In the first Refinancing option (i.e., in the event that the Company will have received the funds proceeding from the sale of Media Capital not later than 30 June 2018), the adjusted net bank borrowings as at 30 September 2017, adjusted for the following items, would be situated at 661.2 million euros (equivalent to 2.8 times the adjusted EBITDA LTM — without including in the calculation the EBITDA of Media Capital— of the twelve-month period before September 2017):

  (i) Capital Increase: adjustment that would reduce the Group's net bank borrowings by 546 million euros, equivalent to the net funds that the Company expects to obtain with the Capital Increase subject of this Prospectus;

  (ii) Media Capital: adjustment that would reduce the Group's net bank borrowings by the amount of 313,7 million euros, equivalent to the net funds of the execution costs that the Company forecasts that it will receive in the first Refinancing scenario.

(iii) Deferred payment for the purchase of shares in Prisa Radio: adjustment that would increase the Group's net bank borrowings by 36.5 million euros, deriving from the deferred payment of the purchase commitment for shares of Prisa Radio owned by the Entities 3i (see Section 22 of the Registration Document).

(iv) Costs of the Refinancing process and succession plan: adjustment that would increase the Group's net bank borrowings by 29.7 million euros, as a result of the costs the company estimates it will incur in the context of the Refinancing process (19.5 million euros) and the execution of the succession plan for the former chairman of the Board of Directors (10.2 million euros).

- In the second Refinancing option, the adjusted net bank borrowings as of 30 September 2017, adjusted for the following items, would be situated at 1,087 million euros (equivalent to 3.9 times the adjusted EBITDA LTM —including in the calculation the EBITDA of Media Capital— of the twelve-month period before September 2017):

  (i) the previous adjustments (i), (iii) and (iv) and

  (ii) Media Capital: adjustment that would increase the Group's net bank borrowings by 112.1 million euros, mainly as a result of Media Capital's net financial debt as at 30 September 2017, in order to show what the Group's net bank borrowings would be in the event that the sale of Media Capital should not be concluded and the process for the sale of the company should be discontinued.

The adjusted data on net bank borrowings included above are considered as APMs. For the definition, explanation, use, and reconciliation of this APM, please see paragraph 26 of this Registration Document.

The most significant loans and credits with financial entities are:

Syndicated loan (Tranche 1)

As part of the restructure of its financial debt, in December 2013 Prisa signed a syndicated loan agreement with a group of 16 financial investors for an amount of 353.261 million euros, with "super senior" rank compared to the other debt refinanced. This loan was drawn in full. In 2014, the debt was increased by 18.524 million euros under the capitalisation terms for a portion of the interest that would accrue under Tranche 1 (PIK interest[14]).

In May 2015, Prisa repaid Tranche 1 in full and in advance, for an amount of 385.542 million euros, with some of the funds generated by the sale of 56% of DTS. This amount included 13.757 million euros in accrued unpaid interest at the date of the repayment and the PIK capitalised in 2015, together with the early repayment fee.

[14] *"Payment in kind":* interest on a loan that is paid through the issue of new debt in favour of the lenders, subject to the same terms and conditions as the debt that generates the interest.

Syndicated loan (Tranches 2 and 3)

In December 2013, in the context of its financial debt refinancing, Prisa and a syndicate of credit institutions concluded a contract for the Group's financial debt refinancing, subject to English law, called *Override Agreement*, which arranged the novation of the financial debt that existed at that moment (a syndicated loan, a bridge loan and different credit facilities) for a joint amount of 2,924,732 thousand euros. The novation of the debt was structured through the bundling of all of these instruments into a single new syndicated contract, comprising the following two tranches:

- 646.739 million euros (Tranche 2) with long-term maturity (5 years) and a cost benchmarked against Euribor plus a margin negotiated with the lenders; and
- 2,277.993 million euros (Tranche 3) with long-term maturity (6 years) and a cost in the form of a margin negotiated with the lenders and a capitalisable fixed cost (PIK).

In the framework of the Refinancing process, which is described in Section 5.1.5 - 2017 and 2018 (vi), a substantial modification of the terms and conditions of Tranche 2 and Tranche 3 is expected. On the date of this Prospectus the Refinancing is pending execution. For a breakdown of the main terms and conditions of the Refinancing, see the aforementioned section.

Tranche 2

Under the refinancing agreements signed by the company, following the mandatory repayment of Tranche 1 and the sale of the general publishing business, the amount of Tranche 2 was increased (reducing Tranche 3 at the same time) to 956.512 million euros.

The amount of Tranche 2 of the company's debt was therefore modified by the following:

- Repayment of debt amounting to 142.968 million euros in 2015:
    - Prisa repurchased 105.939 million euros of debt, at an average discount of 14.4%, with some of the proceeds from the sale of 3.63% of Mediaset Spain.
    - Prisa repaid 25.517 million euros, at an average discount of 12.94%, with some of the proceeds from the sale of 56% of DTS.
    - In 2014, Prisa repaid 11.512 million euros at par with some of the proceeds from the sale of the general publishing business.
- Repayment of debt of 50.285 million euros in 2016 with some of the proceeds from the sale of 56% of DTS and the favourable outcome of adjustments to the price of the transaction, with an average discount of 15.7%.
- Transfer of 452.741 million euros in 2015 and a further 50.285 million euros in 2016 from Tranche 3, to reach the new level of debt described above.

As is mentioned in the Risk Factors, Tranche 2 is due in December of FY 2018. In this respect, the Lock-up Agreement plans an extension of the maturity of Prisa's financial debt, including Tranche 2. In the event that the Refinancing enters into force, the maturity of this tranche will be extended until 30 November of 2022. See Section *5.1.5 – 2017 and 2018 (vi)* for more information on the modifications in the terms and conditions of Tranche 2 that would apply in this case.

Tranche 3

The Group carried out the following transactions to comply with these debt reduction commitments:

- Repayment of debt of 776.675 million euros in 2014:
  - Prisa repurchased a total of 643.543 million euros of debt, at an average discount of 25.70%, with the net proceeds from the sale of 13.68% of Mediaset Spain.
  - Prisa repurchased 133.133 million euros of debt with proceeds from the capital increase subscribed by Occher, at a discount of 25.00%.
- Repayment of debt of 305.405 million euros in 2015:
  - Prisa repurchased 94.685 million euros of debt, at an average discount of 22.61%, with the net proceeds from the sale of 3.63% of Mediaset Spain.
  - Prisa paid off 210.720 million euros with a portion of the proceeds from the sale of 56% of DTS, with 71.168 million euros repaid at a discount of 13.07%.
- Repayment of debt of 57.414 million euros in 2016 with some of the proceeds from the DTS sale and the favourable outcome of price adjustments: 37.751 million euros of debt were repaid at an average discount of 13.5%, and the rest at par.
- Furthermore, as set down in the refinancing agreement, the mandatory repayment of all of Tranche 1 with the proceeds from the sale of DTS and the partial repayment of Tranche 2 through the transactions described above led to the transfer of 452.741 million euros of debt from Tranche 3 to Tranche 2 in 2015, and 50.285 million euros in 2016.
- As described later in this document, in response to the financial position of the parent company following the sale of 56% of DTS, two processes of automatic conversion of part of the Tranche 3 debt into participation loans for 506.834 million euros and 19.750 million euros were formalised in September 2014 and April 2015, respectively, as provided for in the company's refinancing agreement. In 2016, 4.406 million euros was transferred from the participation loans to Tranche 3.

The refinancing agreement included a number of debt reduction commitments, amounting to 900 million euros in 2015 and a further 600 million euros in 2016. These had been complied with ahead of schedule on 31 December 2015.

The Tranche 3 PIK interest capitalisation terms resulted in debt increasing by 4.835 million euros in 2016 (15.511 million euros in 2015 and 34.957 million euros in 2014).

Following these movements, the amount of Tranche 3 stood at 176.985 million euros at 30 September 2017 and 31 December 2016 (275.443 million euros at 31 December 2015 and 1,029.440 million euros at 31 December 2014).

See Section 5.1.5 – 2017 and 2018 (vi) regarding the main terms and conditions of the new Tranche 3 that would apply in the event that the Refinancing were put into effect.

Participation loan (PPL)

In June 2014, the loss of 750.383 million euros reported by Prisa following the agreement for the sale of 56% of DTS, resulted in Prisa having negative equity of 593.513 million euros, and therefore the company qualified for dissolution under the provisions of Spain's Companies Act.

In a bid to re-balance its equity, and pursuant to the provisions of its financing agreements, the Group triggered the automatic mechanism for converting part of Tranche 3 of the Company's debt into participation loans. The process of conversion of the debt into a participation loan for the amount of 506.834 million euros was formalised on 15 September 2014, thereby removing the grounds for dissolution.

As of 31 December 2014, as a result of, among other items, a revision of the sale price of DTS and recognition of additional impairment of 23.789 million euros, the equity of the Parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Companies Act (including the participation loans current at the end of the year) stood at 31.554 million euros.

In order to re-balance its equity position, the mechanism for automatic conversion of part of Tranche 3 of the Company's debt into participation loans was triggered again. Thus, a further amount of 19.750 million euros of Tranche 3 was converted into a participation loan on 20 April 2015, after taking account of the transactions that had been executed up until that date and were designed to reduce this amount as much as possible.

In 2016, 68.630 million euros of participation loans were exchanged through subscription of the Company's issue of the convertible bond mandatorily convertible into shares (see section 21.1.4 of this Registration Document). In addition, 33.096 million euros of participation loans was cancelled as a result of their acquisition by the Company, using some of the proceeds from the capital increase subscribed by International Media Group, S.à.r.l. in 2015 (for the sum of 64 million euros), with an average discount of 23.2%, transferring 4.406 million euros of debt to Tranche 3.

The financial cost of the Participation Loan (PPL) is identical to that for Tranche 3. In 2016, capitalised PIK interest increased debt by 10.924 million euros (13.146 million euros in 2015 and 3.097 million euros in 2014).

The balance of the PPL at 30 September 2017 and 31 December 2016 was 439,775 thousand euros (534,439 thousand euros at 31 December 2015, and, at 31 December 2014, 509,931 thousand euros).

On 15 November 2017, Prisa's General Shareholders' Meeting approved a capital increase to offset its loans, which was aimed exclusively at creditors of the PPL, up to an amount of 100 million euros. In spite of this, as indicated in Section 5.1.5 – 2017 and 2018 (vi) the terms and conditions of the Lock-up Agreement concluded in the framework of the Refinancing process does not envision the conversion of the PPLs, and hence at the date of this Prospectus we do not foresee that said conversion will occur.

See Section 5.1.5 – 2017 and 2018 (vi) for more information on the main terms and conditions envisaged in the Lock-up Agreement regarding the PPLs.

The guarantee structure for Tranches 2 and 3 and the PPL is:

Personal security

Tranches 2 and 3 and the PPL of Prisa's debt, which correspond to the debt refinanced in December 2013, are jointly and severally guaranteed by the Group companies Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L., Diario El País, S.L., Distribuciones Aliadas, S.A., Grupo Empresarial de Medios Impresos, S.L., Norprensa, S.A. and Prisa Participadas, S.L.U. Under the Refinancing, Prisa Participadas would no longer act as personal guarantor, as described in Section *5.1.5 -2017 y 2018 - (vi) Refinancing.*

However, in December 2017 an entry was made in the Companies Registry to register the liquidation of the company Dédalo Grupo Gráfico, S.L. The company that received the portion of the liquidation proceeds, Prisaprint, S.L., then became the personal guarantor of the debt.

In addition, Prisa Radio, S.A. and Vertix guarantee Tranches 2 and 3 and the PPL, subject to the following limits:

- The guarantee furnished by Prisa Radio, S.A. is limited to a maximum amount equal to the lesser of the following:
  - 1,314.706 million euros; and
  - 73.49% of its equity at any time; and

  Bear in mind that, within the framework of the Refinancing described in section *5.1.5 -2017 and 2018 (vi) Refinancing,* Prisa Radio will cease to be guarantor of the Group's syndicated debt.
- The guarantee granted by Vertix is limited to a maximum of 600 million euros.

Likewise, once the Refinancing takes effect and the company restructuring described in *5.1.5 -2017 and 2018 - (vi) and (vii)* is carried out, a newly formed company wholly owned by Prisa, called Prisa Holding, will assume the position of guarantor of the debt of Holdco and, in the event that the second option is implemented, Prisa itself. Moreover, Prisa will become the guarantor of the debt of Holdco.

Guarantees in rem

As a consequence of the new syndicated loan (Tranche 1), which was repaid in advance in May 2015, and the novation of the other Tranches of the new syndicated loan, in December 2013 Prisa granted a security interest on certain of its current accounts, whilst Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L. (now Prisaprint, S.L.), Distribuciones Aliadas, S.A. and Norprensa, S.A. granted mortgages and security interests on certain buildings and credit claims deriving from certain material contracts in guarantee of the creditors referred to.

Thus a security interest was granted on Prisa's shares in Audiovisual Sport, S.L. on 10 January 2014 (80% of its share capital).

A security *in rem* was also set up for Prisa shares in Santillana (75% of share capital), in Prisa Radio, S.A. (73.49% of its share capital) and Grupo Media Capital SGPS, S.A. (84.69% of its share capital), such guarantees currently being used as security for Tranches 2 and 3 and the PPL.

Lastly, a guarantee was granted on certain properties and credit claims to the lenders in the financing for Dédalo Grupo Gráfico, S.L.

Once the Refinancing takes effect, the majority of the guarantees *in rem* that currently secure the Override Agreement will continue in force.

Subordinated debt

In 2016, all of Prisa's subordinated debt was cancelled by the creditor banks (HSBC, Caixabank and several Grupo Santander institutions) via the take-up by them of the issue of bonds mandatorily convertible into new ordinary shares, for an amount of 32.112 million euros.

This debt originated from interest, known as "coupons", on the convertible bonds subscribed by these entities in 2012 as the company's bank lenders. As part of the 2013 refinancing process, it was agreed that this interest would be converted into subordinated debt before it fell due, this debt maturing later than the debt deriving from the new senior loan. To this end, on 7 July 2014 Prisa and its bank creditors agreed to convert the amount of this capitalised interest into subordinated debt.

Credit facilities

These mainly involve balances drawn on the credit facilities used to fund the operating needs of Prisa Group companies outside Spain (which were not part of the 2013 refinancing and consolidation into the new syndicated loan). The interest rate on these facilities is either Euribor or Libor plus a market margin.

Capital management policy

The main objective of the Group's capital management policy is to ensure an adequate capital structure that guarantees the sustainability of its businesses, aligning the interests of its shareholders with those of its various lenders.

The Group has made substantial efforts over recent years to preserve the level of its own funds, such as: the capital increase through conversion of 75 million warrants in January 2012 for 150 million euros; the 2012 issue of bonds mandatorily convertible into shares in July 2014 for 434 million euros; the issue of 315.421 million shares to cover the exercise of 202.292 million warrants issued as part of the refinancing of Prisa's bank debt in 2013; and the capital increases subscribed by Consorcio Transportista Occher, S.A. de C.V. in 2014, and International Media Group S.à.r.l. in 2015 for 100 million euros and 64 million euros, respectively. Furthermore, in 2016 bonds mandatorily convertible into ordinary shares were issued in an exchange of financial debt amounting to 100.742 million euros (see section 21.1.4 of this Registration Document).

In 2015, Prisa also consolidated and exchanged shares (1 for 30) so as to limit the volatility of the share in the market.

Through the refinancing agreement for its financial debt signed in December 2013, the Group improved its liquidity profile and achieved greater flexibility for its debt reduction process. This agreement included covenants to maintain leverage and interest-coverage ratios at certain levels (see section 10.3 of this Registration Document).

Since the signing of the refinancing agreement in 2013, the Group has advanced in its debt reduction process via proceeds from the sale of: 17.3% of Mediaset España; 56% of DTS or of the Ediciones Generales business. It also raised additional funds through the capital increases subscribed by Occher and International Media Group, S.à.r.l., and through the issuance of bonds mandatorily convertible into shares via the exchange of financial debt and issued in 2016 and finally converted into shares in 2017.

In addition, in 2017 Prisa's Board of Directors accepted a binding offer for the sale of Media Capital (see section 5.1.5 of this Registration Document), the proceeds from which will be used to pay down debt.

Also, the General Meeting of Prisa Shareholders' held on 15 November 2017 agreed a series of capital reductions and reserves aimed at adapting the Company's equity structure. These reductions were applied in November 2017.

Lastly, the Company has approved the Capital Increase subject of the public offer described in the Note on Shares in this Prospectus and a capital increase for compensation of loans for a total cash amount of 100,000 thousand euros, aimed exclusively at the creditors of the participation loan.

And, in 2018, the Group signed the Lock-up Agreement, which regulates the basic terms and the procedure to follow in order to refinance and modify the conditions of Prisa's current financial debt under the Override Agreement.

Future payment commitments

The following table shows Prisa's obligations under its firm contractual agreements as of 31 December 2016:

thousand euros	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Financial debt	**1,752,087**	68,553	1,663,096	18,779	1,659
Cash interest obligations from financial debt (1)	**112,121**	48,142	63,616	285	78
Cash collections/payments from derivative financial instruments (2)	**422**	422	-	-	-
Operating leases (3)	**261,250**	31,249	56,431	45,286	128,284
Forward commitments (4)	**76,838**	36,485	39,778	552	23
Guarantees (5)	**72,194**	7,129	-	-	65,065
Other long-term liabilities (6)	**36,449**	-	9,644	-	26,805
TOTAL	**2,311,361**	**191,980**	**1,832,565**	**64,902**	**221,914**

(1) The interest obligations arising from long-term debt are an estimate of future interest payments in cash based on current interest rates and debt levels, and the debt repayment schedule.

(2) This section offers an estimate of cash payments and collections based on expectations of future interest and exchange rates.

(3) This section includes the minimum payments for leases deriving from the assets and services used by Prisa. The most significant of these are the Gran Vía 32, Miguel Yuste, Tres Cantos and Queluz (Portugal) buildings, radio broadcasting services (with the Media Latina lease being the most important), television studios in Portugal and the vehicles of management personnel.

(4) This section provides an estimate of the contractual commitments of Media Capital with suppliers of broadcasting rights. It also includes the payments required under the agreement signed by Prisa and Indra

for the provision of global IT services over seven years, and commitments deriving from the agreement between Prisa Radio and 3i Group PLC (see section 10.1).

(5) Guarantees with indeterminate maturity dates are included under “More than 5 years”.

(6) This section includes long-term provisions for estimated tax debts that might result from the tax inspections underway in several Prisa companies at 31 December 2016. As the due date for these obligations cannot be determined, this amount is included under the heading “More than 5 years”. A provision has also been included for the workforce adjustment that is expected to be undertaken in the next two years.

Of the total amount for future commitments at 31 December 2016, 143.478 million euros relates to Media Capital, of which 107.436 million euros is associated with commitments relating to its financial debt.

Liquidity risk management

Liquidity risk management involves detailed monitoring of the maturity schedule of the Group’s financial debt, and maintenance of credit facilities and other forms of funding to cover its projected cash requirements over the short, medium and long term.

The following table analyses the liquidity of the Prisa Group in 2016 in terms of its debt with credit institutions, which accounts for almost all of its non-derivative financial liabilities. The table has been prepared based on cash outflows without discounting from expected maturities when these are expected to occur before they contractually fall due. The flows include both expected repayments and interest payments. When the amount of the settlement is not fixed, its value has been determined using implied rates calculated from the interest rate curve at the end of 2016.

Maturities	Thousand euros	Euribor implied rate curve
Less than 3 months	36,290	0.00%
3-6 months	22,144	0.00%
6-9 months	42,678	0.00%
9-12 months	15,583	0.00%
1 to 2 years	1,045,056	0.00%
2 to 3 years	681,726	0.00%
More than 3 years	20,731	0.32%
Total	**1,864,208**	

Guarantees and security

At 31 December 2016, Prisa had posted bank guarantees of 72.194 million euros. Of this amount, 50 million euros related to the guarantee presented by Audiovisual Sport, S.L. in compliance with the ruling by Madrid’s Court of First Instance 36 as part of the interim relief requested by Audiovisual Sport, S.L. against Media Producción, S.L., as described in section 20.8 of this Registration Document. Prisa provides a counter guarantee for this guarantee.

It also includes the guarantee signed in March 2014 by Santillana with Banco ITAU as part of the sale of its general publishing activity for the sum of 7.129 million euros. This guarantees the payment of any amount claimed in the context of the sale agreement by Penguin Random House Grupo Editorial, S.A. This guarantee had expired at the date of this Registration Document.

10.2 Explanation of the sources, amounts involved and a narrative description in connection with the issuer's cash flows

Group cash flows and sources are closely linked to the structure and nature of the income and costs in its income statement:

- With regard to sources of funds, the main lines of revenue are:
  - Advertising and sponsorship: collections stemming from placement of advertising material in the Group's various media (TVI, newspapers, magazines, radio, etc.). The average collection period is around 90 days.
  - Books and training: collections from institutional sales, schools, bookshops and other direct points of sale, and from new education systems (the UNO system and Compartir). The collection period is variable and established in the sale agreements.
  - Newspapers and magazines: collections from sales of newspapers and magazines. Collection takes place in the month of the sales.
  - Audiovisual production: collections for production of audiovisual content (television, film). This mainly takes place through Plural Entertainment España, S.L. The collection period is established in the contracts agreed.
  - Other income: collections from the sale of music, organisation and management of events, e-commerce and internet services.
  - Collections from disposals: disposals of non-strategic assets, funds from which have basically been used to pay off part of the Group's financial debt.
  - Flows from financing activities: from capital increases, exercise of warrants and arrangement of new liquidity facilities.
- The main payments relate to:
  - Payments for purchases of paper and other raw materials: Acquisition of paper for the production of the Group's books, magazines and newspapers.
  - Payments for purchasing programme rights: Acquisition of broadcasting rights for programmes and exploitation of image rights.
  - Employees: Remuneration for the Group's workforce.
  - Trade payables: Payments for services contracted by the Group. The main services include:
    - Advertising and promotion
    - Independent professional services: partners, auditors, lawyers, consultants, etc.
    - Transport
  - Structural payments: Leases, supplies, general services, advertising fees, other fees, etc.
  - Financial payments: Remuneration relating to bank loans and other funding sources settled pursuant to contractual terms and conditions.

- Investment payments: Operating investments to ensure that the Group's activities run properly.

Listed below is the Group's working capital on 31 December of 2014, 2015 and 2016 and 30 September 2017:

	30.09.2017	31.12.2016	31.12.2015	31.12.2014
	(thousand euros)	(thousand euros)		
	(unaudited)	*(audited)*		
Inventories	71,350	168,679	153,521	159,242
Trade and other accounts receivable	418,864	418,124	439,637	496,452
Trade payables and associate companies	(213,634)	(303,245)	(298,955)	(319,529)
Other current non-financial payables	(138,099)	(158,514)	(158,653)	(177,140)
Operational working capital	**138,481**	**125,044**	**135,550**	**159,025**
Current financial investments	18,917	19,506	114,453	127,886
Cash and cash equivalents	183,545	246,423	319,001	152,431
Other current financial payables	(17,559)	(23,104)	(23,117)	(914)
Current payables to credit institutions	(50,115)	(68,488)	(100,765)	(108,756)
Financial working capital	**134,788**	**174,337**	**309,572**	**170,647**
Total working capital	**273,269**	**299,381**	**445,122**	**329,672**

Inventories

Details of inventories, in thousand euros, at 31 December 2016, 31 December 2015 and 31 December 2014 are as follows:

(thousand euros)	31.12.2016			31.12.2015			31.12.2014		
	Cost	Provision	**Net**	Cost	Provision	**Net**	Cost	Provision	**Net**
Finished products	188,979	(34,898)	**154,081**	155,406	(8,435)	**146,971**	182,355	(35,740)	**146,615**
Work in progress	3,725	-	**3,725**	219	-	**219**	902	-	**902**
Raw materials and other consumables	13,453	(2,580)	**10,873**	7,822	(1,491)	**6,331**	13,875	(2,150)	**11,725**
Total	206,157	(37,478)	**168,679**	163,447	(9,926)	**153,521**	197,132	(37,890)	**159,242**

The "*Finished products*" account includes publishing products with a net value of 70.133 million euros (63.737 million euros in 2015 and 63.335 million euros in 2014) and audiovisual rights with a net value of 83.090 million euros (82.990 million euros in 2015 and 82.066 million euros in 2014).

The "*Raw materials and other consumables*", account mainly includes paper and spare parts for printing machinery.

Trade and other accounts receivable

The most significant item in the heading "*Trade and other accounts receivable*" is "*Trade receivables for sales and services*", which amounted to 346.975 million euros, net of provisions, at 31 December 2016 (371.743 million at 31 December 2015). Details of the aging of this balance are as follows:

(thousand euros)	**31.12.2016**	**31.12.2015**
0-3 months	285,109	339,267
3-6 months	34,666	18,468
6 months - 1 year	22,686	11,491
1 year - 3 years	4,174	2,338
More than 3 years	340	179
Total	**346,975**	**371,743**

Most of the balances that were more than one year old at 31 December 2016 were for institutional sales by the Education business in the Dominican Republic. These were collected in the first few months of 2017 under an agreement with the country's government. This also includes trade receivables from exchanges in Radio which have a payable balancing item.

Most of the amount that was more than one year old at 31 December 2015 was collected in early 2016.

Current financial investments

This mainly includes current deposits.

Cash and cash equivalents

The balance of "*Cash and cash equivalents*" at 31 December 2016 was 246.423 million euros (319.001 million euros at 31 December 2015 and 152.431 million euros at 31 December 2014). This amount includes 35.658 million euros deriving from the capital increase subscribed by International Media Group, S.à.r.l in December 2015, and approximately 40 million euros belonging to companies in the Radio and Education business units in Latin America.

In 2015, this amount included 55.381 million euros collected from the sale of DTS and a cash inflow of 61.639 million euros from the capital increase subscribed by International Media Group, S.à.r.l, net of costs. Approximately 50 million euros belonged to companies in the Radio and Education business units in Latin America.

Cash flow analysis

The following table shows information on consolidated cash flows for the years 2014, 2015 and 2016 and the first nine months of 2016 and 2017. The positive values are cash inflows, and the negative values are cash outflows.

(thousand euros)	**31.12.2016**	**31.12.2015**	**31.12.2014**
Cash flows from operating activities	192,340	168,070	105,902
Cash flows from investment activities	17,581	812,765	468,055
Cash flows from financing activities	(282,721)	(793,258)	(541,784)
Exchange rate gains or losses	222	(21,007)	(15,824)
Changes in cash flows from continuing operations	**(72,578)**	**166,570**	**16,349**
Changes in cash flows from discontinued operations	**-**	**-**	**(3,211)**
Change in cash flows	**(72,578)**	**166,570**	**13,138**

As of 30 September 2017, changes in the cash flows of Media Capital, are recognised under the discontinued operations heading, as a result of the contract with Altice NV for the sale of all of Prisa's stake in Media Capital (see section 7.2 of this Registration Document).

Pursuant to IFRS 5, the consolidated cash flow statement at 30 September 2016 has been modified to present Media Capital as a discontinued operation for comparative purposes.

	30.09.2017	30.09.2016
	(thousand euros)	
	(unaudited)	
Cash flows from operating activities	29,794	37,819
Cash flows from investment activities	(48,926)	32,013
Cash flows from financing activities	(54,762)	(222,163)
Exchange rate gains or losses	(4,757)	(2,605)
Changes in cash flows from continuing operations	**(78,651)**	**(154,936)**
Changes in cash flows from discontinued operations	**15,773**	**12,036**
Change in cash flows	**(62,878)**	**(142,900)**

Prisa uses free cash flow to assess the funds available to meet financial obligations. Free cash flow is an APM that measures the cash generated by operating activities and by recurring investments (for a definition, explanation, use and reconciliation of this APM, see section 26 of this Registration Document). The following table itemises free cash flow in 2014, 2015 and 2016, and in the first nine months of 2017 and 2016:

(thousand euros)	31.12.2016	31.12.2015	31.12.2014
Cash flows from operating activities	192,340	168,070	105,902
Recurring investments	(72,103)	(80,469)	(74,111)
Total free cash flow	**120.237**	**87.601**	**31.791**

(thousand euros)	30.09.2017	30.09.2016
Cash flows from operating activities	29,794	37,819
Recurring investments	(46,120)	(45,646)
Total free cash flow	**(16.326)**	**(7.827)**

The free cash flow of Media Capital in 2014, 2015 and 2016 was as follows:

(thousand euros)	31.12.2016	31.12.2015	31.12.2014
Cash flows from operating activities	39.560	26.859	18.364
Recurring investments	(6.311)	(5.496)	(5.167)
Total free cash flow Media Capital	**33.249**	**21.363**	**13.197**

Cash flows from operating activities

The following table breaks down the cash flows from operating activities recognised in 2014, 2015 and 2016, and in the first nine months of 2016 and 2017.

(thousand euros)	**31.12.2016**	**31.12.2015**	**31.12.2014**
Profit/loss before tax	**49,749**	**16,178**	**25,695**
Depreciation, amortisation and provisions	**115,387**	**127,585**	**154,663**
Change in working capital	**(14,856)**	**(45,140)**	**(25,612)**
Inventories	(10,124)	5,720	13,392
Receivables	11,809	4,443	403,245
Payables	(16,541)	(55,303)	(447,498)
Other current assets	-	-	5,249
Collections (payments) for corporate income tax	**(31,268)**	**(36,755)**	**(33,635)**
Other adjustments	**73,328**	**106,202**	**(15,209)**
Profit/loss on asset sales	87,057	108,805	39,064
Financial income/loss	(2,163)	(4,107)	(21,605)
Other adjustments	(11,566)	1,504	(32,668)
Cash flows from operating activities	**192,340**	**168,070**	**105,902**

	30.09.2017	**30.09.2016**
	(thousand euros)	
	(unaudited)	
Profit/loss before tax	**67,133**	**50,970**
Depreciation, amortisation and provisions	**75,551**	**85,695**
Change in working capital	**(116,496)**	**(102,160)**
Inventories	14,240	3,471
Receivables	(52,781)	(81,391)
Payables	(77,955)	(24,240)
Collections (payments) for corporate income tax	**(26,026)**	**(19,657)**
Other adjustments	**29,634**	**22,971**
Profit/loss on asset sales	36,987	41,707
Financial income/loss	(1,856)	298
Other adjustments	(5,497)	(19,034)
Cash flows from operating activities	**29,794**	**37,819**

For more information, see sections 9.2 and 20.6 of this Registration Document.

Cash flows from investment activities

The following table breaks down the cash flows from investment activities recognised in 2014, 2015 and 2016, and in the first nine months of 2016 and 2017.

(thousand euros)	**31.12.2016**	**31.12.2015**	**31.12.2014**
Recurring investments	(72,103)	(80,469)	(74,111)
Long term financial investments	(25,801)	(8,743)	(9,656)
Collections from disposals	110,811	893,739	550,172
Other cash flows from investment activities	4,674	8,238	1,650
Cash flows from investment activities	**17,581**	**812,765**	**468,055**

	30.09.2017	30.09.2016
	(thousand euros)	
	(unaudited)	
Recurring investments	(46,120)	(45,646)
Long term financial investments	(6,402)	(29,399)
Collections from disposals	3,487	106,971
Other cash flows from investment activities	109	87
Cash flows from investment activities	**(48,926)**	**32,013**

Recurring investments

The table below details recurring investments by business units in 2014, 2015 and 2016 and in the first nine months of 2016 and 2017:

(thousand euros)	31.12.2016	31.12.2015	31.12.2014
Education	53,298	59,157	59,216
Radio	6,437	12,039	6,439
Press	5,313	3,355	2,992
Audiovisual (Media Capital)	6,311	5,496	5,167
Others	744	422	294
Total	**72,103**	**80,469**	**74,111**

	30.09.2017	30.09.2016
	(thousand euros)	
	(unaudited)	
Education	40,438	36,814
Radio	2,996	4,580
Press	2,015	3,969
Others	671	283
Total	**46,120**	**45,646**

Long term financial investments

Long term financial investments mainly includes the purchase of Norma, for 14.4 million euros in 2016, payment to 3i (2.4 million euros in 2016, 3.0 million in 2015 and 4.4 million euros in 2014, see section 22 of this Registration Document), and the posting of the deposit for the dispute with Indra of 10.7 million euros at 30 September 2016 (4.1 million euros at 31 December 2016). It also includes loans to associate companies.

Long term financial investments at 30 September 2017 mainly includes the purchase of Latam Digital Ventures, the payment to 3i (2.4 million euros) and the posting of deposits.

Collections for disposals mainly include the following cash inflows:

- Mediaset España: sale of 3.63% for 162.2 million euros in 2015. 2014 includes the sale of 13.68% of the company for 481.93 million euros.

- DTS: 2016 includes the collection of 36.3 million euros following the favourable outcome of price adjustments, netted for payment of costs amounting to 1.5 million euros. In May 2015 there was collected 565.5 million euros, while in November 2015 there was collected 122.76 million euros, net of transaction costs of 6.55 million euros.
- Cancellation of deposits: in January 2016, deposits amounting to 65 million euros were cancelled. Deposits with a value of 45 million euros had been cancelled up to December 2015.
- General Publishing: 55.4 million euros was collected in 2014 from the sale of the General Publishing business in July 2014.

Collections for disposals at 30 September 2017 includes the amount received from the sale of a building in Barcelona belonging to Santillana.

Other cash flows from investment activities

This includes the collection of dividends, mainly from the Radio business in Mexico.

Cash flows from financing activities

The following table breaks down the cash flows from financing activities recognised in 2014, 2015 and 2016, and in the first nine months of 2016 and 2017.

(thousand euros)	**31.12.2016**	**31.12.2015**	**31.12.2014**
Collections (payments) relating to equity instruments	(1,131)	59,154	100,305
Collections from financial liability instruments	13,968	59,423	61,124
Payments on financial liability instruments	(225,975)	(845,687)	(605,497)
Dividend payments and remuneration of other equity instruments	(29,812)	(4,289)	(25,753)
Interest payments	(42,516)	(49,367)	(50,232)
Other cash flows from financing activities	2,745	(12,492)	(21,731)
Cash flows from financing activities	**(282,721)**	**(793,258)**	**(541,784)**

	30.09.2017	**30.09.2016**
	(thousand euros)	
	(unaudited)	
Collections (payments) relating to equity instruments	-	(871)
Collections (payments) relating to financial liability instruments	(3,541)	(166,006)
Dividend payments and remuneration of other equity instruments	(23,262)	(27,055)
Interest payments	(27,762)	(28,725)
Other cash flows from financing activities	(197)	494
Cash flows from financing activities	**(54,762)**	**(222,163)**

Collections (payments) relating to equity instruments

2015 includes funds from the capital increase subscribed in November by International Media Group S.à.r.l., amounting to 64.0 million euro, net of costs. 2014 includes funds from the capital increase subscribed by Consorcio Transportista Occher of 100.0 million euros, net of costs, and the cash inflow from the issuance of warrants.

Collections (payments) relating to financial liability instruments

Details of debt drawdowns and repayment are set out in section 10.1b of this Registration Document.

Dividend payments and remuneration of other equity instruments

Dividend payments include the dividends paid to the minority holders in Santillana (DLJ), Media Capital, Diario AS and Radio in Colombia.

10.3 Information on the terms of loans and the funding structure of the issuer

Prisa's funding structure is described in section 10.1 of this Registration Document.

The financing agreement establishes three types of obligations that are common in such agreements: (i) financial obligations; (ii) disclosure obligations; and (iii) general obligations.

Just as has been described in the Risk Factors, the Lock-up Agreement concluded by Prisa and its creditors in the Refinancing process envisages a new set of covenants. The quantification of these covenants, which must be carried out taking into consideration market conditions, is currently in the negotiation process.

Before the Refinancing enters into force, the Company will negotiate with its creditors the relaxation of the general terms and contractual restrictions currently imposed by the financing contracts, after the Company has achieved certain levels of deleveraging. Therefore, at the date of this Registration Document, the Company cannot confirm whether the restrictions and obligations described in this section will vary. For more information on the obligations of a financial nature, information obligations and general obligations that would apply in the event that the Refinancing takes effect, see Section 5.1.5 – 2017 and 2018 (vi) of the Registration Document.

I. Financial obligations

The syndicated financing agreement includes an obligation to comply with two financial ratios:

- Consolidated net financial debt to consolidated EBITDA, for the companies of Santillana, Prisa Radio, Prisa News and Prisa's corporate companies (Core Prisa consolidation scope). In this ratio, net financial debt excludes amounts relating to the financing of Tranche 3 and amounts relating to Tranche 3 converted into a participation loan. EBITDA is adjusted by amounts attributable to minority shareholders.
- Interest coverage for companies with centralised cash management at Prisa, comparing the free cash flow and the net financing charges of these companies.

Compliance with these ratios is assessed every quarter by sending a compliance certificate signed by Prisa's CFO to HSBC Bank plc, as the agent for the syndicated loan. This certificate is accompanied by a report prepared by the Company's auditors once a year.

Prisa considers itself to be compliant with these ratios at the date of this Registration Document.

II. Disclosure obligations

The syndicated loan agreement features normal information disclosure obligations for such contracts, including:

- Interim financial reporting for the consolidated Group and the consolidated Group including Santillana, Prisa Radio, Prisa News and Prisa's corporate companies, certified by Prisa's CFO and accompanied by a declaration from its CEO comparing the information for the reporting period against the budget and the like period in the previous year.
- When annual information is submitted, this must be accompanied by the audited financial statements of the Group and any obligated entities, with a certificate from the CFO of each company stating that the information provides a true and fair view of its financial position and operations at that date.
- Certificates of compliance with the financial ratio requirements, as described above.
- The annual and monthly budget, with forecasts for profit, cash flow, working capital and financial debt of the Group and Core Prisa.
- Monthly cash flow forecasts for the following three months for companies with centralised cash management.
- An annually updated three-year business plan approved by the company's Board of Directors.
- Confirmation of major subsidiaries (those representing over 85% of consolidated EBITDA and net assets of the consolidated Group) at the request of the agent bank, up to a maximum of twice a year.
- Copies of the monthly reporting submitted to the Board of Directors.

III. General obligations

Prisa and the obligated entities have undertaken a range of obligations (affirmative and negative covenants) that are normal in such financing agreements. These include: not establishing or permitting the establishment of guarantees *in rem* or charges of any kind on its property and assets, with the exception of legal charges and certain permitted guarantees; an obligation not to incur debt or grant loans, credit, personal security or any other type of funding in favour of third parties (except as expressly allowed in the contract); and prohibitions on creating or acquiring companies, shares, businesses and assets, and selling assets, except in the cases allowed.

Prisa and the obligated entities have undertaken a range of obligations relating to the management of the Group. These include: an annual audit of its consolidated financial statements from a recognised audit firm; not changing its accounting standards and practices unless required to do so by applicable regulations; carrying out transactions between Group companies subject to market conditions; complying with applicable regulations; maintaining and holding licences, permits and authorisations as necessary for the performance of its business; insuring its activity and assets; not agreeing any substantial change to the nature or scope of its commercial activity; and not paying dividends, except in the situations for dividend distributions set out in section 20.7 of this Registration Document.

10.4 Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.

The financing agreements signed by Prisa, as described in section 10.1 above, include limits on the Group's borrowing capacity and ability to make new acquisitions, as is normal in such agreements. These contracts also contain an obligation to use the net amount received from asset disposals to repay debt.

See Section 5.1.5 – 2017 and 2018 (vi) for more information on the restrictions on the Group's ability to fall back on additional indebtedness outranking the refinanced debt.

10.5 Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1

In general, Prisa expects to fund its current and future investments from the funds available to it at the time, except for specific investments that might be necessary in relation to activities outside the course of the Group's ordinary business. In this sense, at the time of writing, there are no future investments in respect of which the management bodies have given any firm undertakings. However, up to 113 million euros from the Capital Increase are intended to be allocated to investment in the growth of the Group's businesses in both organic and inorganic investment opportunities, and in the creation of value for the shareholders.

Prisa is assessing the possibility of recourse to outside funding to fulfil its promise to buy the shares of Prisa Radio held by 3i that falls due when the grace period has expired, on 28 February 2019, as part of the process of removing 3i group entities from Prisa Radio's shareholder structure, as described in sections 5.2.3 and 22 of this Registration Document. In this regard, please consider the description of Section 5.1.5 – 2017 and 2018 (vi) of the present Registration Document regarding the limits to the Group's additional borrowing capacity, which will derive, if applicable, from the contracts that put the Refinancing into effect.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group constantly adapts its current management processes and applications to changes in its business and technological developments in its environment. To this end, it is an active participant and member of domestic and international associations and forums that enable it to identify any improvement or opportunity for innovation and development in its services, processes and management systems.

In the 2014 to 2016 period, the Group invested 27.5 million euros in research and development activities (this amount is the basis for the corporate income tax credit for research and development activities and technological innovation provided for in article 35 of Act 27/2014, of 27 November, on corporate income tax). This investment remained stable in the period (9.54 million euros in 2014, 9.07 million euros in 2015 and 9.12 million euros in 2016).

In 2016 and 2017, through **Prisa News**, the press unit continued to drive forward the video, mobility and content distribution areas, through various market platforms.

El País is continuing to focus on mobility, concentrating in particular on three areas:

- In February 2016 it launched a new iOS application, which has enabled it to double the number of downloads. These developments, coupled with earlier Android developments, contributed to users consuming more than 100 pages per month during the summer months, leading to recognition through the Bronze Lovie Award.
- Responsive web design was committed to in 2016 and released in April, winning the ÑH Silver Award Adaptive redesign of the website enables users to read elpais.com on any type of device, whether a mobile phone, tablet or PC, under optimum conditions and without losing any of the details of the content.
- Finally, in the second half of 2016, "multi-distribution" work was carried out with Google and Facebook, in their native formats. This involved continuing the implementation of Google's Accelerated Mobile Pages (AMP) project, increasing the number of users who visit El País from search engines by 30%; and launching Instant Articles with Facebook, thereby increasing the number of views of El País in Facebook from mobile devices by 21%.

Video was another area of major innovation. For example, El País launched an immersive journalism project with the 360° documentary "Fukushima vidas contaminadas" (Fukushima, contaminated lives), which won the Silver and People's Lovie Awards. An El País virtual reality application has been created as a vehicle for these initiatives, which Google ranked among its Most Innovative Apps of 2016. A schedule of live video broadcasts has been developed through Facebook Live, with multiple programmes every week. The year finished with the first steps towards implementation of YouTube as a video platform,with El País being the first of the Spanish media to develop this as part of the Digital News Initiative (DNI), and with the launch of the App for Apple TV.

The El País bot for Facebook Messenger was launched in June 2016, followed by the Twitter bot in November. In May 2017, a system was set up using augmented-reality technology to cover the French presidential elections, enabling the latest developments and results to be followed on Facebook Messenger.

The El País HD project was completed in the first half of 2017. This received funding from Google's DNI fund, to develop a platform for the production and distribution of video in response to audience needs detected in real time. The VR-Infographics initiative was awarded a major part of the July 2017 round of the Innovation Fund. This initiative fosters the creation of a platform for the production of infographics that can be distributed through all types of channels, such as print, digital, video, 360 video and immersive virtual-reality environments.

In July 2017, both El País and AS were pioneers in migrating their web architecture to the HTTPS protocol, which has been developed to ensure secure transmission of data between servers and clients on the Internet. In addition to protecting data, it also protects users against fraud from outside and guarantees their privacy.

AS is continuing its commitment to mobility: all of its editions have been published in responsive format since mid-2016. A new mobile content application was published in late 2016 containing all of the available international editions, together with the new MY ZONE section, where users can select the content they want to see and access it directly in their personal space. The Bicentenary America's Cup app and the guide to the football leagues were also updated with information on the current season.

The distribution of content through external platforms has been very important to the growth of AS, particularly through the optimisation of content in Google for AMP and Instant Articles formats on Facebook.

In November 2016, AS was selected by the Google DNI investment fund for its Football Data Suite project, which provides data to editorial teams for content creation. Development of this project will be in 2017.

In 2017, **Prisa Radio** continued to focus on positioning its products in the digital media ecosystem, seeking to lead the development of online audio in all of its markets.

Through funding from the Google DNI (Digital News Initiative) fund, it also launched the Hertz project, a revolutionary approach to the transcription and distribution of digital audio.

Other highlights included efforts to transform the Company’s core systems, particularly in the sales area.

The main areas of work in 2017 were:

- The redesign of the sites of the five talk radio and three musical radio stations in America to provide all of their products with content management tools that foster consumption of their output, facilitate publication of multimedia content, adapt to mobile consumption and enable them to generate more traffic and, therefore, higher revenues. Work was carried out in Spain to adapt the articles to responsive design, which has already been launched on the Cadena SER station.
- Improvements to the LOS40 (launched in December 2016) and Cadena SER (launched in January 2017) apps, to improve user interaction and consumption of multimedia content. Apps have also been launched for seven radio stations using the corporate app development platform, Replicapp.
- The new player has been launched for music radio stations in both Spain and America, enabling live and on-demand consumption of programmes in the same environment (the OnePlayer project). LOS40 includes the four themed online radio stations launched in May.
- Podium Podcast has been launched onto the market. This is a global network of podcasts in Spanish with its own website and app, with multi-distribution through digital audio aggregators. It was downloaded more than ten million times in its first year of operation.
- Roll out has started for a platform to measure and monetise on-demand audio. This will provide improved understanding and commercial exploitation of on-demand podcast and audio consumption. This has now been completed in Spain and Argentina and is underway in all other markets.
- Advanced functionality has been launched for the transcription and recommendation of on-demand content for Cadena SER (the Hertz project). This has been financed by Google’s media innovation fund, to improve the results of audio searches and increase consumption of content.
- Progress has been made on updating the broadcasting platform in Spain and Colombia (roll out of HD version), developing parallel capacities in broadcast certification.

- The commercial management system has been further developed, with roll outs in Spain and Colombia, and the start of development of a platform to support the new commercial management model. This seeks to enhance the efficiency of processes, improve analytic capacity and facilitate access to information for clients and commercial agents.

In **Education**, Santillana is continuing its commitment to the incorporation of new technology, both in content solutions and educational services. The most important initiatives in 2016 were:

- Following development of content using **Knewton adaptive learning technology**, pilot tests of a finished product (A2O) have been carried out in schools with algebra content for the first year of secondary education (12-13 years old). This classroom testing of the platform's functionality involved nine countries, 60 schools, 80 teachers and 1,250 students. The platform can design individualised learning itineraries in real time and give teachers individual feedback on the performance of each student.

  The main conclusions were: a) excellent user experience, due to the simplicity of the platform and clarity of the interface; b) the suitability of the content in terms of difficulty and progression; c) the usefulness of data-based technology; d) the versatility of the platform's functions: increased student motivation, fostering reinforcement and further study, and facilitating revision and exam preparation, etc.; and e) the robustness and scalability of Knewton technology. This work was also useful internally for understanding the specific characteristics of the editorial work involved in designing an adaptive working experience.

- Editora Moderna has carried out research into the main difficulties in learning mathematics, given the importance of the subject and its responsibility for a great deal of educational failure. The study focused on years 6 and 9 and curriculum content relating to "numbers and operations" and "algebra". The objective was to develop a map of the main problems using a diagnostic tool to detect the most frequent and important problems in mathematical concepts and content, and how these are applied in specific contexts. Item Response Theory was used to prepare the questions and 856 students were assessed.

- The digital content repository - **Saber y Más** - has been included in the offering of HP projectors for the school market.

- An assessment offering has been developed for schools under the **"Programa Logros"** (Achievements Programme) brand. This integrates three platforms: HabilMind (diagnostic assessment of institutional variables relating to the school and cognitive and emotional aspects of its students; Aprendiza Eficaz (a training portal for the basic cognitive skills on which learning is based, and the main mathematical and reading competences); and PLENO (an academic and curriculum-focused assessment tool). These three digital platforms are supported by a collection of workbooks to practise these skills and competences.

- The second occasion on which **SantillanaLab** was held took place, as a platform and meeting point for experts from different areas of education with regard to innovation, which allows Santillana to obtain an overview of trends going forward. One of the most outstanding items was an analysis of the potentialities of video to serve as a tool in teaching and learning; new methodologies were also studied and discussed, such as Project-Based Learning, the impact of the *maker* culture in schools, the transformation of educational spaces and new models of organisation, and the management of innovation-oriented education centres.

- The first phase of the **SET21** project, Santillana's proposition for educating 21st century citizens, was completed. The project presents proposals for training schoolchildren in the skills and competences they will need for their optimal personal and professional success in the Internet and Knowledge Society. The editorial plan includes material for the teacher and for the classroom, workbooks for the pupils and a website as a SET21 community space, aimed at originating an innovative educational experience. Five programmes were published: Learn to be Enterprising (leadership and entrepreneurship) Learn to Think (cognitive skills), The Value of Things (economic and financial training, sustainability, responsible consumption), Browse and Programme (teaching of computational thinking and digital skills) and Programming of Things (learning programming and coding). A pilot project was run in Argentina and Chile, which will be followed by its commercial launch in Spain, Colombia and Mexico.

In addition to what was mentioned above, **Prisa Video** was created in 2015 to develop and drive video production, distribution and marketing in the Prisa Group, in entertainment, news, information, fiction and education.

Prisa Video launched a label for prestigious audiovisual production, incorporating the new digital video narratives, as well as classic production for third parties. One of the producer's main objectives is to develop content together with advertisers and thus drive the commercial transformation and growth of native advertising.

Prisa Video also analyses opportunities in the digital video business, independently of the current brands, in order to design and launch new products.

This cross-cutting Prisa division also works day-to-day with the technology and sales teams to define the video content on offer and the video sales strategy of the whole Group.

Driving distribution agreements, identifying video tools and expanding the project in Latin America and the United States (Hispanic market) are among its other objectives.

In quantitative terms, during the first nine months of 2017 the Group's websites reached 522 million viewings.

As regards the Company's policy in terms of patents and licenses, please refer to section 6.4 of this Registration Document.

12. INFORMATION ON TRENDS

12.1 The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.

The most significant trends in relation to the Prisa Group's activities, revenues and expenses during the nine-month period ending 30 September 2017 are outlined under heading 20.6 of this Registration Document.

From the aforesaid date and the date of this Registration Document, no material changes have occurred in the aforementioned most significant trends relating to production, sales and inventory, and costs and selling prices.

12.2 Information on any known trends, uncertainties, lawsuits, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

In this respect, please see section II.1 ("*Risk factors*") of this Registration Document. Likewise, strategic actions and measures are expanded upon under heading 5.1.5 of this Registration Document which are planned to allow the Company to deal with its financial circumstances and high level of financial debt, and thus reinforce and optimise its corporate, financial structure and its equity. Thus, failure to perform the transactions described in the aforementioned section of this Registration Document for 2018 that are pending execution could have a significant impact on the Prisa Group's prospects.

13. PROFIT FORECASTS OR ESTIMATES

The Company has chosen not to include any profit forecasts or estimates.

14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Names, business addresses and functions at the issuer of the following persons, indicating their principal activities outside the issuer where these are significant with respect to the issuer

(A) Members of the administrative, management or supervisory bodies

(i) *Board of Directors*

The current composition of Prisa's Board of Directors and its positions is a result of, on the one hand, the resignations and the terminations that occurred prior to or during the Extraordinary Shareholders' Meeting on 15 November 2017, as well as the appointments by means of co-opting that occurred after it was held and, on the other hand, the implementation of the succession plan for the former executive chairman of the Board:

– Resignations and the terminations that occurred prior to or during the Extraordinary Shareholders' Meeting on 15 November 2017, as well as the appointments by means of co-opting

  Prior to the Extraordinary General Meeting of Shareholders held on 15 November 2017, the former directors, Mr. Glen Moreno and Mr. Ernesto Zedillo Ponce de León (independent directors) handed in their resignation. Also, in the Shareholders' Meeting itself, the termination of the following directors was announced as matters in the agenda: Mr. Alfonso Ruiz de Assin Chico de Guzmán, Mr. Alain Minc, Elena Pisonero, Mr. José Luis Leal Maldonado (independent directors) and Mr. Gregorio Marañón Bertrán de Lis (other external director).

These vacancies having arisen, the Board of Directors held on 20 November 2017 unanimously agreed a new temporary composition of the Appointment and Remuneration Committees and of the Corporate Governance Committee, the composition of which had fallen short as a consequence of the previous resignations and terminations. Thus, the Appointment and Remuneration Committee temporarily comprised John Paton (Chairman), Mr. Dominique D'Hinnin, Mr. Joseph Oughourlian and Mr. Roberto Alcántara Rojas. Meanwhile, the Corporate Governance Committee temporarily comprised: Dominique D'Hinnin (Presidente), Mr. John Paton and Mr. Khalid Al Thani.

Once the Board committees had been set up, these met to propose and inform, within the scope of their competences, the appointments through co-option that the Board then approved.

Thus, on the same 20 November 2017, in a subsequent session, the Board agreed the appointment through co-option of Mr. Javier Monzón de Cáceres, Mr. Javier de Jaime, Ms. Sonia Dulá (appointment pending acceptance), Mr. Javier Gómez Navarro (with the category of independent directors) and Mr. Francisco Gil Díaz (with the category of other external members) to cover five of the existing vacancies in the Board of Directors. Also, the Board approved the new composition of its committees, described in section 16.3 of the Registration Document.

– Succession of the executive chairman of the Board

For its part, the Board of Directors accepted the resignation as Chairman and director of the former executive chairman, Mr. Juan Luis Cebrián, with effect from 1 January 2018, and agreed to appoint Mr. Manuel Polanco Moreno, former Executive Vice-Chairman, as non-executive Chairman of Prisa's Board of Directors, with effect from the same date.

The table below gives information about the members of the Board of Directors, their positions on the Board and the professional level of each director. It is hereby expressly stated that, for the purposes of this Registration Document, the business address of the persons mentioned in the table below is as follows: calle Gran Vía 32, 28013 Madrid.

Board of Directors		
Name	**Position**	**Professional level**
Mr. Manuel Polanco Moreno	Chairman	Proprietary at the proposal of Timón, S.A.
Mr. Manuel Mirat	CEO	Executive
Mr. Roberto Alcántara Rojas	Voting member	Proprietary member at the proposal of Consorcio Transportista Occher, S.A. de C.V.

Board of Directors		
Name	**Position**	**Professional level**
Mr. Shk. Khalid Thani A. Al Thani	Voting member	Proprietary member at the proposal of International Media Group S.à r.l
Mr. Joseph Oughourlian	Voting member	Proprietary member at the proposal of Amber Active Investors Limited
Mr. Waleed Alsa'di	Voting member	Proprietary member at the proposal of International Media Group S.à r.l
Mr. John Paton	Voting member	Independent
Mr. Dominique D'Hinnin	Voting member	Independent
Mr. Javier Monzón de Cáceres	Voting member	Independent
Mr. Javier de Jaime	Voting member	Independent
Mr. Javier Gómez Navarro	Voting member	Independent
Mr. Francisco Gil Díaz(1)	Voting member	Other external members (2)

Mr. Xavier Pujol Tobeña is the non-sitting secretary to the Board

(1) Mr. Francisco Gil Díaz was Chairman and CEO of Telefónica México until June 2016. Telefónica México is a subsidiary of Telefónica, S.A., a major shareholder of Prisa, and therefore for the purposes of section 4 of article 529 duodecies of the Spanish Companies Act, Mr. Gil cannot be considered to be an independent member of the Company's board.

Additionally, the Board of Directors appointed Ms. Sonia Dulá as an independent director. As at the date of this Prospectus, her appointment is pending final acceptance. She owns 8 Prisa shares.

Article 19 of the Company articles of association stipulates that the Board of Directors is entrusted with the management, administration and representation of the Company. As regards the composition of this body, said article stipulates that the Board will comprise a minimum of three and a maximum of 17 members. The Board will determine the number of these and appoint them.

Thus, set up in the Board of Directors is a Delegated Commission, an Audit Committee, an Appointment and Remuneration Committee and a Corporate Governance Committee.

Summarised below are the professional backgrounds of the board members.

Mr. Manuel Polanco Moreno

Chairman

Mr. Manuel Polanco Moreno, Chairman of Prisa, holds a degree in Economics and Business Studies from the Autonomous University of Madrid. He has spent all of his professional career at PRISA. In 1991 he assumed the management of Santillana in Chile and Peru until 1993, when he took over the general management of newspaper La Prensa and started up the edition of El País for the Americas in Mexico City. In 1996, from Miami he took over the international management of Santillana in the Americas. Returning to Spain in 1999, he was appointed chairman of GDM (Media Management) and of GMI (Regional and Specialist newspapers) and from 2001, assistant director of Spain's Media Unit (positions that he does not currently hold). He has been CEO of Media Capital and managing director of PRISA. He was also chairman of PRISA TV and DTS from October 2010, up to the sale of DTS to Telefónica de Contenidos in April 2015.

Polanco has been a director of Prisa since 2001, a member of its Delegated Commission since 2008 and non-executive Chairman since 2018.

Mr. Manuel Mirat

CEO

Manuel Mirat (b. Cáceres, 1970) is a Law graduate, and has completed the Corporate Senior Management (PADE) and Management Development (PDD) programmes at the IESE. Mirat began his career at Arthur Andersen and joined PRISA in 1997, where he assumed various corporate roles, including CFO. In 2004, he was appointed as CEO of PRISACOM to run the digital development of the Group, managing projects to transform the different brands: El País, Cadena SER, 40 Principales, AS and Cinco Días.

In March 2009 he was appointed as Chief Operations Officer of Sogecable and in December of the same year he became Managing Director of CANAL+, responsible for the sales and marketing area as well as for new businesses development. In 2014 he was appointed as CEO of EL PAÍS and PRISA News. From June 2017 he has been a director of PRISA, and since September 2017, its CEO.

Mr. Roberto Alcántara Rojas

Voting Member

Roberto Alcántara Rojas (b. Mexico 1950) is a businessman who has specialised in passenger transport, been Chairman of the Board of Directors of the Toluca Group and of the low-cost airline "VivaAerobus", which he founded in 2006 with the owner group Irish company Ryanair. He is a shareholder and chairman of the board of the consortium Iamsa (Inversionistas en Transportes Mexicanos, S.A. de C.V), which comprises the biggest motor vehicle transport companies in Mexico.

Between 1991 and 1999 he was Chairman of the Board of Directors of BanCrecer, S.A., Full-Service Bank. Alcántara was included in the list of Mexico's top 100 executives drawn up annually by CNN.

Mr. Shk. Khalid Thani A. Al Thani

Voting Member

Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is a prominent Qatari businessman with diverse interests in banking, real estate, insurance, financial securities, health, telecommunications, the media, information technology, humanitarian services, and the education and tourism industries. He is the chairman of several listed companies in Qatar, co-founder and benefactor of various non-profit organisations and business associations. As well as his business activity, he is a great sports fan and a major benefactor of big sporting events and national and international sports associations.

Mr. Joseph Oughourlian

Voting Member

Joseph Oughourlian is the founder of Amber Capital. Oughourlian founded Amber Capital in New York in November 2005 and manages the investment offices in London and Milan. Oughourlian began his career at Société Générale in París in 1994 and transferred to New York in 1996. In 1997 he began to manage the direct shareholdings of Société Générale in New York, which led him to create Amber Fund in October 2001 with seed capital from the bank.

Oughourlian graduated from the HEC business school and from the IEP (Sciences-Po), both in Paris, and obtained an MSc in Economics from the Sorbonne in Paris. Oughourlian sits on the board of directors of several companies.

Mr. Waleed Alsa'di

Voting Member

Waleed AlSa'di is a prominent Qatari businessman, with extensive experience in setting up and restructuring companies, supporting them in creating alliances with key stakeholders and business strategies, and thus boosting their profitability.

Since 2007, Waleed AlSa'di has been the Managing Partner of the company PKF Accountants and Business Advisers belonging to PKF International Ltd, an international group that comprises 400 legally independent firms and operates in 150 countries. PKF is a company that specialises in auditing and tax advice, business solutions and consultancy, advice on corporate governance and corporate finance, insolvency and IT systems consultancy.

Between 2005 and 2007 Waleed was CEO of the United Development Company (UDC), one of the most important listed companies in Qatar, and between 2003 and 2005 he served as CEO of Al Faisal Holding, a group that comprises more than 20 companies. Waleed began his professional career as Managing Partner of Arthur Andersen (subsequently Ernst & Young) (1984-2003).

Mr. John Paton

Voting Member

John Paton (b. Glasgow, 1957) is chairman and managing partner of IVA Ventures. Previously he was CEO of Digital First Media, the second biggest newspaper group in the United States and the eighth biggest news group by internet audience, which manages 75 newspapers and 800 digital projects. He has been director of EL PAIS since May 2013.

Paton’s career has centred around newspapers, where he has been responsible for the printed and online editions in the USA, Canada, France and Spain. In 1998, he switched over to the internet. He went on to manage a news website, canoe.com, which is an icon in his adopted country of Canada. He was co-founder of Impremedia, the biggest information company for the Hispanic community in the USA. In April 2009 he was appointed Publisher of the Year by Editor & Publisher. He sits on the board of The Guardian and chairs the American charity organisation Guardian.or. He is also an advisory board member of Tout and is CEO of BOAT International. Paton is a graduate in journalism from Ryerson University (Canada) and has completed the Finance for Senior Executives programme at Harvard University Graduate School of Business Administration.

Mr. Dominique D'Hinnin

Voting Member

Dominique D’Hinnin is a prominent businessman linked to the media sector and was co-managing partner and finance director of the French group Lagardere, world leader in the publishing sector.

D’Hinnin began his career at the Inspection Générale des Finances (French Ministry of Finance). In 1990, he joined Lagardere as chief internal auditor, where he played an active role in the financial and legal restructuring of the Group to create Lagardere SCA, and implement the merger of Matra with Hachette, and three years later was appointed CFO of the Hachette Livre publishing house. In 1994, he went on to become executive vice-president of Grolier Inc (Connecticut, US) where he undertook the overhaul and development of the company in the United States, United Kingdom and Asia, and launched Grolier Interactive Europe.

D’Hinnin sat on the board of Marie Claire Album and Holding Evelyne Prouvost until April 2016. He has also been a director of Editions Amaury, S.A. (2011-2013), on the Strategic Board of Price Waterhouse Coopers France (2009-2013), on the Remunerations and Auditing Committee of EADS-Airbus (2007-2013), and was deputy chairman of the Supervisory Board and member of the member of the Audit Committee of Canal+ France (2007-2013).

He was also deputy chairman of the Board and president of the Audit Committee of Atari - Infogrames Entertainment SA (2005-2011) and Board member and chairman of the Audit Committee of Le Monde SA between 2005 and 2010.

He is currently the director of EUTELSAT, a French satellite operator, of EDENRED, a French services company and of the Belgian group, Louis Delhaize, S.A.

Dominique D’Hinnin was educated at the École Nationale d’Administration and in the École Normale Supérieure (classical culture studies) between 1979 and 1986.

Mr. Javier Monzón de Cáceres

Voting Member

Javier Monzón is an economist, born in Madrid. He has spent his professional career in the financial, business and technology sectors.

He was director of Corporate Banking at Cajamadrid and Managing Partner of Corporate Finance at Arthur Andersen.

He was CFO and managing director of Corporate Development at Telefónica, where he was also President of Telefónica International.

He has been the President of Indra since its creation in 1993 until 2015.

He is currently Coordinating Director and President of the Corporate Governance Committee of Ferroglobe, as well as board member and President of the Committee of Risks, Regulations and Compliance of Banco Santander of Spain. He has been member of the Supervisory

Council of Lagardère for ten years, and Board Member of ACS for twelve years, and he has stayed on as Board Member of ACS Servicios y Concesiones. At the same time, he is an investor in and consultant for start-ups and technology-based capital development funds.

Javier Monzón has a strong commitment to support entrepreneurs, education and innovation. He has been Vice-Chairman of the Board of Carlos III University and is currently Chair of the Executive Committee of Fundación CyD (Knowledge and Development) and trustee-director of Endeavor Spain and member of the International Advisory Council of Brookings.

Mr. Javier de Jaime

Voting Member

Javier de Jaime (b. Madrid, 1964), is a lawyer and Managing Partner of CVC Capital Partners, responsible for the offices in Spain and Italy. Javier de Jaime joined CVC España in 1997 as managing director, where he oversaw several major acquisitions.

He worked in the British company 3i, where he held the positions of Investment Controller in the United Kingdom and Regional Director in Madrid.

He is a Law Graduate of the Universidad Pontificia de Comillas (ICADE) and holds an MBA from Houston University.

Ms. Sonia Dulá

Director - appointment pending acceptance

Sonia Dulá (b. Mexico, 1961) is an economist and entrepreneuse and is Vice-Chair at Bank of America Merrill Lynch. Before occupying this position, she was head of Private Banking for Latin America in Merrill Lynch and managed the Corporate and Investment Banking Division for Latin America as a supervisor of all the investment bank businesses, including M&A, public equity and bond issues, and corporate loans.

Dulá began her career in Mexico, at Pemex. She worked for nine years at Goldman Sachs in several senior positions. Based in London, she was responsible for corporate and government clients in Spain, Italy and Portugal, and led the privatisations of Telefónica, Endesa and Repsol in Spain, and Telmex in Mexico.

Before joining Merrill Lynch, Dulá was CEO of Grupo Latino de Radio (PRISA), a company with more than 500 radio stations in Latin America and in the Hispanic market in the USA. She was previously CEO of Telemundo Studios Mexico, co-founder of the Internet Group of Brazil, and founder of the first electronic portal for Latin American woman, Obsidiana.

Dulá has been a member of the Young Presidents Organization (YPO), of the boards of Women's World Banking and the Adrienne Arsht Center for the Performing Arts (Miami), and served on the Stanford Business School management board. She was a member of the Global Diversity & Inclusion Council of Bank of America. She is currently a board member of the Council of the Americas and life member of the Council on Foreign Relations.

She is 6th-ranked in Fortune's list of the 50 Most Powerful Latinas (2017). She was named among the 100 most influential leaders by Hispanic Business magazine (2011) and the 30 top businesswomen by weekly publication Latino Business Chronicle (2012).

She holds a Master's in Economics from Harvard University and an MBA from Stanford University.

Mr. Javier Gómez-Navarro

Voting Member

Javier Gómez-Navarro (b. Madrid, 1945) is a prominent politician and businessman, and was a founding shareholder of El País and manager of Cuadernos para el Diálogo, the publishing house of the weekly political publication, and essay and theatre books, who played a key role in the Spanish political transition. In 1979, he also participated in creating the Ortega y Gasset Foundation. His contribution in the publishing sector also includes setting up the LIBER International Book Trade Fair.

One of his most important contributions to the tourism sector in Spain was the creation of International Tourism Fair, FITUR, which he jointly managed in its initial stages and where he served on the board up to the year 2000.

In January 1983 he was appointed chairman and CEO of Viajes Marsans. After leaving the company he subsequently participated in setting up the airline company SPANAIR.

In January 1987 he was appointed Secretary of State and Chairman of the Spanish National Sports Council, assuming responsibility for organising the Barcelona Olympic Games.

In 1993, he was appointed Spanish Minister of Trade, Tourism and International Cooperation. During his term as minister he represented Spain in 1993 and 1996 as governor of the Development Banks (Banco Iberoamericano, Banco Asiático and Banco Africano).

He was chairman and CEO of ALDEASA and currently heads the MBD company, which specialises in business consultancy and M&A.

Mr. Francisco Gil Díaz

Voting Member

Francisco Gil (México, 1943), is an economist and politician. He is Chairman of the Board of Directors of the Avanzia Group, subsidiary company of ACS and was Chairman of Telefónica México.

He was Secretary of Finance and Public Credit (SHCP) during the six-year-term of the President Vicente Fox. Before that he was the Chairman and CEO of Avantel, a telecommunications company and, prior to that position, he was the member of the Governing Body of the Banco de México.

As part of his academic path he has taught as a professor mainly in the ITAM, an institution that awarded him the title of Professor of Emeritus and an Honorary Degree in the Universidad Iberoamericana and in the Universidad Nacional Autónoma de México. He has lectured in different American universities, such as Columbia, Harvard, Stanford, etc. and in business schools such as London School of Economics, the IPADE business school and the IE business school of Madrid.

He has published research on topics ranging from monetary policy, the causes of the Latin American crises, the deregulation of markets, etc. in books and journals with an international distribution.

He participates as an independent director in Bancomer, in Telefónica México, and in the Mexican Stock Exchange, and he is a member of various advisory boards, including that of Fiat Chrysler of Mexico.

Gil Díaz is a prominent philanthropist, Chairman of the Dispensario Tonantzin, Board member of Museo Dolores Olmedo, of the Rodolfo Díaz Perches Foundation for the care of cancer patients and of CEMEFI (the Mexican Philanthropy Centre).

(ii) *Board Committees*

On the date when this Registration Document was registered, the Company had set up the committees described in the following section 16.3.

(B) Partners with unlimited liability, in the case of a limited partnership with a share capital

Not applicable, as it is a public limited liability company.

(C) Founders, if the issuer has been established for fewer than five years

Not applicable, as the issuer was established more than five years ago.

(D) Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.

The members of the Management Committee who are not executive directors and who have an employment relationship with Prisa and with other Group companies other than the latter, as well as Prisa's internal audit director are considered to be Group Prisa's senior management.

At its session on 16 January 2018, Prisa's Board of Directors modified the composition of Prisa's Management Committee, so that starting from said date the members of the senior management are as follows:

Senior Management	
Name	**Position**
Mr. Guillermo de Juanes	Chief Financial Officer (CFO)
Mr. Xavier Pujol Tobeña	Secretary General and Director of Legal Consultancy
Mr. Augusto Delkáder Teig	Publishing Director
Mr. Jorge Rivera	Communications and Institutional Relations Director
Ms. Marta Bretos,	Talent Management Director
Mr. Miguel Ángel Cayuela Sebastián	CEO of Santillana
Mr. Pedro García Guillén	CEO of Prisa Radio
Mr. Alejandro Martínez Peón	CEO of Prisa Noticias
Ms. Rosa Cullell Muniesa	CEO of Media Capital
Ms. Virginia Fernández	Internal Audit Director

Mr. Guillermo de Juanes

Chief Financial Officer (CFO)

Guillermo de Juanes has an extensive career in the area of corporate finance, mergers and acquisitions, as well as debt restructuring. He is a Graduate in Economics and International Business from ICADE and is a Law Graduate from the Complutense University of Madrid. He held various important positions in the investment bank division of Credit Suisse during 12 years in London and Madrid. Up to his appointment as CFO of PRISA, Guillermo de Juanes occupied the position of Finance and Corporate Operations Director.

Mr. Xavier Pujol Tobeña

Secretary General and Director of Legal Consultancy

Xavier Pujol holds a B.A. and a Masters in Law from ESADE, and he was a visiting student at the University of Minnesota and completed the Programme for Leadership Development (PLD) at IESE. He began his career at Cuatrecasas, which included serving as secondee in the London office of Herbert Smith. In January 2007, he joined Latham & Watkins, when it opened its office in Spain, and he later worked in its London office.

In January 2013 he was appointed counsel at Latham & Watkins and in September of the same year he joined the group as Chief Legal Officer of PRISA Radio and PRISA Noticias. In October 2014 he became deputy secretary, a position that he coordinated with the Board secretary of PRISA Radio and corporate legal manager of the Press and Radio units. In July 2017 he was appointed secretary general and Chief Legal Officer of PRISA.

Augusto Delkader

Publishing Director of Prisa

Augusto Delkader Teig's professional career was mainly focused on management of communications companies that are leaders on the Spanish-speaking market. In February 2018, he was appointed Prisa's Publishing Director, and from this position he will coordinate scope of publishing in the entire group, in collaboration with the media directors, who are ultimately responsible for decision-making at each one of the mastheads. Delkáder was director of Diario de Cádiz, member of the founding team of El País, publication at which he was deputy director during ten years, and CEO of Cadena SER and Prisa Radio. In other fields, he was president of the social council of the University of Cádiz and sponsor of the Fundación de las Tres Culturas del Mediterráneo. He has a law degree and Master's in Information Sciences from the Complutense University of Madrid, he furthered his studies in the United Kingdom and the United States, and is fellow of the first Spanish graduating class of the German Marshall Fund. He is currently a board member of Sacyr, president of Prisa Radio and Cadena SER, board member of Caracol Radio and member of the Social Sciences Council of the Ramón Areces Fundación.

Jorge Rivera

Communications and Institutional Relations Director

Jorge Rivera, M.Sc. in Information Sciences from the Complutense University of Madrid, was the deputy director of Information at El País starting from March 2016 until his appointment a Communications and Institutional Relations Director of Prisa, in February 2018. Before this he was director of Cinco Días starting from June 2005 until March 2016, a newspaper at which he discharged the duties of deputy managing director and chief editor. He was part of the Economy section of El País from 1991 to 2000, after participating in the foundation of the newspaper El Sol in 1990 and in La Gaceta de los Negocios in 1989.

Ms. Marta Bretos

Talent Management Director

Marta Bretos, PRISA's Talent Manager, is Labour and Social Security inspector, holds a Master's in Political Science from the Complutense University of Madrid. She is currently and has been since 2011, the Human Resources Director of Prisa Radio. She had previously held similar positions both at Corporación Radiotelevisión Española (RTVE), and also at the Spanish Post. Before taking on this responsibility at the Spanish Post, she was Department Head of management of group contract employees of the Ministry of Public Works and Transport and Head of Labour Relations Services of the Ministry of Public Works, Transport and Environment.

Mr. Miguel Ángel Cayuela Sebastián

CEO of Santillana

An economics graduate, he began his career at Grupo Santillana in 1985 in the area of market research and marketing. In 1991 he was named deputy managing director of Santillana for Mexico, and was subsequently appointed managing director two years later. In 2003, he returned to Madrid to take up the position of Chief Operations Officer. He was appointed CEO of Grupo Santillana in April 2008.

Mr. Pedro García Guillén

CEO of Prisa Radio

Pedro García Guillén is CEO of Prisa Radio. He was CEO of Movistar+ between May 2015 and December 2017. With a Master's Degree in Economy and Business from the Complutense University of Madrid he has spend the majority of his professional career at the PRISA Group. Among other positions, he held the post of CEO of PRISA TV and DTS (formerly Sogecable) between 2009 and May 2015. Before this, between 2000 and 2009, he was managing director of El País.

Mr. Alejandro Martínez Peón

CEO of Prisa Noticias

Alejandro Martínez Peón, CEO of PRISA Noticias, held the same executive responsibility at TeleCable between October 2009 and August 2017. Before this, from 2000 to 2009, he held various managerial positions in the Telefónica Group, both in Spain and in Latin America. He began his career at Arthur Andersen in 1995. He holds a Master's Degree in Business Administration and Management from the University of Oviedo, and he has academic experience at The London School of Economics and Political Science and at Stanford University.

Ms. Rosa Cullell Muniesa

CEO of Media Capital

She holds is a degree in Information Science from the Autonomous University of Barcelona and has completed the Senior Management Programme (PADE) of the IESE. She began her professional career as a journalist on Mundo Diario, and at the BBC (London). After working for the Department of Immigration of Western Australia, she returned to Spain, joining the business and finance section of El País in 1984.

Between 1989 and 2003 she was deputy-executive general manager of La Caixa, and CEO of the publishing group Grup 62. She subsequently worked as director of the Gran Teatro del Liceu in Barcelona and, in 2008, became CEO of the Corporación Catalana de Medios Audiovisuales. In 2011, she joined PRISA Group as CEO of Media Capital, Portugal's leading media group.

Ms. Virginia Fernández

Internal Audit Director

A graduate in Economic and Business Sciences, she began her professional career in the Business Consultancy and Audit division of Arthur Andersen (currently Deloitte) in 1995. In 2000, she was appointed Manager of the Transport, Products, Distribution and Services Sector, and promoted to Senior Manager of the same in 2006. Since May of the 2007 fiscal year, she managed the Internal Audit Department of the Prisa Group at both a national and international level.

The business address of the senior managers is Calle Gran Vía 32, 28013 Madrid.

The nature of any family relationship between any of those persons

It is hereby declared that no family relationship exists between any of the people mentioned above.

The names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner.

The companies, other than the Company, are listed below, of which the people mentioned in letters (A) and (D) of this section 14.1 —according to the information that said persons have provided to the Company —were members of the administrative, management or supervisory bodies, or direct partners, at any time in the last five years, with the exception of: (i) the Grupo Prisa subsidiaries of which the person is or has also been a member of the administrative, management or supervisory bodies; (ii) asset-holding or family companies, except for those especially relevant for the Company due to their ties to the Group or their percentage of share capital held; (iii) blocks of shares of listed companies that do not constitute significant holdings; and (iv) positions or stakes in other companies that have already been recorded in the biographical notes of Section 14.1 (A) of this Document of Register.

Name of the board member	Name of the company concerned	Position or duties
Mr. Manuel Polanco Moreno	Mediaset España Comunicación, S.A.	Was Vice-Chairman
	V-Me Media Inc	Was Director
	Rucandio, S.A.	Managing director and full owner of 13.55% y owner without usufruct of 11.45% (current)
	Timón, S.A.	Vice-Chairman (current)
	Qualitas Venture Capital, S.A. S.C.R	Director (current)
	Tropical Hoteles, S.A.	Director (current)
	Canal Club de Distribución de Ocio y Cultura, S.A.	Joint and Several Administrator (current)
Mr. Manuel Mirat	*Other positions: See biographical note*	
Mr. Roberto Alcántara Rojas	Grupo Herradura de Occidente, S.A. de CV	Chairman (current)
	Consorcio Transportista Occher, S.A. de CV	Chairman (current)
	GHO Networks S.A. de CV	Chairman and owner of 18.1815% of the share capital (current)
	Other positions: See biographical note	
Mr. Shk. Khalid Thani A. Al Thani (1)	EZDAN HOLDING GROUP	Chairman (current)
	QATAR INTERNATIONAL ISLAMIC BANK	Chairman (current)
	MEDICARE GROUP	Director (current)
	Dar Al Sharq Printing Publishing & Distribution Co.	Vice-Chairman (current)
	Dar Al Arab Publishing & Distribution Co.	Vice-Chairman (current)
Mr. Joseph Oughourlian (2)	Amber Global Opportunities Master Fund Ltd	Director (current)
	Amber Global Opportunities Fund Ltd	Director (current)
	Amber Capital Italia SGR SPA	Chairman of the Board of Directors (current)
	Racing Club de Lens	Director (current)
	Other positions: See biographical note	

Name of the board member	Name of the company concerned	Position or duties
Waleed Alsa'di	EZDAN HOLDING COMPANY (Q.S.C)	Director (current)
	MEDICARE GROUP (Q.S.C)	Director (current)
	QATAR GENERAL INSURANCE AND REISURANCE COMPANY	Was Director
	JORDANIAN EXPATRIATES INVESTMENT HOLDING	Was Director
	Qatar International Islamic Bank (QIIB)	Director (current)
	Oman-Re	Was Director
	Other positions: See biographical note	
Mr. John Paton	IVA Ventures LLC	Chairman and owner of 50% of its share capital (current)
	Other positions: See biographical note	
Mr. Dominique D'Hinnin	*Other positions: See biographical note*	
Mr. Javier Monzón de Cáceres (3)	Fundación Princesa de Girona	Trustee (current)
	4iQ Inc (USA-Delaware)	Director (current)
	Other positions: See biographical note	
Mr. Javier de Jaime (4)	CVC Capital Partners (Luxembourg) S.ar.l.	Director (current)
	CVC Capital Partners, S.L.	Director (current)
	CVC Capital Partners (Luxembourg) S.ar.l.	Director (current)
	Other positions: See biographical note	
Mrs. Sonia Dulá	*Other positions: See biographical note*	
Mr. Javier Gómez Navarro	Tecnicas Reunidas, S.A.	Director (current)
	Securitas	Advisor (current)
	Digitex	Member of the Advisory Board (current)
	Isolux, S.A.	Was Director

Name of the board member	Name of the company concerned	Position or duties
	Other positions: See biographical note	
Mr. Francisco Gil Díaz	Fibra Dahnos	Director (current)
	Other positions: See biographical note	

(1) The company International Media Group, S.A.R.L. is wholly owned by International Media Group Limited, which, in turn, is 100% owned by Mr. Shk. Khalid Thani A. Al Thani.

(2) Joseph Oughourlian is the majority shareholder of Amber Capital Management LP, which is the owner of Amber Capital UK Holdings Limited, which in turn is the owner of Amber Capital UK LLP.

(3) As regards Javier Monzón's capacity as a Director in Banco Santander in Spain, indicated in the previous biographical note, it should be noted that Banco Santander Spain is not an entity with its own legal personality, its so-called Board formally being an advisory board, the organisation and operating of which is similar in practice to that of a board of directors although without the same legal status.

Javier Monzón indirectly holds shares in the following companies:

- Alto Social Analytics, S.L. - indirect attributable shareholding of 11.75%, which is 50% owned by his spouse through a third-party company.
- Closca Design, S.L. –indirect attributable shareholding of 1.65%, which is 50% owned by his spouse through a third-party company.
- Trident Capital Cybersecurity Fund I, L.P. (USA – Delaware) – indirect attributable holding of 0.65%, which is 50% owned by his spouse through a third-party company, which in turn has a holding in another third party company, which is the direct shareholder.
- 4iQ, Inc (USA-Delaware) – indirect attributable shareholding of 3.4%, which is 50% owned by his spouse through a third-party company, through a participating loan and a call option related another third-party company in which she is a direct shareholder.

(4) Javier de Jaime represents (current positions):

i. the board member Theatre Directorship Service Alpha, S.A.R.L on the Board of Directors of : Cortefiel, S.A.; MEP Retail España, S.L.U.; Vitalia Plus, S.A., Vivaly Inversiones Globales, S.L, Compañía Logística de Hidrocarburos CLH, S.A.

ii. the board member Theatre Directorship Service Beta, S.A.R.L on the Board of Directors of the listed company Deoleo S.A., and of Lecta, S.A., Sub Lecta, S.A., Torraspapel, S.A., IDC Salud Holding, S.L., Baranoa Directorship, S.L.

(*) Javier de Jaime represents (not-current positions):

i. the board member Theatre Directorship Service Alpha, S.A.R.L on the Board of Directors of Abertis.

ii. the board member Directorship Service Beta, S.A.R.L on the Board of Directors of Desarrollos Empresariales Piera, S.L., Food Service Project, S.L., Merbea Restauración Canaria, S.L.U, R Cable and Telecomunicaciones Galicia, S.A., Rede Brigantium, S.L. and Rede Artabros, S.L.

Name of the member of senior management	Name of the company concerned	Position or duties
Mr. Guillermo de Juanes	*Other positions: See biographical note*	
Mr. Xavier Pujol Tobeña	*Other positions: See biographical note*	

Mr. Augusto Delkáder Teig	Fundación Federico García Lorca	Trustee (current)
	Other positions: See biographical note	
Mr. Jorge Rivera	*Other positions: See biographical note*	
Mrs. Marta Bretos	*Other positions: See biographical note*	
Mr. Miguel Ángel Cayuela Sebastián	*Other positions: See biographical note*	
Mr. Pedro García Guillén (*)	*Telefónica Audiovisual Digital, S.L.U.*	CEO (not current)
	Canal Club De Distribucion De Ocio Y Cultura, S.A.	Joint and Several Administrator (not current)
	Compañía Independiente De Televisión, S.L.U.	Chairman and CEO (not current)
	Other positions: See biographical note	
Mr. Alejandro Martínez Peón	*Other positions: See biographical note*	
Mrs. Rosa Cullel	*Other positions: See biographical note*	
Mrs. Virginia Fernández	*Other positions: See biographical note*	

(*) Has represented PRISA TV and PRISA on the Board of Directors of Audiovisual Sport, S.L. and Cinemanía, SLU (not current positions).

<u>In the case of the persons mentioned in letters (A) and (D) of this section 14.1, information about:</u>

(i) <u>Any convictions in relation to fraudulent offences for at least the previous five years</u>

(ii) <u>Details of any bankruptcies, receiverships or liquidations with which any of these persons who was acting in the capacity of a director or senior executive was associated for at least the previous five years</u>

(iii) <u>Details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years</u>

In accordance with the information supplied to the Company by each director and senior manager, it is hereby declared that, unless specifically indicated below, none of the directors or senior managers of Prisa: (i) has been convicted in relation to fraudulent offences for at least the previous five years; (ii) is related to bankruptcies, receiverships or liquidations with which any of these persons who was acting in the capacity of a director or senior executive was associated for at least the previous five years; nor (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities, nor have they ever been disqualified by a court from serving as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

However, until 29 July 2016 the director Javier Gómez Navarro was a director of Isolux, which in July 2017 was declared insolvent by Madrid Commercial Court No 1.

14.2 Administrative, Management, and Supervisory bodies and Senior Management conflicts of interests. Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 14.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.

In the case of the Company's directors, article 37 c) of the Regulations of the Board of Directors establishes that a director must abstain from participating in the deliberation and voting on agreements or decisions in which s/he or an associated person has a conflict of interests. The agreements or decisions that affect him/her in his/her capacity as director will be excluded from this abstention obligation, such as his/her appointment to or removal from duties in the Board of Directors and others of similar significance.

Also, as established in article 38 of the same Regulations, the directors must adopt the necessary measures to avoid entering into situations in which their interests may come into conflict with the social interest and with their duties for the Company, except in those cases in which the Company has granted its consent according to the provisions in Regulations themselves.

The directors must communicate to the Board of Directors any situation of conflict that they, or any person associated with them, may have with the interests of the Company. In particular, they must communicate those situations that may entail the existence of conflicts of interest, pursuant to the provisions of the Internal Regulations on Conduct in Matters Relating to the Securities' Market of Prisa and its Group of Companies.

In those cases in which the conflict of interest situation is, or may reasonably be expected to be of such a nature that it constitutes a structural and permanent conflict situation between the director (or a person linked to the same, or, in the case of a dominical director, the shareholder or shareholders that proposed or appointed the persons who are directly or indirectly related to the same) and the Group Company or companies, it will be understood that the director is, or ceases to be suitably fit to exercise the position.

The Company's General Meeting may exempt a Director or an associated person from the prohibition to obtain a benefit or a remuneration from third-parties, or for transactions whose value is above ten per cent (10%) of the company assets. Exemption from the obligation to not compete with the Company may only be granted if this is not expected to harm the Company or, if it is expected to harm the Company, such harm will be compensated by the benefits that are anticipated to be obtained from the exemption. The exemption will be granted via express and separate agreement of the General Meeting.

In the other cases that affect the aforementioned prohibitions, the authorisation may also be granted by the Board of Directors, provided that the independence of the members who grant it to the exempted Director is guaranteed. It will also be necessary to assure the harmlessness of the authorised operation for the company assets or, where applicable, its application in market conditions and the transparency of the process.

Notwithstanding the foregoing, the authorisation of the Board of Directors will not be necessary any of the linked operations that simultaneously fulfil the following three conditions:

a) They are performed in compliance with contracts whose conditions are standardised and are applied en masse to a high number of customers.

b) They are carried out at prices or rates that are generally set by whoever is acting as the supplier of the good or service concerned;

c) Their amount does not exceed 1% of the Company's annual income.

In the case of senior managers, the conflict detection mechanisms are based essentially on the obligation of the persons to declare a conflict of interest situation subject to Prisa's Internal Regulations on Conduct in Matters Relating to the Securities' Market. Epigraph IV of the Regulations sets forth the steps to follow in the event of conflicts of interest, and also applies to members of the Board of Directors.

Similarly, the Code of Ethics, also applicable to directors and senior managers, highlights the duty to avoid situations that could give rise to a conflict between the interests of individuals and those of the company, and also requires that such situations are communicated to the Company.

Pursuant to article 229 of the Capital Companies Law, and as of the date of this Registration Document, the Board of Directors had not been informed of situations of conflict, direct or indirect, that the directors or the persons related to them (in accordance with article 231 of the aforementioned Law) may have with the interest of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed of the following activities performed by the members of the Board of Directors, as well as by certain persons linked to them, in companies with the same, similar or complementary type of activity to that which constitutes the corporate purpose of the Company or of the Group's companies.

Director	Activity	Persons linked to the Director	Activity
Manuel Polanco	Joint and Several Administrator of Canal Club de Distribución de Ocio y Cultura, S.A.		
Joseph Oughourlian	*See note (*)*		

Director	Activity	Persons linked to the Director	Activity
John Paton	Director of Guardian Media Group. The Chairman of IVA Ventures LLC acts as an advisor to Cxense, a listed company with a head office in Norway that specialises in data analysis. PRISA is a customer of Cxense.		
Shk. Dr Khalid bin Thani bin Abdullah Al-Thani	Vice-Chairman of Dar Al Sharq Printing Publishing & Distribution Co. Vice-Chairman of Dar Al Arab Printing Publishing & Distribution Co.		
Dominique D´Hinnin	0.1% share of the share capital of the Lagardère SCA entity		
Javier Monzón de Cáceres		Spouse	His spouse is an administrator and has a 75% shareholding in the company Derecho y Revés, S.L., which does business in publishing.

(1) Mr. Joseph Oughourlian controls Amber Capital, its associates and subsidiaries (jointly "Amber Capital"), which act as investment managers, partners, managers and directors of funds, accounts and other investment vehicles, (jointly the "Amber Funds") that invest in companies that are listed or not listed in Europe, North America and Latin America, which include trading activities with the same, similar or complementary activities to those of the corporate purpose of Prisa. Mr. Oughourlian also acts as managing partner of Amber Capital and as portfolio manager for different funds belonging to Amber.

Companies of the Prisa Group are not included in this relationship. The following Directors of Promotora de Informaciones, S.A. are members of the administrative body of some Prisa Group companies or companies in which Prisa has an indirect holding: Manuel Polanco Moreno, Mr. Manuel Mirat and John Paton.

The Board of Directors is not aware of the existence of any conflicts of interest that could affect the members of senior management:

15. REMUNERATION AND BENEFITS

15.1 The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the persons mentioned in epigraphs (A) and (D) of section 14.1 by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person.

(A) Preliminary considerations

The Company Bylaws, in their article 22 and the Regulations of Prisa's Board of Directors, in its articles 33, 34 and 35, set forth the general system applicable to the remunerations for Prisa's directors.

The General Shareholders' Meeting approves the policy for the directors' remunerations in accordance with the legal provisions and within said general framework.

The remunerations policy for the Board of Directors for the tax years 2017 to 2019 was approved by the Ordinary Shareholders' Meeting held on 30 June 2017, at the proposal of the Board and the Company's Appointment and Remuneration Committee. Likewise, the Extraordinary General Meeting of Shareholders of 15 November 2017 agreed to modify said remuneration policy for the Board of Directors, to envisage the possibility of establishing extraordinary remuneration plans that include the delivery of Company shares. Furthermore, other adjustments and modifications will be made to the text of said remunerations policy for the Board of Directors (e.g. dates and numbers of sections, technical adjustments to create space for new executive directors in the Policy, among others).

The latest Directors' Remunerations Report, which explains how the remunerations policy was applied during the 2016 tax year, was submitted for a consultative vote by the General Shareholders' Meeting held on 30 June 2017, according to the provisions in article 541 of the Spanish Corporation Law and in article 12.2. of Order ECC/461/2013. The Directors' Remunerations Report individually lists the remunerations paid for each director, indicating the amounts corresponding to each remuneration item.

Said report, which was approved by the Board of Directors, at the proposal of the Appointment and Remuneration Committee, was communicated to the National Securities Market Commission (the "**CNMV**") on 27 February 2017.

<u>General principles of the Remunerations Policy:</u>

The statutory and regulatory premises established with regards to the directors' remunerations are as follows:

- The Board will ensure that the director's remuneration takes into consideration the market circumstances. The remuneration must in any case be reasonably in proportion to the size of the Company, the economic situation that exist at any tie and the market standards of comparable companies. Also, the established remuneration system must be aimed at promoting the Company's long-term profitability and sustainability and incorporating the necessary cautions in order to avoid the excessive assumption of risks and avoid recompensing unfavourable results.

In any case, remunerations related to the Company's results must take into account any reservations declared in the audit report that negatively affect said results.

- The directors can perform any other position or post on a voluntary or remunerated basis in the Company, or in any other company belonging their Group, unless there is a legal or discretional incompatibility with the Board.

- The directors' remuneration will consist of a fixed annual allocation. The maximum annual remuneration amount of all of the directors in their capacity as such (thus excluding that which is received by the executive directors) must be approved by the General Meeting, and will remain effective until the modification of the same has been approved. In this respect it is hereby declared that Prisa's General Shareholders' Meeting held on 27 November 2010 established a maximum fixed remuneration for the Board of Directors of 2,000,000 euros. Said limit will remain effective until the General Meeting approves the modification of the same. At the proposal of the Appointment and Remuneration Committee, this maximum limit has not been updated since it was initially set.

  The remuneration of the different directors could vary according to their position, functions and attributed responsibilities, and their services in the Board Committees, and will be compatible with the payment of per diems for attending meetings.

  The Board will be responsible for setting the exact amounts of the per diems, as well as the individual remunerations that each director must receive, respecting in each case the limits established by the General Meeting and the remuneration items provided for in the Bylaws.

- Notwithstanding the aforementioned remunerations, the directors' remuneration may also consist of the delivery of shares, or of share options or share-indexed compensation. The application of this type of remuneration will require the agreement of the General Meeting, expressing, where appropriate, the maximum number of shares that may be assigned to this remuneration system each year, the price for the tax year or the system for calculating the exercise price of the stock options, the value of the shares which is taken as a reference, when appropriate, and the term of this remuneration plan. In this respect, it is hereby declared that the deliveries of shares that were made up to April 2019 are covered in the agreement adopted by Prisa's Ordinary Shareholders' Meeting held on 28 April 2014, which authorises Company shares to be offered in payment of the remunerations for the Company directors and a defined group of senior managers in the Prisa Group.

- Directors that may have privileged information are restricted from performing transactions on said securities.

- Also, there are restrictions for the transfer of shares that Directors receive as part of their remuneration:

  - External Directors who receive shares in payment of their fixed remuneration are obliged to maintain ownership thereof until they cease to serve as directors.

- Regarding the stock received as payment for their remuneration, Directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration until at least 3 years have passed from their assignation.

- The foregoing will not apply to the shares that the director needs to transfer, where appropriate, in order to pay the costs related to the acquisition.

- The Company will take out a civil liability insurance for its directors.

- Also, the Directors that have been attributed executive functions will be entitled to receive a remuneration for providing said functions, which will be determined by the Board of Directors pursuant to what is set out in the directors' remuneration policy approved by the General Meeting and that will be included in a contract that will be signed between the Director and the Company and that must contain all of the items for which a remuneration may be obtained by performing executive functions. This contract must be previously approved by the Board of Directors with the favourable vote of two-thirds of its members, and must be incorporated as an attachment to the minutes of the session. The Director concerned must abstain from attending the deliberation and from participating in the vote. The contract must contain all of the wording required by Law and comply with the Company's remunerations policy.

In accordance with the provisions in the Remuneration Policy and in compliance with article 217 of the Spanish Corporation Law, the Board of Directors, at the proposal of the Appointment and Remuneration Committee, will annually review the Remuneration Policy so that the directors' compensation is reasonably in proportion to the size of the Company and its economic situation. The following criteria for determining the different components of the directors' compensation package will be defined according to the strategic objectives defined by the Board of Directors, the best market practices and the legislation that is in effect at any moment.

Compensation system applicable to directors in their capacity as such (non-executive directors)

Subject to the previously specified annual limit, the Board of Directors will determine the remuneration payable to each director in their capacity as such, taking into consideration the functions and responsibilities attributed to each one, the Board's entitlement to commissions, the duties they perform and any other objective circumstances that are deemed relevant. Also, the Board will ensure that the remuneration of the external directors is adapted to the following guidelines:

i. The external director must be remunerated in line with the time s/he has actually dedicated to the work.

ii. The amount of the independent director's remuneration must be calculated in such a way that, whilst work incentives are offered, this does not constitute an obstacle to his/her independence.

The remuneration system for non-Executive Directors may include all or some of the following remuneration items that the Company is currently paying:

i. Fixed annual remuneration for participating in the Board of Directors: The remuneration for this item currently amounts to 75,000 Euros a year. External directors can choose to have this remuneration paid to them either fully in cash or 60% in cash and 40% in PRISA shares.

When the director opts to receive their payment partially in PRISA shares, these are delivered quarterly and pro rata, taking as a reference the share's average closing price in the Continuous Market during the thirty working days immediately prior to the last day of each calendar quarter. The remuneration in cash will also be paid pro rata, on a monthly basis.

As previously indicated, the External Board Members who receive shares as payment for their fixed remuneration are obliged to maintain ownership thereof until they cease to serve as Board Members.

ii. Fixed annual remuneration for participating in the different Board Committees:

- Remuneration for participating in the Executive Committee: the remuneration for this item currently amounts to 75,000 Euros a year and is paid pro rata and in cash, on a monthly basis.
- Retribution for participating in the Audit, Appointment and Remuneration, Corporate Governance and Technological Transformation Committees: the remuneration for this item currently amounts to 19,000 Euros a year for its Chairmen and 9,500 Euros a year for the voting members and will be paid pro rata in cash, on a monthly basis.

iii. Per diems for attending meetings of the Board of Directors and its Committees: the directors can receive per diems for attending the meetings of all or some of these bodies and the amount of the per diems may be different for its Chairmen and for its voting members, and must be paid fully in cash. Currently, the amount of the per diems is 5,000 Euros for the Chairs of the Committees and 2,500 Euros for the voting members of the Board, of the Executive Committee and of the Committees.

The Board of Directors is empowered to determine the remuneration items appropriate for non-executive board members, as well as the amounts to pay for such items, according to the Company's circumstances at any moment and at the proposal of the Appointment and Remuneration Committee.

The following must be respected when exercising this power:

- The statutory provisions and the provisions in the Remunerations Policy;
- They will be deemed to be maximum amounts, that under no circumstances may exceed the amounts that the Company is currently paying to the non-executive directors for the fixed remuneration and per diems (set forth in the Remunerations Policy).

Furthermore, PRISA's Directors, except for the executives, may earn other fees for their participation in the Boards of other PRISA Group companies, pursuant to their respective Company Bylaws.

The Remuneration Policy of the directors, in their capacity as such, does not provide for the extension of credits, advances or guarantees. Nor does it provide for the participation of non-executive directors in social security systems nor the right to any compensation should any of their functions as director cease, nor the award of other remunerations in addition to those described above.

The Company has taken out a civil liability insurance for its directors.

Remuneration system applicable to Executive Directors:

i. Executive directors do not receive any amount for the previously mentioned items (fixed remuneration for participation in the Board and its Committees and per diems for attendance in the meetings of said bodies).

ii. The remuneration of the Executive Directors is determined by the respective contracts that each of them holds with the Company and, in general terms, consists of the following remuneration items:

- Fixed remuneration;
- Variable remuneration (annual and multiannual);
- Social security;
- Payment in kind; and
- Delivery of shares free-of-charge (see section 17.3 of this Registration Document with regards to the Extraordinary Incentives Plan linked to the recapitalisation and financial stabilisation of the Company).

Agreement of the Board of Directors as part of the succession plan for the Chairman

- With effect from 1 January 2018, Mr. Juan Luis Cebrián ceased serving as Executive Chairman of the Company. At the time his resignation was accepted, the Board of Directors approved the recognition of the following remuneration items: (i) a retirement supplement or pension plan amounting to six million euros; (ii) variable remuneration for 2017 totalling one million euros In addition, Mr. Cebrián will be entitled to receive, in the event of its accrual, the incentive in shares approved by the Extraordinary Shareholders' Meeting held on 15 November, linked to the success of the financial restructuring and capitalization, as well as the the sale of Media Capital
- Effective on January 1, 2018, Mr. Manuel Polanco Moreno resigned as executive vice chairman and was appointed non-executive chairman of the Group. The Board that approved said appointment recognised Mr. Polanco's right to receive, as a consequence of the termination of the service lease contract with the Company, compensation equivalent to fifteen months' of his last fixed and variable annual remuneration, totalling 905,000 euros, in addition to 264,000 euros for his 2017 annual variable remuneration. In addition, Mr. Polanco will be entitled to receive, as compensation for the non-compete clause included in his previous services contract, 230,000 euros if he ceases to be Chairman of the Board before December 31, 2019 — as a consequence of (a) his voluntary resignation as Chairman of the Board or (b) his resignation as Chairman of the Board agreed by the General Meeting or by the Board for a cause other than a serious breach of his duties, which would trigger his removal from the post — and not compete with the PRISA group before December 31, 2018

Likewise, the aforementioned Board of Directors, based on the proposal of the Appointments and Remuneration Committee, agreed the following remuneration for Mr. Polanco in his capacity as non-executive Chairman of the Company: (i) subject to approval by the General Shareholders' Meeting of the Company of the corresponding Remuneration Policy for Directors that addresses this, a fixed annual remuneration of 500,000 euros, prorated monthly, in cash and in payment for all the positions he holds in the Company (that is, in his capacity as director, non-executive Chairman of the Board of Directors and member of the Executive Committee). Mr. Polanco will not receive per diems for attending the meetings of the Board of Directors and the Executive Committee Mr. Polanco will receive this remuneration once the Remuneration Policy has been modified by the General Shareholders' Meeting and, in his case, the Remuneration Policy, effective as of January 1, 2018; (ii) on a transitory basis and until the approval by the General Meeting of Prisa of the Remuneration Policy of the Directors of Prisa that contemplates the annual fixed remuneration referred to in paragraph (i) above, the remuneration that Mr. Polanco will receive will be equal to a gross annual amount of 460,419 euros, which is the annual fixed remuneration stipulated in the service lease contract referred to above

However, once the General Shareholders' Meeting of Prisa has approved the Remuneration Policy for the directors of Prisa, which includes the payment, effective as of January 1, 2018, of the fixed annual remuneration of 500,000 euros referred to above, the Company will make the appropriate adjustments to ensure that the annual fixed remuneration for the Chairman of the Board of Directors and for the participation on the Board of Directors and the Delegate Committee totals 500,000 euros.

(B) Remuneration of the members of the Company's Board of Directors and of the members of Senior Management in the first six months of 2017 and in the 2016 tax year:

I. Preliminary considerations

Before listing the remuneration of the Company's Board of Directors and members of senior management, we hereby make the following statements with regards to the information concerning said remuneration of the directors and of the members of senior management that appears in the following tables:

- The remunerations referring to the 2016 tax year correspond to the amount paid during the tax year according to the fixed payment criteria of Circulars 4/2013 and 5/2013 of the CNMV, which approve the template for the annual report on directors' remunerations and the annual report on corporate governance for listed public limited companies, and differ from the total amount of the directors' and senior management remunerations that are specified in the Annual Accounts Report and in the Six-Monthly Financial Information of the 2016 tax year, which corresponds to the accounting provision.
- The remunerations that refer to the first six months of 2017 are those published in the Six-Monthly Financial Information corresponding to said period and, therefore, to the accounting provision.

- The members of the senior management are the members of the Management Committee who are not executive directors and who have a working relationship with Prisa and other Group companies other than the latter and, in addition, Prisa's Director of Internal Auditing.

II. Remuneration of the members of the Company's Board of Directors during the first six months of 2017:

During the first six months of 2017, Prisa and other consolidated Group companies recorded the remuneration amounts to members of Prisa's Board of Directors that appear in the following table.

(in thousands of euros)	30/06/2017
Fixed remuneration	1,107
Variable remuneration	1,169
Per diems	222
Bylaw-stipulated compensation	767
Others	1.910
Total remuneration of the directors	**5,175**

Notes:

i) The total remuneration of the Board of Directors includes those corresponding to Mr. Jose Luis Sainz Díaz who ceased serving as a director, effective on September 4, 2017, Ms. Blanca Hernández, who ceased serving as a director in the first half of 2017, those of Mr. José Luis Leal Maldonado, Mr. Alain Minc, Mr. Ernesto Zedillo Ponce de León, Mr. Glen Moreno, Mrs. Elena Pisonero Ruíz, Mr. Alfonso Ruiz de Assin Chico de Guzmán, Mr. Gregorio Marañon and Bertrán de Lis, who ceased to be directors on 15 November 2017, and that of Mr. Juan Luis Cebrián, who resigned with effect from 1 January 2018.

ii) The following items were included in the variable remuneration of the directors:

- Annual variable remuneration (bonus): accounting entry for the theoretical annual variable remuneration of the executive directors for fulfilling the management objectives. Nevertheless, although this remuneration depends on the fulfilment of the management objectives at the close of the 2017 tax year, the booked amount under no circumstances supposes a recognition of said variable remuneration, which will be applied, where applicable, once the tax year is closed and the Group's relevant annual accounts have been formulated, and in accordance with the level to which the set objectives have been fulfilled.
- Regularisation of the 2016 bonus paid in June 2017.
- Multi-year variable incentive enjoyed by the previous Executive Chairman, Mr. Juan Luis Cebrián Echarri, according to his contract, for the period 2016/2018. The above table contains the accounting expense booked in the profit and loss account for the first six-months of 2017, for an amount of 250 thousand euros.

iii) Among others, it includes the compensation for termination of the contractual relationship of the former CEO, Mr. José Luis Sainz, which has been in effect since 4 September 2017, for an amount of 1,875 miles de euros. This is the result of applying the clause on termination by mutual agreement of the parties, set forth in the contract with Mr. Sainz (15 months of fixed remuneration and last bonus paid).

iv) No other credits, advance payments or loans have been given, nor have any pension liabilities been assumed, with regards to the Board of Directors, during the first six months of 2017.

With regards to the remuneration of the Board members from said date and up to this Registration Document, it is hereby stated that no payment has been made for such items that is materially different to those described in the table, except for:

(i) 6,000,000 euros paid to Mr. Juan Luis Cebrián by way of a retirement supplement or a pension plan.

(ii) 1,000,000 euros paid to Mr. Juan Luis Cebrián as variable remuneration for 2017

(iii) 187,500 euros paid to Mr. Jose Luis Sainz Díaz in relation to a non-compete clause stipulated in the contract he had with the Company .

III. Remuneration of the members of the Company's Board of Directors in the 2016 tax year:

The remunerations of the 2016 tax year specified in the following tables are those contained in the Annual Report on Directors' Remunerations for the 2016 tax year:

a. <u>Remunerations paid in Prisa:</u>

i) <u>Remuneration in cash (in thousands of Euros)</u>

Name	Salaries	Fixed remuneration	Per diems	Short term variable payment	Long term variable payment	Payment for belonging to Board committees	Severance compensation	Other items	Total year 2016
Mr. Juan Luis Cebrián Echarri[1]	1.000	0	0	692	0	0	0	70	1.762
Mr. Manuel Polanco Moreno	460	0	0	175	0	0	0	5	640
Mr. José Luis Sainz Díaz [2]	750	0	0	538	0	0	0	4	1.292
Mr. Roberto Alcántara Rojas	0	45	25	0	0	75	0	0	145
Mr. José Luis Leal Maldonado [3]	0	75	45	0	0	12	0	0	132
Mr. Gregorio Marañón y Bertrán de Lis [4]	0	45	47	0	0	87	0	91	270
Mr. Alain Minc [5]	0	45	67	0	0	97	0	0	209
Mr. Ernesto Zedillo Ponce de León [6]	0	45	55	0	0	19	0	0	119
Mr. John Paton	0	75	50	0	0	12	0	0	137
Mr. Joseph Oughourlian	0	75	30	0	0	7	0	0	112

Mr. Shk. Khalid Thani A. Al Thani	0	45	20	0	0	7	0	0	72
Blanca Hernández Rodríguez [7]	0	56	23	0	0	7	0	0	86
Mr. Glen Moreno [8]	0	56	33	0	0	14	0	0	103
Mrs. Elena Pisonero Ruiz [9]	0	34	30	0	0	63	0	0	127
Mr. Alfonso Ruiz de Assin Chico de Guzmán [10]	0	56	22	0	0	8	0	0	86
Mr. Waleed Alsa'di [11]	0	30	10	0	0	6	0	0	46
Mr. Dominique D'Hinnin [12]	0	50	10	0	0	0	0	0	60
Arianna Huffington [13]	0	4	0	0	0	1	0	0	5
Mr. Claudio Boada Palleres [14]	0	19	15	0	0	2	0	0	36
Agnes Noguera Borel [15]	0	11	20	0	0	5	0	0	36
Mr. Borja Perez Arauna [16]	0	11	13	0	0	2	0	0	26

[1] Mr. Juan Luis Cebrián ceased serving as director with effect from 1 January 2018.

[2] Mr. José Luis Sainz Díaz ceased serving as director with effect from 4 September 2017.

[3] Mr. José Luis Leal Maldonado ceased serving as director with effect from 15 November 2017.

[4] Mr. Gregorio Marañón y Bertrán de Lis ceased serving as director with effect from 15 November 2017.

[5] Mr. Alain Minc ceased serving as director with effect from 15 November 2017.

[6] Mr. Ernesto Zedillo Ponce de León ceased serving as director with effect from 15 November 2017.

[7] Blanca Hernández Rodríguez ceased serving as director on 5 June 2017.

[8] Mr. Glen Moreno ceased serving as director with effect from 15 November 2017.

[9] Mrs. Elena Pisonero Ruiz ceased serving as director with effect from15 November 2017.

[10] Mr. Alfonso Ruiz de Assin Chico de Guzmán ceased serving as director with effect from 15 November 2017.

[11] Mr. Waleed Alsa´di and Mr. Dominique D'Hinnin were appointed directors, by means of co-opting, with the agreement of the meeting of the Board of Directors held on 6 May 2016. Their appointment was subsequently ratified in the Shareholders' Meeting on 30 June 2017.

[13] Arianna Huffington ceased serving as director on 26 February 2016.

[14] Mr. Claudio Boada Palleres ceased serving as director with effect from 1 April 2016.

[15] Agnes Noguera Borel ceased serving as director on 1April2016.

[16] Mr. Borja Perez Arauna ceased serving as director with effect from 1 April 2016.

Notes:

- Mr. Cebrián received a variable multiannual share incentive for the period 2016/2018. Given that his payment depended upon the fulfilment of certain conditions, no payment of any amount was paid out for this item in the 2016 tax year and therefore it did not appear in the above table, notwithstanding the accounting expenses that were registered in the results account.

- The 91 thousand Euros paid for Gregorio Marañón include 90 thousand Euros for the provision of legal advice services to the Company and do not constitute a remuneration for his service in the capacity as Company Director.

ii) Share-based remuneration systems (in thousands of Euros)

Fixed annual remuneration (40%) for participating in the Board of Directors:

Name	Shares paid out during the 2016 tax year	Value (thousand euros)
Mr. Alain Minc [1]	4,476	30
Mr. Gregorio Marañon Bertran de Lis [2]	3,946	30
Mr. Ernesto Zedillo Ponce de Leon [3]	4,296	30
Mr. Agnes Noguera Borel [4]	1.006	8
Mr. Borja Perez Arauna [5]	1.006	7
Arianna Huffington [6]	722	2
Mr. Roberto Alcántara Rojas	4,296	30
Mr. Shk. Khalid Thani A. Al Thani	4,296	30
Mr. Waleed Alsa'di	2.790	20
Ms. Elena Pisonero Ruiz [7]	2.940	23

[1] Mr. Alain Minc ceased serving as director with effect from 15 November 2017.

[2] Mr. Gregorio Marañón y Bertrán de Lis ceased serving as director with effect from 15 November 2017.

[3] Mr. Ernesto Zedillo Ponce de León ceased serving as director with effect from 15 November 2017.

[4] Agnes Noguera Borel ceased serving as director with effect from 1 April 2016.

[5] Mr. Borja Perez Arauna ceased serving as director with effect from 1 April 2016.

[6] Arianna Huffington ceased serving as director with effect from 26 February 2016.

[7] Mrs. Elena Pisonero Ruiz ceased serving as director with effect from15 November2017.

Notes:

- Although the remuneration of the Non-Executive Directors does not included a fixed amount through the delivery of shares that are of the same gross amount for all Directors, the number of assigned shares varies because it depends on the retention rates applicable to each of them.
- On 31 December 2016 not all of the paid shares had been delivered in full.
- The price of the shares paid to Non-Executive Directors during the 2016 tax year is not a single price. There are four prices, corresponding to each quarter of the 2016 tax year (5,523; 5,823; 5,902 and 5,318 Euros).

iii) Other Benefits (in thousands of Euros)

Insurance Premiums:

Name	Amount (thousands of euros)
Mr. Gregorio Marañon Bertran de Lis [1]	1
Mr. Manuel Polanco	5
Mr. Juan Luis Cebrián Echarri[2]	22
Mr. Jose Luis Sainz Diaz [3]	4

[1] Mr. Gregorio Marañón y Bertrán de Lis ceased serving as director with effect from 15 November 2017.

[2] Mr. Juan Luis Cebrián ceased serving as director with effect from 1 January 2018.

[3] Mr. José Luis Sainz Díaz ceased serving as director with effect from 4 September 2017.

Notes: They are the "Life Insurance Premiums" and those of the Health and Accidents Policy.

b. Remunerations paid by the Company's directors for belonging to boards in other Group Companies:

i) Remuneration in cash (in thousands of Euros)

Name	Salaries	Fixed remuneration	Per diems	Short term variable payment	Long term variable payment	Payment for belonging to Board committees	Severance compensation	Other items	Total year 2016
Ms. Arianna Huffington [1]	0	8	0	0	0	0	0	0	8
Mr. John Paton	0	34	0	0	0	0	0	0	34

[1] Arianna Huffington ceased serving as director with effect from 26 February 2016.

c. Summary of the remunerations (in thousands of euros):

Name	Remuneration paid in the Company				Remuneration paid in the Group Companies					
	Total cash payment	**Amount of shares granted**	**Gross profit of options exercised**	**2016 tax year company total**	**Total cash payment**	**Amount of delivered shares**	**Gross profit of options exercised**	**2016 tax year group total**	**2016 tax year total**	**Contribution to savings systems during the tax year**
Mr. Juan Luis Cebrián Echarri[1]	1.762	0	0	1.762	0	0	0	0	1.762	0
Mr. Manuel Polanco Moreno	640	0	0	640	0	0	0	0	640	0
Mr. José Luis Sainz Díaz [2]	1.292	0	0	1.292	0	0	0	0	1.292	0
Mr. Roberto Lázaro Alcántara Rojas	145	30	0	175	0	0	0	0	175	0
Mr. José Luis Leal Maldonado [3]	132	0	0	132	0	0	0	0	132	0
Mr. Gregorio Marañón y Bertrán de Lis [4]	270	30	0	300	0	0	0	0	300	0
Mr. Alain Minc [5]	209	30	0	239	0	0	0	0	239	0
Mr. Ernesto Zedillo Ponce de León [6]	119	30	0	149	0	0	0	0	149	0
Mr. John Paton	137	0	0	137	34	0	0	34	171	0
Mr. Joseph Oughourlian	112	0	0	112	0	0	0	0	112	0
Mr. Shk. Khalid Thani A. Al Thani	72	30	0	102	0	0	0	0	102	0
Blanca Hernández Rodríguez [7]	86	0	0	86	0	0	0	0	86	0
Mr. Glen Moreno [8]	103	0	0	103	0	0	0	0	103	0
Mrs. Elena Pisonero Ruiz [9]	127	23	0	150	0	0	0	0	150	0
Mr. Alfonso Ruiz de Assin Chico de Guzmán [10]	86	0	0	86	0	0	0	0	86	0
Mr. Waleed Alsa'di [11]	46	20	0	66	0	0	0	0	66	0
Mr. Dominique D'Hinnin [11]	60	0	0	60	0	0	0	0	60	0
Ms. Arianna Huffington [12]	5	2	0	7	8	0	0	8	15	0

Ms. Agnes Noguera Borel [13]	36	8	0	44	0	0	0	0	44	0
Mr. Borja Perez Arauna [14]	26	7	0	33	0	0	0	0	33	0
Mr. Claudio Boada Palleres [15]	36	0	0	36	0	0	0	0	36	0
Total	**5.501**	**210**	**0**	**5.711**	**42**	**0**	**0**	**42**	**5.753**	**0**

1 Mr. Juan Luis Cebrián ceased serving as director with effect from 1 January 2018.

2 Mr. José Luis Sainz Díaz ceased serving as director with effect from 4 September 2017.

3 Mr. José Luis Leal Maldonado ceased serving as director with effect from 15 November 2017.

4 Mr. Gregorio Marañón y Bertrán de Lis ceased serving as director with effect from 15 November 2017.

5 Mr. Alain Minc ceased serving as director with effect from 15 November 2017.

6 Mr. Ernesto Zedillo Ponce de León ceased serving as director with effect from 15 November 2017.

7 Blanca Hernández Rodríguez ceased serving as director on 5 June 2017.

8 Mr. Glen Moreno ceased serving as director with effect from 15 November 2017.

9 [15] Mrs. Elena Pisonero Ruiz ceased serving as director with effect on15 November 2017.

10 Mr. Alfonso Ruiz de Assin Chico de Guzmán ceased serving as director with effect from 15 November 2017.

11 Mr. Waleed Alsa´di and Mr. Dominique D'Hinnin were appointed directors, by means of co-opting, with the agreement of the meeting of the Board of Directors held on 6 May 2016. Their appointment was subsequently ratified in the Shareholders' Meeting on 30 June 2017.

12 Arianna Huffington ceased serving as director on 26 February 2016.

13 Agnes Noguera Borel ceased serving as director on 1 April 2016.

14 Mr. Borja Perez Arauna ceased serving as director on 1 April 2016.

15 Mr. Claudio Boada Palleres ceased serving as director on 1 April 2016.

Notes:

- With regards to the column "Contribution to savings systems during the tax year" it is hereby stated that no contribution was made for this item during the 2016 tax year, since, with regards to the retirement supplement of the previous Chairman, Mr. Juan Luis Cebrián, the Company registered a provision that covered the total amount (€6,000,000) in the 2014 tax year.

IV. Remuneration of the members of the Company's senior management during the first six months of 2017:

During the first six months of 2017, Prisa and other consolidated companies of the Group had registered the amounts for remunerations to members of the senior management that are included in the table below (it being understood that these are members of the Business Management Committee that were not executive directors and had no employment relationship with Prisa and with other Group companies other than this one, and also Prisa's internal audit director). The members of senior management on 30 June 2017 were as follows:

Senior Management	
Name	**Position**
Mr. Manuel Mirat Santiago	CEO of Prisa Noticias
Mr. Andrés Cardó	Prisa's Director of Planning and Strategy, Management Control and Budgeting.
Mr. Miguel Ángel Cayuela Sebastián	CEO of Santillana
Mrs. Rosa Cullell Muniesa	CEO of DTS Distribuidora de Televisión Digital, S.A.*
Mr. Antonio García-Mon Marañés	Secretary General
Ms. Bárbara Manrique de Lara	Director of Communications, Marketing and HR??!!IR
Mr. Ignacio Soto	Managing Director of Prisa Radio
Ms. Noelia Fernández Arroyo	Managing Director of business development and digital transformation
Ms. Virginia Fernández	Internal Audit Director
Total remuneration (in thousands of euros)	**2,635**

Notes:

(i) Mr. Manuel Mirat was appointed as a director of Prisa in June 2017. He was previously a member of the Group's senior management.

(ii) Mr. Antonio García-Mon ceased serving as Secretary General in July 2017, being replaced in this position by Mr. Xavier Pujol Tobeña.

(iii) The total remuneration for senior management also includes that corresponding to Mr. Fernando Martinez Albacete up to the moment when he ceased in his position as Chief Finance Officer of PRISA, in May 2017. Mr. Guillermo de Juanes replaced him as Chief Finance Officer in July 2017.

(iv) In September 2017, Ms. Noelia Fernandez Arroyo left the Company.

(v) The total aggregate remuneration for members of senior management in the first six months of 2017, of Promotora de Informaciones, S.A. and other Group companies other than the latter, is given in the accounting entry for the overall remuneration of senior managers and includes, among other items:

- Annual variable remuneration (bonus): accounting entry for the theoretical annual variable remuneration of senior managers for fulfilling the management objectives. Nevertheless, although this remuneration depends on the fulfilment of the management objectives at the close of the 2017 tax year, the booked amount under no circumstances supposes a recognition of said variable remuneration, which will be applied, where applicable, once the tax year is closed and the Group's relevant annual accounts have been formulated, and in accordance with the level to which the set objectives have been fulfilled.

- Regularisation of the 2016 bonus paid in March 2017.
- Regularisation for the payment made in 2017 to certain Senior Managers, for the 2014-2017 period, of the long-term incentive (LTIP) approved by the Ordinary Shareholders' Meeting held on 28 April 2014.

Regarding the remuneration of members of senior management, as from said date and up to the date of this Registration Document, it is hereby recorded that no payment for such concepts that is materially different than those included in the table has been made, except for the payment made to some members of senior management who are no longer with the Company, under the concept of a non-competition agreement and compensation for the termination of their contracts. Said payments are not relevant with respect to the overall figure recorded in the preceding table.

Remuneration of the senior managers of the Company in the 2016 tax year

Shown below is the remuneration paid for the Company's senior managers during the 2016 tax year:

Senior Management	
Name	**Position**
Mr. Miguel Angel Cayuela Sebastian	CEO of Santillana
Ms. Noelia Fernandez Arroyo	Managing Director of business development and digital transformation
Mr. Manuel Mirat Santiago	CEO of Prisa Noticias
Ms. Rosa Cullel Muniesa	CEO of Media Capital
Mr. Antonio Garcia-Mon Marañes	Secretary General
Mr. Fernando Martinez Albacete	Chief Finance Officer (CFO) of Prisa
Ms. Bárbara Manrique de Lara	Director of Communications, Marketing and HR
Mr. Andres Cardo Soria	CEO of Prisa Radio
Mr. Ignacio Soto Perez	Chief revenue officer
Ms. Virginia Fernández	Internal Audit Director
Total remuneration (in thousands of euros)	**5.155**

Note: The total remuneration for senior management also includes that corresponding to Mr. Antonio Alonso Salterain until he ceased in his position of *Chief Revenue Officer*, in June 2016. The remuneration included of Mr. Ignacio Soto cover his service since his appointment as *Chief Revenue Officer*, in July 2016.

15.2 Total amounts saved or accumulated by the issuer or its subsidiaries for pension, retirement or similar services.

The contract entered into with the previous Executive Chairman, Mr. Juan Luis Cebrián Echarri, which came into effect on 1 January 2014 and has now been terminated, established that he was entitled to an annual payment of €1,200,000, as a retirement supplement, for each of the years 2014, 2015, 2016, 2017 and 2018.

The Board of Directors of the Company that resolved the execution of the succession plan for the Chairman recognised the accrual of this remuneration item in favour of Mr. Juan Luis Cebrián, in the amount of €6,000,000.

In the event of the breach of a non-competition covenant established in his contract, Mr. Cebrián will be obliged to reimburse the Company with the amount he may have received by way of a retirement supplement. The Company already registered a provision in 2014 that covered the total amount of said retirement supplement.

16. BOARD PRACTICES

16.1 Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.

The dates of initial appointment and expiration of the terms of office of the members of the Board of Directors are shown below:

Name	Position	Date of first appointment	Date of last appointment	Expiration date of office [1]
Mr. Manuel Polanco Moreno [2]	Chairman	19/04/2001	01/04/2016	01/04/2020
Mr. Manuel Mirat [3]	CEO	30/06/2017	30/06/2017	01/04/2020
Mr. Roberto Alcántara Rojas	Voting member	24/02/2014	28/04/2014	28/04/2019
Mr. Shk. Khalid Thani A. Al Thani	Voting member	18/12/2015	01/04/2016	01/04/2020
Mr. Joseph Oughourlian	Voting member	18/12/2015	01/04/2016	01/04/2020
Mr. Waleed Alsa'di [4]	Voting member	06/05/2016	06/05/2016	28/04/2019
Mr. John Paton	Voting member	24/02/2014	28/04/2014	28/04/2019
Mr. Dominique D'Hinnin [4]	Voting member	06/05/2016	06/05/2016	22/04/2018
Mr. Javier Monzón de Cáceres [5]	Voting member	20/11/2017	20/11/2017	01/04/2020
Mr. Javier de Jaime [5]	Voting member	20/11/2017	20/11/2017	01/04/2020
Mr. Javier Gómez Navarro [5]	Voting member	20/11/2017	20/11/2017	01/04/2020
Mr. Francisco Gil Díaz [5]	Voting member	20/11/2017	20/11/2017	01/04/2020

Mr. Xavier Pujol Tobeña is the non-member secretary of the Board of Directors.

1 In the General Shareholders' Meeting held on 20 April 2015, the Company's Bylaws were modified in order to, among other things, reduce the term of the director's service from five to four years. As a consequence, those directors appointed prior to the date of said Meeting will exercise their mandate for a term of five years while those who were appointed after that date will do so for a four-year term.

2 Manuel Polanco Moreno was appointed as Chairman of the Board of Directors on 1 January 2018.

3 The appointment of Manuel Mirat as director was performed through co-opting by agreement of the Board of Directors held on 30 June 2017 and was subsequently ratified by the Shareholders' Meeting held on 15 November2017. Manuel Mirat was appointed as CEO on 4 September 2017.

4 The appointment of Mr. Waleed Alsa'di and Mr. Dominique D'Hinnin as directors was performed through co-opting by agreement of the Board of Directors held on 6 May 2016 and was subsequently ratified by the General Shareholders' Meeting held on 30 June 2017.

5 The appointment of Mr. Javier Monzón de Cáceres, Mr. Javier de Jaime, Mr. Javier Gómez Navarro and Mr. Dominique Francisco Gil Díaz were appointed directors, by means of co-opting, with the agreement of the meeting of the Board of Directors held on 20 November 2017.

Additionally, at its meeting of 20 November 2017 the Board of Directors appointed Ms. Sonia Dulá as an independent director. As at the date of this Prospectus, her appointment is pending final acceptance. If accepted, her appointment would run until 1 April 2020.

Pursuant to article 18 of Prisa's Bylaws, according to the wording agreed by the General Shareholders' Meeting held on 20 April 2015, the directors served in their offices during the four-year term, at the end of which they could be re-elected one or more times for terms of equal duration.

16.2 Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement

Long-Term Savings Systems

The contract entered into with the previous Chairman, Mr. Juan Luis Cebrián Echarri, which came into effect on 1 January 2014 and which is already terminated, established that he was entitled, for each of the years 2014, 2015, 2016, 2017 and 2018, to an annual payment of €1,200,000, under the concept of a retirement supplement, as a defined benefits scheme. Consequently, the total payment amounted to €6,000,000. The Board of Directors of the Company that resolved the execution of the succession plan for the Chairman, effective as from 1 January 2018, recognised the accrual of this remuneration item in favour of Mr. Juan Luis Cebrián, in the amount of €6,000,000.

This remuneration item will be compatible with the setting up of a relationship to provide services to the Company itself or its Group and with the corresponding remuneration agreed by the Board of Directors, following a report of the Appointment and Remuneration Committee, if the agreement is adopted with Mr. Cebrián being a director, or if he has been assigned a senior management position.

In the event of the breach of a non-competition covenant established in his contract, Mr. Cebrián will be obliged to reimburse the Company with the amount he may have received by way of a retirement supplement.

Compensations in case of termination of duties as executive director.

In turn, the executive directors are entitled to a compensation, in certain cases of early termination of their executive functions. This is set out in their Company contracts. Below is a summary of the terms and conditions set out in this respect in the contracts of the Company's current executive directors:

- **Mr. Manuel Mirat Santiago**: Upon expiry of the four-year term provided for in the contract, or any of the extensions to said term, if PRISA's Board of Directors opts not to renew Mr. Mirat's office as CEO, the latter will be entitled to a compensation payment equivalent to eighteen (18) months of his fixed and variable annual remuneration. Also, in this case, the CEO will be entitled, as part of his settlement, to the proportional part of the target variable remuneration and the multiannual incentive that, where applicable, corresponds to him.

  In the event of a unilateral withdrawal at the simple discretion of the Company or due to a breach by the latter, Mr. Manuel Mirat Santiago will receive the compensation to which he is entitled, pursuant to the regulations applicable to the common employment relations that have been suspended, plus 18 months of the fixed and variable annual remuneration, in cash, on the date when he ceases to be in office.

New executive directors appointed by the Company are also entitled to a compensation in certain cases of the early termination of their executive functions. Nevertheless, new executive directors will not be entitled to receive any compensation when they engage in any of the conducts that the current legislation defines as just grounds for termination at the Company's behest, unless it is legally declared that no just grounds for termination exist.

Principal conditions of the contracts of executive directors currently in office

The contract that currently regulates the performance of the executive directors' functions and responsibilities is of a trading nature and includes the clauses that it is common practice to include in this type of contracts:

	CEO **Mr. Manuel Mirat Santiago**
Advance notice at the behest of the director	Three (3) months. Obligation to pay the remuneration for the advance notice period that was not observed.
Compensation for termination of the contract at the Company's behest	Advance notice of three (3) months. Workers' compensation to which entitled pursuant to the regulations applicable to common employment relations that have been suspended, plus 18 months of the CEO's fixed and variable annual remuneration in cash.
Exclusivity and non-competition covenants	Exclusivity and specific prohibition of non-competition, except for companies exempted in the actual contract.

Post-contractual non-competition	Six (6) months. Spanish or foreign companies whose activity is identical or similar to those that make up the PRISA Group Companies. Commitment to not hire anyone who belongs to or has belonged to the PRISA Group staff in the last twelve (12) months prior to the contract termination date; and not to contribute towards any worker of the PRISA Group leaving the same. Compensation: six (6) months of the last fixed gross salary, payable in equal quotas throughout the term of the non-competition covenant. Non-compliance: obligation to reimburse the compensation amount as well as an indemnity for an amount equal to six (6) months of the fixed remuneration received.

If other executive directors will be appointed, the clauses of their respective contracts relating to exclusivity and non-competition covenants, advance notices and post-contractual non-competition covenants must be in line with the clauses included in the contracts of other executive directors with similar profiles and responsibilities.

16.3 Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates

The existence and operations of the Delegated Commission, the Audit Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee are set down in the Bylaws and the Regulations of the Board of Directors.

Included below is a description of the structure and functions assigned to each of them, according to the provisions in the Company Bylaws and in the Regulations of the Board of Directors.

(A) Executive Committee

The Company's Bylaws stipulate that the Board may set up an Executive Committee, which may be granted the power of representation. Thus, article 17 of the Regulations of the Board of Directors, stipulates that the Board of Directors will set up an Executive Committee, which will comprise at least one third of the Board members and a maximum of eight members. The Executive Committee will be chaired by the Chairman of the Board of Directors, provided that the latter holds the office of Chief Executive or, if that is not the case, by the CEO. The Executive Committee members will be appointed at the proposal of the Chairman of the Board of Directors, with the favourable vote of two thirds of the directors.

The Executive Committee will consist of a majority of non-executive directors.

Executive Committee members will leave their positions when they do so in their capacity as directors, and when this has been agreed by the Board of Directors.

The Board Secretary will serve as the Secretary of the Executive Committee.

Notwithstanding the powers of the Chairman and the CEO, the Executive Committee will be delegated all the legal, statutory and regulatory powers and competences that can be delegated.

The Executive Committee will meet at least six times a year and whenever the Chairman deems it to be in the Company's interest, who must convene the meeting with sufficient notice, and also when two or more members of the Executive Committee so request.

For the Committee to be in quorum, the majority of its directors must be in attendance, counting both those present and those represented. Directors who do not attend may, in exceptional cases, delegate another Committee member to represent them.

The agreements will be adopted by an absolute majority of the Executive Committee members in attendance, both present or represented.

When convened by the Committee Chairman, other non-Committee directors may also attend the Committee meetings, with voice but no vote, as well as senior managers whose reports are necessary for the running of the Company.

In the first plenary of the Board after its meetings, the Executive Committee will give an account of its activity and answer questions about the work performed. The Board will always be aware of the matters addressed and the decisions adopted by the Executive Committee. All Board members will receive the information provided in the Executive Committee sessions and a copy of the minutes or proforma documents of the same before the next Board meeting, which will be held after each Executive Committee session.

On the date of this Registration Document, the Executive Committee comprises the following members:

Executive Committee		
Name	**Position**	**Type of director**
Mr. Manuel Mirat Santiago	Chairman	Executive
Mr. Manuel Polanco Moreno	Voting member	Proprietary
Mr. Javier Monzón	Voting member	Independent
Mr. Joseph Oughourlian	Voting member	Proprietary
Mr. Roberto Alcántara	Voting member	Proprietary
Mr. John Paton	Voting member	Independent

Secretary: Mr. Xavier Pujol Tobeña

The Delegated Commission met a total of five times during the 2017 tax year.

(B) <u>Audit Committee</u>

The Audit Committee's rules of organisation and operation described below are included in article 25 of the Company Bylaws and in article 27 of the Regulations of the Board of Directors.

The Audit Committee consists of the number of directors that is determined by the Board of Directors at any time, with a minimum of three and a maximum of five. The Audit Committee members will all be non-executive directors. Most of the members will be independent directors and at least one of them must be appointed while taking into account his/her knowledge and experience in accounting, audits or in both. Together, the Committee members will have the technical knowledge relevant to the sector of activity in which the Company is present.

The Board of Directors will appoint and dismiss Committee members at the proposal of its Chairman. Executive Committee members will leave their positions when they do so in their capacity as directors, or when this has been agreed by the Board of Directors.

The Committee Chair will be elected by the Board of Directors from among all of the Committee members that serve in the capacity of independent directors. The Committee Chairman must be replaced every four years, and may be reelected after one year has passed since s/he ceased serving in this position.

The Secretary of the Board of Directors and, in their absence, the Vice-Chairman of the same or, in default thereof, the Committee member designated by the latter, will serve as the Committee Secretary.

The Audit Committee will have the competences that are set forth in the legislation in force at any time. Also, the Audit Committee will be responsible for assessing everything related to the company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.

The Audit Committee will set up and supervise a mechanism that will alert it to any potentially serious irregularities, especially of a financial or accounting nature, that may be detected within the company. When this concerns reports from Company or Group employees, this mechanism will treat such reports as confidential and, when deemed appropriate, anonymously.

The Audit Committee will meet regularly according to need, and at least four times a year.

Any member of the management team or Company personnel who is requested to do so, must attend Committee sessions, collaborate with the latter and provide access to the relevant information; the Committee may also request their attendance at its account auditing sessions.

On the date of this Registration Document, the Audit Committee comprises the following members:

Audit Committee		
Name	**Position**	**Type of director**
Mr. Dominique D'Hinnin	Chairman	Independent
Mr. Waleed Alsa'di	Voting member	Proprietary

Secretary: Mr. Xavier Pujol Tobeña

Additionally, on 20 November 2017, the Board of Directors appointed Mrs Sonia Dulá as a member of the Audit Committee. As at the date of this Prospectus, her appointment is pending final acceptance.

The Audit Committee met a total of seven times during the 2017 tax year.

(C) Appointment and Remuneration Committee

The Appointment and Remuneration Committee's rules of organisation and operation described below are contained in article 27 of the Company Bylaws and in article 28 of the Regulations of the Board of Directors.

The Appointment and Remuneration Committee comprises a minimum of three and a maximum of five non-executive directors, and at least two of the Committee members must be independent directors. The Board of Directors will appoint and dismiss Committee members at the proposal of its Chairman.

The Appointment and Remuneration Committee may request the attendance of the CEO or any Company executive or employee at its sessions. Appointment and Remuneration Committee members will leave their positions when they do so in their capacity as directors, or when this has been agreed by the Board of Directors.

The Committee Chairman will be elected by the Board of Directors from among all of the Committee members who serve in the capacity of independent directors.

The Secretary of the Board of Directors and, in their absence, the Vice-Chairman of the same or, in default thereof, the Committee member designated by the latter, will serve as the Committee Secretary.

The Appointment and Remuneration Committee will have the following basic competences:

(a) With regards to the composition of the Board of Directors and Committees of Prisa's Board and the administrative bodies of the Group's other companies:

i. Evaluate the competences, knowledge and experience necessary in the Board of Directors: For these purposes, the functions and aptitudes required of the candidates who will cover each vacancy will be defined, and the time and dedication necessary for them to effectively perform their task will be evaluated.

ii. Establish a representation target for the gender least represented in the Board of Directors and prepare guidelines about how to reach said target.

iii. Raise the proposals for appointments of the independent directors to the Board of Directors, along with the report of the Corporate Governance Committee, for their designation through co-opting, or for submission to the General Shareholders' Meeting for a decision, as well as the proposals for the re-election or separation of said directors by the General Board of Shareholders.

iv. Inform of the proposals for appointment of the other directors for their designation through co-opting or for submission to the General Shareholders' Meeting for a decision, as well as the proposals for their re-election or separation by the General Shareholders' Meeting, or when there just grounds exist, due to the director failing to fulfil the duties inherent to his position and disciplinary proceedings are initiated that could entail the director's dismissal.

v. Inform, where appropriate, about the proposal for appointment of the representative - this being a natural person - of the director - who is a legal person.

vi. Propose classifying the directors into the categories of executive, proprietary, independent or external director, when the appointment of directors by the General Meeting, at the Board's proposal, is going to be carried out or ratified.

vii. Inform, together with the Corporate Governance Committee, about the proposals for appointment of the Chairman and Vice-Chairman of the Board, of the CEO, of the Board Secretary and Vice-Secretary, of the members of the Executive Committee and of the other Committees of the Board of Directors.

viii. Inform, together with the Corporate Governance Committee, about the proposal for the Board Secretary and Vice-Secretary to cease serving in these positions.

ix. Examine and organise the succession of the Chairman of the Board of Directors and, where applicable, of the Company's first executive, formulating the proposals that are deemed appropriate to the Board of Directors, so that said succession occurs in an ordered and properly planned way.

x. Inform about the proposals to appoint Company representatives in the administrative bodies of the subsidiary companies.

(b) With regard to the Group's Senior Management:

i. Propose the classification of the senior management personnel.

ii. Inform about the proposals for appointment and separation of senior managers and the basic conditions of their contracts.

iii. Receive information and, where applicable, issue reports about the disciplinary measures for the Company's senior managers:

(c) With regards to the remunerations policy:

i. Propose to the Board of Directors, for submission to the General Shareholders' Meeting, the remunerations policy of the directors and the general directors or of those who perform their senior management duties reporting directly to the Board, Executive Committees or CEO, as well as the individual remuneration and the other contractual conditions of the executive directors, ensuring compliance with the same.

ii. Approve the objectives associated with the variable remuneration of the executive directors and/or the senior managers.

iii. Inform the Board of the settlement of the variable remuneration of the Company's senior managers, as well as the settlement of other incentive plans aimed at them.

iv. Ensure compliance with the remuneration policy established by the Company.

(d) Other competences:

i. Annually approve a report about the Committee's operation and propose publication thereof to the Board of Directors, when the General Shareholders' Meeting is held.

ii. Exercise the other competences assigned to said Committee in these Regulations.

The Committee will meet every time that the Company's Board of Directors or the Executive Committee requests the issue of a report or the approval of proposals within the scope of its competences and provided that, in the Committee Chairman's opinion, it is appropriate for the good performance of its functions.

Any member of the management team or Company personnel that is requested to do so, must attend Committee sessions, collaborate with the latter and provide access to the relevant information.

On the date of the registration of this Registration Document, the Appointment and Remuneration Committee comprises:

Appointment and Remuneration Committee		
Name	**Position**	**Type of director**
Mr. Javier Monzón	Chairman	Independent
Mr. Dominique D'Hinnin	Voting member	Independent
Mr. Javier Gómez Navarro	Voting member	Independent
Mr. Joseph Oughourlian	Voting member	Proprietary
Mr. John Paton	Voting member	Independent

Secretary: Mr. Xavier Pujol Tobeña

The Appointment and Remuneration Committee met a total of 11 times in 2017.

(D) Corporate Governance Committee

The Corporate Governance Committee's rules of organisation and operation described below are included in article 26 of the Company Bylaws and in article 29 of the Regulations of the Board of Directors.

The Corporate Governance Committee will comprise a minimum of three and a maximum of five non-executive directors, and at least two of the Committee members must be independent directors. The Board of Directors will appoint and dismiss Committee members at the proposal of its Chairman. Corporate Governance Committee members will leave their positions when they do so in their capacity as directors, or when this has been agreed by the Board of Directors.

The Committee Chairman will be elected by the Board of Directors from among all of the Committee members who serve in the capacity of independent directors. The Secretary of the Board of Directors and, in their absence, the Vice-Chairman of the same or, in default thereof, the Committee member designated by the latter, will serve as the Committee Secretary. The Corporate Governance Committee may request the attendance of the Company's CEO at its sessions.

The Corporate Governance Committee will have the following basic competences:

- With regard to the composition of the Board of Directors and the Board Committees:

i. Inform about the proposals for appointment of the independent directors.

ii. Propose the appointment of the Coordinating Director to the Board.

iii. Annually review the classification of the directors when drafting the Annual Report on Corporate Governance.

iv. Inform, together with the Appointment and Remuneration Committee, about the proposals for appointment of the Chairman and Vice-Chairman of the Board, of the CEO, of the Secretary and Vice-Secretary of the Board of Directors, of the members of the Executive Committee and of the other Committees of the Board of Directors.

v. Inform, together with the Appointment and Remuneration Committee, about the proposals for the Secretary and Vice-Secretary of the Board of Directors to cease in their positions.

vi. Present a report to the Board of Directors to assess the operation of the Board and its Committees, also presenting an action plan that corrects any detected deficiencies, as well as the performance by the Board Chairman of his/her functions, an assessment that will be conducted by the coordinating director, and by the Company's first executive.

- With regards to the Company's strategy of corporate governance and corporate social responsibility:

i. Promote the Company's corporate governance strategy.

ii. Know, drive, direct and supervise the Company's actions with regards to corporate social responsibility and sustainability and corporate reputation, and inform the Board of Directors and Executive Committee about the same, as appropriate.

iii. Inform and propose the approval of the Annual Report on Corporate Governance to the Board of Directors.

iv. Inform and propose the approval of the annual report on corporate social responsibility to the Board of Directors and, generally, issue reports and perform the appropriate actions for corporate social responsibility and sustainability, in compliance with the Company's corporate governance or as requested of them by the Board of Directors or its Chairman.

v. Supervise the communication strategy and relationship with shareholders and investors, including small and medium shareholders.

- With regard to the Company's internal regulations:

i. Propose to the Board the approval of a Code of Good Conduct.

ii. Inform about the proposals to modify the Company Bylaws, the Board Regulations, the Shareholders' Meeting's Regulations, the Regulations for the Operation of the Electronic Shareholders' Forum, the Internal Code of Conduct and of any other of the Company's Governance Rules.

iii. Examine compliance with the Board's Regulations, with the Internal Code of Conduct and, generally with the Company's Rules of Governance, and make the necessary proposals for the improvement thereof.

- Other competences:

  i. Review the policy for regulatory compliance and propose all of the measures necessary to strengthen it.

  ii. Annually approve a report about the Committee's operation and propose publication thereof to the Board of Directors, when the General Shareholders' Meeting is held.

  iii. Exercise the other competences assigned to said Committee in these Regulations.

The Committee will meet every time that the Company's Board of Directors or the Executive Committee requests the issue of a report or the approval of proposals within the scope of its competences and provided that, in the Committee Chairman's opinion, it is appropriate for the good performance of its functions.

To fulfil its functions, the Committee may demand the attendance at its meetings of any member of the Company's management team or personnel and any employee of the Company or of any of its subsidiaries and will have access to all of the Company's information.

On the date of the registration of this Registration Document, the Corporate Governance Committee comprises:

Corporate Governance Committee		
Name	**Position**	**Type of director**
Mr. Javier Monzón	Chairman	Independent
Mr. Dominique D'Hinnin	Voting member	Independent
Mr. Javier Gómez Navarro	Voting member	Independent
Mr. Joseph Oughourlian	Voting member	Proprietary
Mr. Shk. Khalid Thani A. Al Thani	Voting member	Proprietary

Secretary: Mr. Xavier Pujol Tobeña

The Corporate Governance Committee met a total of 10 times during 2017.

16.4 A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s). In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.

(A) Recommendations on corporate governance

Prisa does comply with the current Spanish regulations on corporate governance. Pursuant to the provisions of article Five of Order EHA/3537/2005, the Company's 2016 Annual Report on Corporate Governance is incorporated in this Registration Document as a point of reference. Said Annual Report contains the information related to this heading in its sections F "Internal control and risk management systems for Financial Information (SCIIF)" and G "Extent to which Corporate Governance recommendations are followed up", applicable to 31 December 2016. Prisa's Annual Report on Corporate Governance has been deposited at the CNMV, and can be consulted at the following link, in addition to the web page of the CNMV (www.cnmv.es): http://www.prisa.com/uploads/2017/02/igc-240217-completo.pdf

As far as the recommendations about good corporate governance are concerned, it should be pointed out that the Company's last Annual Report on Corporate Governance (for the year 2016) gives an account, in section G thereof, of how the Company's governance system substantially complied with and followed the recommendations about good corporate governance included in the Code of Good Corporate Governance for Listed Companies, approved by the National Securities Market Commission in February 2015, which was the Code that was in effect for said 2016 tax year.

The overall assessment showed Prisa's commitment to good corporate governance, given that 54 of the 64 recommendations of said Code were complied with fully or were not applicable to Prisa, and 7 of said recommendations were only partially applicable - recommendations numbers: 3 (that when the Ordinary Shareholders' Meeting is held, the Chairman of the Board of Directors verbally informs the shareholders, in detail, of the most relevant aspects of the company's corporate governance), 27 (that absences of directors should be reduced to only those cases that are unavoidable and be accounted for in the annual report on corporate governance), 34 (that when there is a coordinating director, the bylaws or regulations of the board of directors, in addition to the powers that they legally hold, attribute them with certain specific powers), 36 (that the Board of Directors in a plenary session, evaluates once a year and adopts, where applicable, an action plan that corrects any failings detected with regards to the operation and running of the board and its committees, as well as its members), 37 (that when an executive committee exists, the structure for the participation of the various categories of directors is similar to that of the Board of Directors itself, and its secretary is that of the latter), 47 (that the members of the Appointment and Remuneration Committee are appointed, procuring that they have the appropriate knowledge, aptitudes and experience appropriate to the duties that they are called to perform and that most of said members are independent directors) and 52 (that the rules for the composition and operation of the supervision and control committees appear in the Regulations of the Board of Directors and are consistent with those applicable to the legally obligatory committees pursuant to the foregoing recommendations) - not following only 3 recommendations - only 3 recommendations were not followed - recommendations numbers 5 (that the Board of Directors does not raise a proposal to the General Meeting for the delegation of powers to issue convertible shares or securities, with the exclusion of the preferential subscription right, for an amount exceeding 20% of capital at the time of the delegation of powers), 13 (that the Board of Directors is the right size to operate in an effective and participatory manner, which makes it advisable to have between five and fifteen members) and 59 (that the payment of a significant part of the variable components of the remuneration is deferred for the minimum period of time necessary to verify that the previously established performance conditions have been fulfilled) - given the Company's needs and special characteristics. Said report, incorporated for reference into the present Registration Document, includes the appropriate explanations for these purposes.

In this regard, it must be kept in mind that, since the Shareholders' Meeting that was held in November 2017, there have been relevant changes in the composition of the bodies of the Company (including not only the resignation and appointment of board members, but also a change in the position of the Group's top executive). These changes could mean that some of the aforementioned recommendations (whether partially complied with or not complied with) could be complied with in the following year (particularly, recommendations 34 and 13).

(B) Internal Control System on Financial Information (SCIIF)

The Internal Control System on Financial Information ("**SCIIF**") of the Group is based on the guidelines of recommendations on this subject issued by the CNMV in June 2010. To this effect, the SCIIF of the Group was initially developed based on the methodology of COSO 1992, and adapted in FY 2014 to the new methodology of COSO 2013. Without prejudice to the summary of the Group's SCIIF included below, section F ("Internal Control Systems and Risk Management in connection with the process of issuing financial information (SCIIF)") of the Annual Report on Corporate Governance of FY 2016 includes a general description of the main elements of the SCIIF of the Prisa Group. Prisa's Annual Report on Corporate Governance has been deposited at the CNMV, and can be consulted at the following link, in addition to the web page of the CNMV (www.cnmv.es): http://www.prisa.com/uploads/2017/02/igc-240217-completo.pdf

17. EMPLOYEES

17.1 The number of employees at the end of the FY or the average for each FY during the period covered by the historical financial information and until the date of the registration document

The average number of executive directors of Prisa during FYs 2014, 2015 and 2016, and also at the date of the present registration document, is as follows:

	2014	2015	2016	Data as of 30/09/2017
Executive directors (1)	3	3	3	3

(1) This includes the chief executive who has a service contract.

The number of employees of Prisa and of Prisa Group, distributed in accordance with the professional category during FYs 2014, 2015 and 2016, as well as at the date of the present Registration Document, is as follows:

	Average 2014 (1)	Average 2015	Average 2016	Data to 30/09/2017 (2)
Senior management Prisa Group (3)	9	10	9	8
Rest of Prisa employees (4)	98	77	51	36
Rest of employees of other Group companies	8.753	8.559	8.637	7.643
Total Prisa Group	**8,860**	**8,646**	**8,697**	**7,687**

	Average 2014 (1)	Average 2015	Average 2016	Data to 30/09/2017 (2)
Total Prisa	**103**	**83**	**55**	**40**

(1) The Group's data for the year 2014 did not include Canal+ (1733 employees), which were recognized for accounting purposes under the heading "Non-current assets held for sale" together with the associated personnel costs.
(2) The data for the Group as of 30 September 2017 do not include Media Capital (989 employees) which for accounting purposes is recognized under the heading "Non-current assets held for sale" together with the associated personnel costs.
(3) This includes persons classified as the Group's Senior Management reflected in the Annual Report on Remuneration.
(4) The data on Prisa's employees does not include senior management. This likewise does not include the chief executive who has a service contract.

The data of the average staffing at Prisa according to operating segments would be as follows:

Operating segment	2014	2015	2016
Audiovisual (1)	1,090	1,074	1,068
Education	3,899	3,843	3,906
Radio	2,497	2.395	2,394
News	879	846	859
Rest	495	488	470
Total	**8,860**	**8,646**	**8,697**

(1) The Group's data for the year 2014 did not include Canal+ (1733 employees), which were recognized for accounting purposes under the heading "Non-current assets held for sale" together with the associated personnel costs.

In 2016, at the Prisa Group, there was an average of 7,854 persons with a permanent contract, which represents 90% of the total of the personnel (7,757 persons in 2015, which likewise represented 90% of the personnel).

Below we include the data of the average staff divided by categories and by geographic origin:

Number of persons	31/12/2016	31/12/2015	31/12/2014
By categories			
Executives	396	371	388
Middle management	1.182	1.148	1.188
Other employees	7.119	7.127	7.284
Total	**8,697**	**8,646**	**8,860**
By geographic origin			
Spain	3.186	3.206	3.418
International	5,511	5.440	5.442
Total	**8,697**	**8,646**	**8,860**

In the year 2017 Media Capital is recognized for accounting purposes under the heading "Non-current assets held for sale" together with the associated personnel costs.

The information regarding the average staff as of September 30, 2017, compared to the same period of the year 2016 is as follows:

Operating segment	**30/09/2016**	**30/09/2017**
Education	3.782	4.042
Radio	2.401	2,214
Press (News)	856	821
Rest	491	610
Total	**7,530**	**7,687**

Number of persons	**30/09/2016**	**30/09/2017**
By categories		
Executives	342	336
Middle management	1.116	1.167
Other employees	6.072	6.184
Total	**7,530**	**7,687**
By geographic origin		
Spain	3.174	3.097
International	4.356	4.590
Total	**7,530**	**7,687**

17.2 Shares and purchase options for shares

According to the data held by the Company, at the date of the present Registration Document, the equity held in Prisa by the members of the Board of Directors is as follows.

Directors	**Direct**		**Indirect**		**Total**	
	No. shares	**% voting rights**	**No. shares**	**% voting rights**	**No. shares**	**% voting rights**
Mr. Manuel Polanco Moreno	8,597	0.01%	23,841	0.03%	32.438	0.04%
Mr. Manuel Mirat	12,438	0.01%	0	0.00%	12,438	0.01%
Mr. Roberto Alcántara Rojas	14,265	0.02%	0	0.00%	14,265	0.02%
Mr. Shk. Khalid Thani A. Al Thani (3)	0	0.00%	6,400,000	7.20%	6,400,000	7.20%
Mr. Joseph Oughourlian (1)	0	0.00%	16.043.730	18,06%	16.043.730	18,06%

Directors	Direct		Indirect		Total	
Mr. Waleed Alsa'di	0	0.00%	0	0.00%	0	0.00%
Mr. John Paton (2)	133	0.00%	0	0.00%	133	0.00%
Mr. Dominique D'Hinnin	0	0.00%	0	0.00%	0	0.00%
Mr. Javier Monzón de Cáceres	40.000	0.05%	0	0.00%	40.000	0.05%
Mr. Javier de Jaime	0	0.00%	0	0.00%	0	0.00%
Mr. Javier Gómez Navarro	1.333	0.00%	0	0.00%	1.333	0.00%
Mr. Francisco Gil Díaz	0	0.00%	0	0.00%	0	0.00%
Total	**76.766**	**0,09%**	**22.467.571**	**25,29%**	**22.544.337**	**25,38%**

- Mr. Joseph Oughourlian, proprietary director, has declared to this Company that: i) the structure of indirect participation in the Company's share capital corresponds with the statements in the previous tables, and ii) he controls Amber Capital UK, LLP, which acts as investment manager of Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited.
- The 133 voting rights declared by John Paton arise from 133 ADRs representing ordinary shares in PRISA.
- The 6,400,000 voting rights of the International Media Group, S.A.R.L. have been declared to the National Securities Market Commission (CNMV) by the proprietary director Mr. Khalid bin Thani bin Abdullah Al-Thani, as an indirect holding. International Media Group, S.A.R.L. is wholly owned by International Media Group Limited, which in turn is wholly owned by Khalid Bin Thani Bin Abdullah Al-Thani.

Additionally, the Board of Directors appointed Ms. Sonia Dulá as an independent director. As at the date of this Prospectus, her appointment is pending final acceptance. She owns 8 Prisa shares.

According to the data held by the Company, at the date of the present Registration Document, the equity held in Prisa by the members of the upper management is as follows.

Executives	Direct		Indirect		Total	
	No. shares	**% voting rights**	**No. shares**	**% voting rights**	**No. shares**	**% voting rights**
Mr. Guillermo de Juanes	665	0.00%	0	0.00%	665	0.00%
Mr. Xavier Pujol Tobeña	0	0.00%	0	0.00%	0	0.00%
Mr. Augusto Delkáder Teig	2.017	0.00%	0		2.017	0.00%

Executives	Direct		Indirect		Total	
Mr. Jorge Rivera	2.906	0.00%	0	0.00%	2.906	0.00%
Ms. Marta Bretos	0	0.00%	0	0.00%	0	0.00%
Mr. Miguel Ángel Cayuela Sebastián	16.698	0.02%	0	0.00%	16.698	0.02%
Mr. Pedro García Guillén	0	0.00%	0	0.00%	0	0.00%
Mr. Alejandro Martínez Peón	0	0.00%	0	0.00%	0	0.00%
Ms Rosa Cullell Muniesa	11.813	0.01%	0	0.00%	11.813	0.01%
Ms. Virginia Fernández	2.867	0.00%	0	0.00%	2.867	0.00%
Total	**36.966**	**0.03%**	**0**	**0.00%**	**36.966**	**0.03%**

As of the date of the present Registration Document, no member of the Board of Directors nor any upper manager is holder of purchase options for shares.

17.3 Description of any participation agreement of employees in the capital of the issuer

The agreements adopted by the Company on the subject of delivery of Prisa's shares and/or options that affect employees, managers and directors, which are in force at the date of the present Registration Document, are as follows:

1. Contractual commitments in force with the Company's Managing Director (Mr. Manuel Mirat):

   In accordance with the terms of the contract of Mr. Mirat with the Company, in the event that Prisa approves a Long-Term Incentive Plan, then Mr. Mirat will have the right to participate in it, subject to the meeting of the objectives that will be communicated to him.

2. Extraordinary incentive plan linked to the Company's recapitalization and financial stabilization:

   The General Shareholders' Meeting of November 15, 2017, approved an extraordinary incentive plan linked to the Company's recapitalization and financial stabilization (the "**Extraordinary Incentive**"), consisting in delivery free of charge of 1,600,000 ordinary shares of the Company to the previous Chief Executive, Mr. Juan Luis Cebrián Echarri. The purpose of the Extraordinary Incentive is to foster and reward the performance of the Chief Executive in the configuration, preparation, negotiation and implementation of the Company's recapitalization plan consisting in the monetary capital increase totalling a cash amount of 450 million euros, with recognition of the preferred subscription right (the "**Recapitalization Plan**").

The delivery of the shares in accordance with the Extraordinary Incentive will accrue at the moment that the Recapitalization Plan is completed, subject to (i) the satisfactory conclusion of the sale of Media Capital (on this topic see Section 7.2 of the present Registration Document); the obtaining of a favourable report on the reasonableness of the capital increase resolved by the General Shareholders' Meeting of 15 November 2017 and the adjustment of the price of the shares with respect to normal and usual conditions of the market (fairness opinion).

In the event that the capital increase resolved by the General Shareholders' Meeting of 15 November 2017 is subscribed in less than 85% of the total foreseen amount of the increase proposal -- the special case of incomplete subscription--, the Board of Directors, at proposal of the Appointments and Remunerations Committee, will determine if the Recapitalization Plan has been completed or not, in which case, the Payment Data is that of the resolution of the Board (which will occur within 90 calendar days following the date of admission to trading of the new shares).

The settlement of the Extraordinary Incentive and the delivery to Mr. Cebrián of the entirety of the shares planned in this will take place within the 90 natural days following the date of accrual of the Extraordinary Incentive -- i.e., the date on which the new shares derived from the capital increase referred to in the Recapitalization Plan are admitted for negotiation in the Spanish Stock Markets--, in the terms and conditions that, on proposal of the Committee of Appointments and Remuneration, the Board of Directors may establish, who will determine the precise date of delivery of the shares. For the purposes of this resolution, the "**Date of Award of the Shares**" shall be understood as the date on which the corresponding stock exchange operation has been completed.

Mr. Cebrián makes a commitment not to dispose of (or lock-up) the shares received in accordance with the Extraordinary Incentive, which will last (i) regarding the one-third of the shares received, until a year is completed from the Date of Delivery of the Shares; (ii) regarding the other one-third of the shares received, until two years have been completed from the Date of Delivery of the Shares; and (iii) regarding the remaining one-third of the shares received until three years are completed from the Date of Delivery of the Shares.

Likewise, the Extraordinary Incentive is subject to termination. Hence, if the Recapitalization Plan is not completed before June 30, 2018, or on that date, then the Extraordinary Incentive will not take effect.

It will be a requirement for the delivery of the shares that are accrued in the context of the Extraordinary Incentive that Mr. Cebrián will remain in the Group at the moment of its delivery, except for special cases (e.g. death, disability or retirement), either as a member of the board, or a senior manager employed by or associated with the Group by a service relationship. At the date of this Registration Document, Mr. Cebrián held the position of Chairman of Diario El País, S.L.U. and Chairman of the Board of Directors of the Prisa Group.

18. PRINCIPAL SHAREHOLDERS

18.1 To the extent that the issuer is aware of it, the name of any person who does not belong to the administrative, management or supervisory bodies, and who has a direct or indirect interest notifiable according to the national law of the issuer, in the capital or in the voting rights of the issuer, as well as the amount of interest of each of these persons, or, if there are no such persons, then the appropriate negative statement

(A) Significant investments

As of the date of this Registration Document, the significant investments in Prisa declared by their holders are those that are recorded below, according to the information that is published on the website of the CNMV and, in some cases, the information that has been provided to the Company by its own shareholders.

In spite of this, given that after the grouping and exchange of shares or contrasplit that the Company carried out in May 2015, each shareholder received one share for each 30 that he owned, the Company has carried out an estimated calculation of voting rights that correspond to some shareholders (i.e., Nicolas Berggruen, Fundación Bancaria Caixa D'Estalvis I Pensions de Barcelona/ Caixabank, S.A, HSBC Holdings PLC, GHO Networks, S.A. de CV/ Consorcio Transportista Occher, S.A. de C.V.) on the basis of the most recent notifications of significant investments that these shareholders have made to the CNMV, applying the exchange ratio mentioned above.

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of the total voting rights(1)
AMBER CAPITAL UK LLP (2)	-	16.043.730	18.06%
RUCANDIO, S.A.(3)	-	13.729.811	15.46%
TELEFONICA, S.A.	10,228,745	-	11.52%
INTERNATIONAL MEDIA GROUP, S.À R.L. (4)	6,400,000	-	7.20%
GHO NETWORKS, S.A. DE CV (5)	-	6,297,076	7.09%
HSBC HOLDINGS PLC	-	12.827.135	14.44%
BANCO SANTANDER, S.A.(6) (7)	1,074,432	2,172,434	3.66%
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA (6)	-	2,997,879	3.37%
Mr. NICOLAS BERGGRUEN (9)	6,115	947,433	1.07%
TOTAL	**17,709,292**	**55,015,498**	**81.87%**

The indirect holding indicated above is implemented in the following manner:

Name or company name of the indirect holder of the participation	Through: Name or company name of the direct holder of the participation	Number of direct voting rights	% of total voting rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	11,841,366	13.33%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	2,770,893	3.12%
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, SARL	1,431,471	1.61%
Subtotal AMBER CAPITAL UK LLP	**-**	**16.043.730**	**18.06%**
RUCANDIO, S.A.	TIMON, S.A.	264,271	0.30%
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	11,303	0.01%
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	2,574,964	2.90%
RUCANDIO, S.A.	ASGARD INVERSIONES, SLU	922,069	1.04%
RUCANDIO, S.A.	OTNAS INVERSIONES, S.L.	3,100,000	3.49%
RUCANDIO, S.A.	CONTRATO ACCIONISTAS PRISA	6,857,204	7.72%
Subtotal RUCANDIO, S.A.	**-**	**13.729.811**	**15.46%**
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	6,297,076	7.09%
HSBC HOLDINGS PLC	HSBC BANK PLC	12,827,135	14.44%
BANCO SANTANDER, S.A.	COMPANIES GRUPO SANTANDER	2,172,434	2.45%
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CAIXABANK, S.A.	2,997,879	3.37%
Mr. NICOLAS BERGGRUEN	BH STORES IV, B.V	947,433	1.07%

(1) The percentages of voting rights have been calculated over the total voting rights corresponding to the shares into which Prisa's share capital is divided on the date of this Registration Document.

(2) Mr. Joseph Oughourlian, proprietary director, has declared to this Company that: i) the structure of his indirect equity holding in the Company's share capital corresponds with the statements in the preceding tables, and ii) he controls Amber Capital UK, LLP, which acts as the investment manager of Oviedo Holdings, Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited. Amber Capital UK LLP has the power to exercise the voting rights of these funds in accordance with the signed agreements for the management of their investments. Exercise of the voting rights is also subject to the policies and procedures of Amber Capital UK LLP. Joseph Oughourlian is the majority shareholder of Amber Capital Management LP, which is the owner of Amber Capital UK Holdings Limited, which in turn is the owner of Amber Capital UK LLP.

(3) Rucandio has the majority of votes in the Prisa Shareholders Contract concluded on 24 April 2014, whose terms were communicated to the CNMV.
Of the 6,297,076 (7.08%) voting rights of Consorcio Transportista Occher, S.A. de C.V., 6,140,576 (6.91%) are associated with the Prisa Shareholders' Contract, and they are already included in the 6,857,204 indirect voting rights declared by Rucandio by way of said contract, and hence the 15.56% of total voting rights in Prisa controlled indirectly by Rucandio, include the 6.91% that have been provided to the Shareholders' Pact by Consorcio Transportista Occher, S.A. de C.V.

(4) The voting rights of International Media Group, S.À R.L. have been declared to the CNMV by the proprietary director Shk. Dr Khalid bin Thani bin Abdullah Al-Thani, as indirect holding.
International Media Group, S.À R.L. is wholly owned by International Media Group Limited, which in turn is wholly owned by Shk. Dr Khalid bin Thani bin Abdullah Al-Thani.

(5) On the date of this Registration Document, the company Grupo Herradura Occidente, S.A. de C.V. (Grupo Herradura) figures in the CNMV as declarant and indirect owner of the shares of Consorcio Transportista Occher, S.A. de C.V. (Occher).
For the record, in August 2016, Grupo Herradura was divided into two different entities, one of which, GHO Networks, S.A. de C.V., is now a shareholder in Occher, in substitution of Grupo Herradura.

(6) In addition to the voting rights that are reflected in the preceding table, certain companies of the group whose parent company is Santander, S.A. and Caixabank, S.A. subscribed 1,001,260 and 1,001,263 shares, respectively, within the framework of the capital increase through conversion of the necessarily convertible bonds of Prisa issued in 2016, which are paired with the same number of voting rights as those corresponding to the ordinary shares of the Company (for more information, go to section 5.1.5 of the Registration Documento).

(7) The ownership of the indirect holding declared by Banco Santander, S.A. is implemented through the following companies of the Santander Group: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A. and Suleyado 2003, S.L.

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

In addition, see section 17.2 of the present Registration Document regarding participation in Prisa's voting rights by the senior management and the members of the Board of Directors.

[It should be taken into account, finally, that as a result of the public offer for subscription of shares in the Company, which will be carried out in implementation of the Capital Increase, the shareholding structure described above may be subject to substantial changes. See section 5.2.2 of the Securities Note for further information on subscription commitments for this Capital Increase.

(B) Shareholders' agreements

The information on shareholders' agreements included below is that which is on record in information made public to the market by the Company's shareholders through the corresponding communications of relevant fact. Prisa does not possess information regarding the content of these shareholders' agreements other than the information made public by the Company's own shareholders:

i) Shareholders' agreements in Rucandio, S.A.:

Dating from December 23, 2003, by private document, Mr. Isabel Polanco Moreno --deceased— (and whose children have succeeded her in her position in this agreement), Mr. Manuel Polanco Moreno, Mrs. Mª Jesús Polanco Moreno, as well as her father, deceased, Mr. M Jesús Polanco Moreno, and his mother Ms. Isabel Moreno Puncel, subscribed a Family Protocol, which includes as Annex an Organization Convention regarding the shares of Rucandio, S.A. Its purpose is to prevent the entry of third parties other than the Polanco family in Rucandio, S.A. This Convention establishes that: i) the organized shareholders and directors must meet prior to the holding of the shareholders' meetings or councils in order to determine how the organized shares will vote, and they are obligated to vote in the same manner at the general shareholders' meeting, and to follow the manner of voting determined by the organized shareholders' meeting; ii) if there is no express agreement of the organization on one of the proposals presented at the general meeting, then it will be understood that there is insufficient agreement in the organization and, as a result, each organized shareholder may vote freely; iii) members of the organization are obligated to attend in person the partners' meetings, or by delegating the vote in favour of the person agreed by the organization, except for express agreement of the organization and to vote in accordance with the instructions agreed by the organization, as well as refraining to exercise individually any right as partner, the exercise of which has not been discussed and agreed previously by the organization's meeting; iv) the members of the organization commit not to transfer or dispose in any manner the shares of Rucandio, S.A., until 10 years pass counting from the death of Mr. Jesús de Polanco Gutiérrez, and the consensus of all shareholders will be required in all cases for any type of transfer to a third party. The unanimous agreement of all Polanco Moreno shareholders is established as an exception to the stated period.

See the table included in section (A) of this heading regarding the total percentage of voting rights in the Company belonging directly or indirectly to Rucandio, S.A.

ii) Shareholders' agreement in Promotora de Publicaciones, ltd:

The shareholders' agreement was signed on May 21, 1992, by way of deed granted in the presence of the Notary Public of Madrid, Mr. José Aristónico Sánchez. Timón, S.A., subscribed, together with certain Prisa shareholders, a Partners' Agreement to regulate the contribution of their shares in said company to Promotora de Publicaciones, S.L., (hereinafter "**Propu**") and the regime of their participation in the Company. Essentially, the ties established by the Agreement are: a) that each majority partner will have at least one representative on the Board of Directors of Prisa and that, to the extent possible, the administrative body of Propu will have the same composition as that of Prisa; b) that the manner of voting of Propu's shares at Prisa's General Meetings will be determined previously by the majority partners. Likewise, the partners of Propu who are members of the Board of Directors of Prisa will vote the same way following the instructions of the majority partners; c) that in the event that Timón, S.A, sells its shares in Propu, the remaining majority partners will have the right to sell their shares in Propu under the same conditions to the same buyers. This is understood to be the case whenever the previous statements are possible.

See the table included in section (A) of this heading regarding the total percentage of voting rights in the Company belonging directly to Promotora de Publicaciones, S.L.

iii) Shareholders' agreement Prisa:

On April 24, 2014, a Shareholders' Agreement was concluded between Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all of which are 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 with other shareholders, individuals or legal entities, in Prisa in order to: i) organize the vote of certain shares of said shareholders and determine commitments to remain as shareholders in the company; and ii) to regulate the behaviour of the organised shareholders, in a collaborative and uniform manner, so as to guarantee a policy of common and stable voting in the Company.

See the table included in Section (A) of this heading regarding the total percentage of voting rights of the Company belonging directly to said companies.

18.2 Whether the main shareholders of the issuer have different voting rights, or the corresponding negative statement

All shares of Prisa's share capital have the same political and economic rights, and there are no different voting rights for any shareholder.

18.3 To the extent that the issuer has knowledge of this, declare whether the issuer is directly or indirectly owned or is under control and of whom, and describe the type of this control and the measures adopted to guarantee that there is no misuse of this control

There is no knowledge of the existence of direct or indirect shareholding by which the Company is controlled.

18.4 Description of any agreement known to the issuer, the application of which could give rise to a change in the control of the issuer at a later date

Without prejudice to the previous Section 18.1, the Company is not aware of any agreement, the application of which could give rise to a change in the control of Prisa at a later date.

19. TRANSACTIONS WITH ASSOCIATED PARTIES

In compliance with Point 19 of Annex I of Commission Regulation (EC) no. 809/2004, we present below the data of transactions with related parties that Prisa has carried out during the period covered by the historic financial information, i.e., FYs 2014, 2015 and 2016, as well as the transactions corresponding to the first six months of FY 2017. From 1 July 2017 and up until the date of this Registration Document, no transactions have taken place with unusual or relevant related parties, to the knowledge of the Company, that are significantly different from those described below, with the exception of (i) the Underwriting Agreement signed with Banco Santander, S.A. and Morgan Stanley & Co. International PLC and the Agency Agreement entered into with Banco Santander, S.A., described in sections 5.4 and 3.3, respectively, of the Share Securities Note, and (ii) the subscription of Prisa shares on the part of certain companies of the groups the parent companies of which are Santander, S.A., Caixabank, S.A. and HSBC Holdings PLC, respectively, in the context of the capital increase through the conversion of the necessarily convertible Prisa bonds issued in 2016 (for more information, see section 5.1.5 of the Registration Document).

(A) Transactions with associated parties during the period from January 1, 2017 to June 30, 2017

The transactions carried out with associated parties during the first half of 2017 were as follows, in thousands of euros:

30/06/2017 (in thousands of euros)	Administrators and managers	Persons, companies or entities of the Group	Significant shareholders	Other associated parties
Finance expense	-	672	8.650	-
Services received	-	230	4.920	-
Leasing	-	263	1.445	-
Purchase of assets	-	-	2	-
Other expenses	7.810	79	1.034	-
Total costs	**7.810**	**1.244**	**16.051**	**-**
Finance income	-	24	-	-
Dividends received	-	1.413	1.590	-
Provision of services	-	45	15	-
Other income	-	26	47	-
Total income	**-**	**1,508**	**1,652**	**-**
Other transactions	**-**	**-**	**1.339**	**1.000**

All transactions with associated parties have been carried out under market conditions.

Transactions carried out with administrators and managers

The aggregate amount of 7,810 thousand euros corresponds to the cost recorded for remuneration of administrators and managers.

Transactions carried out between persons, companies and entities of the Group

The aggregate amount of 1,244 thousand mainly includes the cost deriving from leasing of radio frequencies with investee companies and financial cost due to negative exchange rate differences in loans granted to associated companies.

Finally, the aggregate amount of 1,413 thousand euros mainly includes the income received by Radio España for the provision of technical assistance and consulting services and the income received due to sale of issues to Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.

Transactions carried out with significant shareholders

The aggregate amount of 16,051 thousand euros mainly includes the cost due to telephone and Internet services received for companies belonging to the Prisa Group from Telefónica and the cost for leasing of the offices at Tres Cantos with Telefónica, as well as the financial costs deriving from loans granted by significant shareholders to companies belonging the Prisa Group.

The aggregate amount of 1,652, in turn, mainly includes the income from companies belonging to the Prisa Group for provision of advertising services to Banco Santander, S.A., Caixabank, S.A. and Telefónica.

The amount of 1,339 thousand euros records the interest accrued in the period from issuing mandatory convertible bonds for shares.

Transactions carried out with other associated parties

The heading of other transactions with other associated parties includes the outstanding receivable of 1,000 thousand euros from Fundación Santillana, in connection with the agreement signed in December 2016 with Fundación Santillana for the purchase of the interest that it held in Diario El País, S.L. and Ediciones El País, S.L.

(B) Transactions with associated parties during FY 2016

We include below the detail of transactions significant in quantity or relevant due to their subject carried out between the Company or companies of the Prisa Group and the significant shareholders in the Company during the FY ending on December 31, 2016. For more information see note 20 (Transactions with associated parties) of the consolidated annual accounts of the Prisa Group, which are included in this Registration Document for purposes of reference.

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
TELEFONICA, S.A.	PRISA GROUP	Commercial	Provision of services	3.167
CAIXABANK, S.A.	PRISA GROUP	Commercial	Provision of services	2.407
BANCO SANTANDER, S.A.	PRISA GROUP	Commercial	Provision of services	2.259
RUCANDIO, S.A.	PRISA GROUP	Commercial	Provision of services	22
TELEFONICA, S.A.	PRISA GROUP	Commercial	Services received	7.758
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Services received	250
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Services received	497
BANCO	GRUPO	Contractual	Financing	5.692

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
SANTANDER, S.A.	SANTILLANA DE EDUCACION GLOBAL, S.L.		agreements: loans	
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing agreements: loans	7.036
BANCO SANTANDER, S.A.	ANTENA 3 DE RADIO, S.A.	Contractual	Financing agreements: loans	5.941
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	57.699
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	456.606
BANCO SANTANDER, S.A.	PRISA GROUP	Contractual	Interest paid	606
BANCO SANTANDER, S.A.	PRISA GROUP	Contractual	Interest accrued but not paid	47
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	1.591
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	12
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	13.783
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	290
TELEFONICA, S.A.	PRISA GROUP	Contractual	Operating leasing contracts	3.202
CAIXABANK, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	Contractual	Financing agreements: loans	150
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: other	9.802

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: other	9.802
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: other	83.088
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACION GLOBAL, S.L.	Contractual	Collateral and sureties	312
BANCO SANTANDER, S.A.	SERVIÇIOS DE INTERNET, S.A.	Contractual	Collateral and sureties	59
CAIXABANK, S.A.	PRISA BRAND SOLUTIONS, S.L.U	Contractual	Collateral and sureties	250
BANCO SANTANDER, S.A.	PRISA RADIO, S.A.	Contractual	Collateral and sureties	327
CAIXABANK, S.A.	PRISA GROUP	Commercial	Services received	186

For the purposes of the information included in this table, we state the following for the record:

(i) The transactions that feature in the table include transactions carried out with the significant shareholder and/or entities of his Group;

(ii) The transactions carried out with the Prisa Group include those carried out with Promotora de Informaciones, S.A. (PRISA) and/or entities of its Group. When the name of a specific entity of the PRISA Group is specified this is because the transaction has been carried out only with said company.

(iii) The transactions featured in the table reflect the accounting information compiled in the consolidated profit and loss account of the PRISA Group.

The significant transactions carried out by the Company with other entities belonging to the same group which have not been eliminated from the process of drafting the consolidated financial statements are shown below:

Company name of Group entity	Description of the transaction	Value (thousand euros)
LE MONDE LIBRE	LOAN GRANTED BY PRISA NOTICIAS, S.L. TO LE MONDE LIBRE SOCIETE COMANDITÉ SIMPLE	9.070

Company name of Group entity	Description of the transaction	Value (thousand euros)
SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	DIVIDENDS RECEIVED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L. FOR ITS PARTICIPATING INTEREST IN SISTEMAS RADIOPOLIS, S.A. DE CV	4.524
SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	LOANS GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L. TO ITS INVESTEE COMPANIES W3 COMM CONCESIONARIA, S.A. DE CV AND GREEN EMERALD BUSINESS INC.	2.848
PRISA RADIO, S.A.	INCOME RECEIVED BY PRISA RADIO, S.A FOR PROVISION OF TECHNICAL ASSISTANCE AND CONSULTING SERVICES TO SISTEMAS RADIOPOLIS, S.A. DE CV	1.260
EDICIONES EL PAÍS, S.L.	INCOME RECEIVED BY EDICIONES EL PAÍS, S.L. FOR THE SALE OF ISSUES TO KIOSKOYMÁS, SOCIEDAD GESTORA DE LA PLATAFORMA TECNOLÓGICA, SL	411
PRISA NOTICIAS, S.L.	THE FINANCIAL COST RECORDED BY PRISA NOTICIAS, S.L. DUE TO THE IMPAIRMENT OF THE LOAN GRANTED TO LE MONDE LIBRE SOCIETE COMANDITÉ SIMPLE	474
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	THE FINANCIAL COST RECORDED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L DUE TO THE IMPAIRMENT OF THE LOAN GRANTED TO GREEN EMERALD BUSINESS INC.	530

Likewise, we state for the record that in addition to the associated transactions described in the previous table, the following transactions have been carried out: i) services provided to companies of the Prisa Group by other investee companies in an aggregate amount of 1,886 thousand euros; ii) services provided by companies of the Prisa Group to other investee companies, in an aggregate amount of 651 thousand euros; iii) loans granted by companies of the Prisa Group to other associated companies, in an amount of 1,563 thousand euros; iv) financial income recorded by companies of Prisa Group, associated with the loans granted to the investee companies, for an aggregate amount of 1,060 thousand euros; v) dividends received by companies of the Prisa Group from investee companies, in an aggregate amount of 27 thousand euros; and vi) statement of intent signed in 2016 between FUNDACIÓN SANTILLANA, PRISA and PRISA NOTICIAS, according to which FUNDACIÓN SANTILLANA has committed to sell to PRISA NOTICIAS the company shares that it holds in the companies DIARIO EL PAIS, S.L. and EDICIONES EL PAIS, S.L., which shares are of the nature of "founding member shares" and possess a series of special political rights. The purchase price is 3,000 thousand euros, at 150 thousand euros per participation. When setting the price, the valuation of an independent third party has been utilized. In relation to this sale, in 2016 Prisa paid the Santillana Foundation, on behalf of Prisa Noticias, an initial payment of 1,000 thousand euros. The transaction been authorized by the Board of Directors, following a report from the Audit Committee.

In addition, during FY 2016, the director Mr. Gregorio Marañón y Bertrán de Lis provided legal advice to the Company at a value of 90 thousand euros.

Likewise, it is necessary to take into account the remuneration of the Board Members of Prisa and the members of the senior management, which already figures in Section15.1 of this Registration Document.

(C) Transactions with associated parties during FY 2015

We include below the detail of transactions significant in quantity or relevant due to their subject carried out between the Company or companies of the Prisa Group and the significant shareholders in the Company during the FY ending on December 31, 2015. For more information see note 22 (*Transactions with associated parties*) of the consolidated annual accounts of the Prisa Group, which are included in this Registration Document for purposes of reference.

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
TELEFONICA, S.A.	PRISA GROUP	Commercial	Provision of services	6,153
CAIXABANK, S.A.	PRISA GROUP	Commercial	Provision of services	2,222
BANCO SANTANDER, S.A.	PRISA GROUP	Commercial	Provision of services	3,409
RUCANDIO, S.A.	PRISA GROUP	Commercial	Provision of services	37
TELEFONICA,	PRISA GROUP	Commercial	Services received	11,230

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
S.A.				
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Services received	1,854
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Services received	1,757
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	9,629
BANCO SANTANDER, S.A.	GRUPO SANTILLANA DE EDUCACION GLOBAL, S.L.	Contractual	Financing agreements: loans	5,511
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing agreements: loans	17,500
BANCO SANTANDER, S.A.	ANTENA 3 DE RADIO, S.A.	Contractual	Financing agreements: loans	7,948
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	67,232
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	542,775
BANCO SANTANDER, S.A.	PRISA GROUP	Contractual	Collateral and sureties	685
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Collateral and sureties	250
BANCO SANTANDER, S.A.	PRISA GROUP	Contractual	Interest paid	1,085
BANCO SANTANDER, S.A.	PRISA GROUP	Contractual	Interest accrued but not paid	249
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	1,255

Name or company name of significant shareholder	Name or company name of the shareholder or entity of its group	Type of relationship	Type of transaction	Amount (thousand euros)
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	269
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	14,757
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	847
TELEFONICA, S.A.	PRISA GROUP	Commercial	Others	1,160
INTERNATIONAL MEDIA GROUP S.A.R.L	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Financing agreements: contributions of capital in cash or in kind	64,000

For the purposes of the information included in this table, we state the following for the record:

(i) The transactions that are featured in the table include transactions carried out with the significant shareholder and/or entities of its Group;

(ii) The transactions carried out with the PRISA Group include those carried out with Promotora de Informaciones, S.A. (PRISA) and/or entities of its Group. When the name of a specific entity of the PRISA Group is specified this is because the transaction has been carried out only with said company;

(iii) The transactions featured in the table reflect the accounting information compiled in the consolidated profit and loss account of the PRISA Group.

The significant transactions carried out by the Company with other entities belonging to the same group which have not been eliminated from the process of drafting the consolidated financial statements are shown below:

Company name of Group entity	Description of the transaction	Value (thousand euros)
LE MONDE LIBRE	LOAN GRANTED BY PRISA NOTICIAS, S.L. TO LE MONDE LIBRE SOCIETE COMANDITÉ SIMPLE	9,071
SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	DIVIDENDS RECEIVED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L. FOR ITS PARTICIPATING INTEREST IN SISTEMAS RADIOPOLIS, S.A.	2,240

Company name of Group entity	Description of the transaction	Value (thousand euros)
	DE CV	
SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	LOANS GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L. TO ITS INVESTEE COMPANIES W3 COMM CONCESIONARIA, S.A. DE CV AND GREEN EMERALD BUSINESS INC.	1,816
PRISA RADIO, S.A.	INCOME RECEIVED BY PRISA RADIO, S.A FOR PROVISION OF TECHNICAL ASSISTANCE AND CONSULTING SERVICES TO SISTEMAS RADIOPOLIS, S.A. DE CV	1,216
EDICIONES EL PAÍS, S.L.	INCOME RECEIVED BY EDICIONES EL PAÍS, S.L. FOR THE SALE OF ISSUES TO KIOSKOYMÁS, SOCIEDAD GESTORA DE LA PLATAFORMA TECNOLÓGICA, SL	413
PRISA NOTICIAS, S.L.	THE FINANCIAL COST RECORDED BY PRISA NOTICIAS, S.L. DUE TO THE IMPAIRMENT OF THE LOAN GRANTED TO LE MONDE LIBRE SOCIETE COMANDITÉ SIMPLE	1,244

Likewise, we state for the record that in addition to the associated transactions described in the previous table, the following transactions have been carried out: i) services provided to companies of the Prisa Group by other investee companies in an aggregate amount of 1,115 thousand euros; ii) services provided by companies of the Prisa Group to other investee companies, in an aggregate amount of 1,056 thousand euros; iii) loans granted by companies of the Prisa Group to other associated companies, in an amount of 1,026 thousand euros; iv) financial income recorded by companies of Prisa Group, associated with the loans granted to the investee companies, for an aggregate amount of 1,329 thousand euros; v) dividends received by companies of the Prisa Group from investee companies, in an aggregate amount of 47 thousand euros.

In addition, during FY 2015, the director Mr. Gregorio Marañón y Bertrán de Lis provided legal advice to the Company at a value of 90 thousand euros.

Likewise, it is necessary to take into account the remuneration of the Board Members of Prisa and the members of the senior management, which already figures in Section15.1 of this Document

(D) Transactions with associated parties during FY 2014

We include below the detail of transactions significant in quantity or relevant due to their subject carried out between the Company or companies of the Prisa Group and the significant shareholders in the Company during the FY ending on December 31, 2014. For more information see note 22 (*Transactions with associated parties*) of the consolidated annual accounts of the Prisa Group, which are included in this Registration Document for purposes of reference.

Name or company name of significant shareholder	Name or company name of the Company or entity of the Group	Type of relationship	Type of transaction	Value (thousand euros)
Telefónica, S.A.	Prisa Group	Commercial	Provision of services	184,056
Caixabank, S.A.	Prisa Group	Commercial	Provision of services	3,045
Banco Santander, S.A.	Prisa Group	Commercial	Provision of services	4,372
Rucandio, S.A.	Prisa Group	Commercial	Provision of services	47
Telefónica, S.A.	Prisa Group	Commercial	Services received	19,388
Banco Santander, S.A.	Promotora de Informaciones, S.A.	Commercial	Services received	253
HSBC Holdings, PLC	Promotora de Informaciones, S.A.	Commercial	Services received	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

Name or company name of significant shareholder	Name or company name of the Company or entity of the Group	Type of relationship	Type of transaction	Value (thousand euros)
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	Others	1,179
Banco Santander, S.A.	Prisa Group	Contractual	Collateral and sureties	1,469
Caixabank, S.A.	Promotora de Informaciones, S.A.	Contractual	Collateral and sureties	917
HSBC Holdings, PLC	Promotora de Informaciones, S.A.	Contractual	Collateral and sureties	7,461
Banco Santander, S.A.	Prisa Group	Contractual	Other instruments that could imply a transfer of resources or obligations between the company and the associated party.	25,445
Caixabank, S.A.	Prisa Group	Contractual	Other instruments that could imply a transfer of resources or obligations between the company and the associated party	74
HSBC Holdings, PLC	Prisa Group	Contractual	Other instruments that could imply a transfer of resources or obligations between the company and the associated party	668
Banco Santander, S.A.	Prisa Group	Contractual	Interest paid	3,200
Banco Santander, S.A.	Prisa Group	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

Name or company name of significant shareholder	Name or company name of the Company or entity of the Group	Type of relationship	Type of transaction	Value (thousand euros)
Monarch Master Funding 2 (Luxembourg, S.A.R.L)	Promotora de Informaciones, S.A.	Contractual	Interest accrued but not paid	5,191
Telefónica, S.A.	Promotora de Informaciones, S.A.	Contractual	Sale of financial assets	719,086

The transactions that are featured in previous table include transactions carried out with the significant shareholders and/or entities of their Group. The transactions carried out with Prisa Group encompass those carried out with Prisa and/or entities of their Group. When the name of a specific entity of the Prisa Group is specified, then the transaction has been carried out only with said company.

In the provision of services to Telefónica, S.A., of the 184,056 thousand euros declared, 179,097 thousand euros correspond to de DTS Distribuidora de Televisión Digital, S.A. – DTS-(company owned at that time by Prisa). The interest that Prisa held in the capital of DTS was transferred to Telefónica de Contenidos, S.A.U., and said purchase was carried out on April 30, 2015.

In services received from Telefónica, S.A., 9,284 of the 19,388 thousand euros declared correspond to DTS.

In June 2014, Prisa's Board of Director concluded with Telefónica de Contenidos, S.A.U., the purchase contract for the entirety of the DTS shares held by Prisa, which represents 56% of the company's capital, at a price of 750 million euros. Said transaction was implemented on April 30, 2015) as explained in Section5.1.5 of this Registration Document. This transaction, after deducting the costs needed to carry out the sale, has led to recognising a book loss in the consolidated accounts of the Prisa Group of 2,064,921 thousand euros and, in Prisa's individual accounts of 750,383 thousand euros. In December 2014, the Group revised the value of its holding in DTS and recorded an additional impairment of 23,789 thousand euros due to the estimated impact that the business development will have in the price of the transaction until the date at which the sale takes effect, (predicted in May 2015). The aggregate amount of 719,086 thousand euros includes the estimated sale price of 56% of DTS by agreement concluded with Telefónica de Contendios, S.A.

The transactions featured in the table reflect the accounting information compiled in the consolidated profit and loss account of the Prisa Group.

In addition, the following associated transactions exist between DTS and different companies owned by Telefónica, which are not recorded in the accounting of the profit and loss account:

- Transfer by DTS to Telefónica of the rights of use of certain contents, in compensation for previous commitments.
- Acquisition of audiovisual rights to Telefónica by DTS, for a fixed value of 350,000 eurosplus, if applicable, a variable amount as a function of certain circumstances, in relationship with which either no payment obligations had been generated on 31

December, 2014, or the debt of DTS under this contact was not due, and hence it was not payable.

The significant transactions carried out by the Company with other entities belonging to the same group which have not been eliminated from the process of drafting the consolidated financial statements are shown below:

Company name of Group entity	Description of the transaction	Value (thousand euros)
Le Monde Libre	Loan granted by Prisa Noticias, S.L. to Le Monde Libre Societe Comandité Simple	8,988
Mediaset España Comunicación, S.A.	Sales of Advertising Spaces to DTS, Distribuidora de Televisión Digital, S.A., by the marketing company of Mediaset España	10,657
Sociedad Española de Radiodifusión, S.L.	Dividends received by Sociedad Española de Radiodifusión, S.L. for its holding in Sistemas Radiopolis, S.A. de CV	4,265
Sociedad Española de Radiodifusión, S.L.	Loans granted by Sociedad Española de Radiodifusion, S.L. to its investee companies W3 Comm Concesionaria, S.A. de CV and Green Emerald Business INC	3,453
Plural Jempsa, S.L	Loans granted by companies of the Media Capital Group to Plural Jempsa.	2,232
Ediciones Conelpa, S.L.	Loan granted by Ediciones El Pais, S.L. to its investee company Ediciones Conelpa, S.L.	2,038
Ediciones Conelpa, S.L.	Purchase of magazines by Ediciones El Pais, S.L. from its investee Ediciones Conelpa, S.L.	2.068

Here it is stated for the record that the transactions with Mediaset España Comunicación, S.A. correspond to the period of January to September 2014, since Prisa's holding in Mediaset was reduced to under 5%.

Likewise, we state for the record that in addition to the associated transactions described in the previous table, the following transactions have been carried out: i) services provided to companies of the Prisa Group by other investee companies in an aggregate amount of 1,522 thousand euros; ii) services provided by companies of the Prisa Group to other investee companies, in an aggregate amount of 3,693 thousand euros; iii) loans granted by companies of the Prisa Group to other associated companies, in an amount of 400 thousand euros; iv) financial income recorded by companies of Prisa Group, associated with the loans granted to the investee companies, for an aggregate amount of 1,655 thousand euros; v) dividends received by companies of the Prisa Group from investee companies, in an aggregate amount of 231 thousand euros.

In addition, during FY 2014, the director Mr. Gregorio Marañón y Bertrán de Lis provided legal advice to the Company at a value of 90 thousand euros.

Likewise, it is necessary to take into account the remuneration of the Board Members of Prisa and the members of the senior management, which already figures in Section15.1 of this Document

20. FINANCIAL INFORMATION RELATED WITH THE ASSETS AND LIABILITIES OF THE ISSUER, THE FINANCIAL POSITION AND LOSSES AND PROFITS

20.1 Historical financial information

The financial information included in this point refers to the consolidated annual accounts of the Prisa Group from the fiscal years ending on December 31 of 2014, 2015, and 2016, audited by Deloitte, S.L., all of which are drafted in accordance with the IFRS-EU, as they have been adopted by the European Union, in accordance with Regulation (EC) No 1606/2002 of the Parliament and Council, thereby considering the totality of the accounting principles and rules and the mandatory assessment criteria that have a significant effect, as well as in accordance with the Commercial Code, regulations of mandatory compliance approved by the Institute of Accounting and Account Auditing and all other Spanish regulations that may be applicable.

In accordance with the IFRS-EU, said consolidated annual accounts include the following consolidated statements of the Group:

- Balance sheet
- Profit and loss account
- Statement of comprehensive income
- Statement of changes in equity
- Cash flow statement

The Company's audited annual accounts, both individual and consolidated, corresponding to the 2014, 2015 and 2016 financial years, and their respective audit reports are available at the CNMV, and are incorporated into this Registration Document by reference in accordance with Order EHA/3537/2005 (see section 27 of the Registration Document).

20.2 Pro forma financial information

Does not apply.

20.3 Financial statements

20.3.1 Consolidated balance sheet

Presented below is the consolidated balance sheet for FYs ending on December 31, 2014, 2015, and 2016

BALANCE SHEET (thousands of euros)	**31.12.2016**	**31.12.2015**	**31.12.2014**
Non-current assets	**1,273,699**	**1,336,733**	**1,536,749**
Property, plant and equipment	122,390	127,866	142,684
Real estate investments	138	343	352
Goodwill	593.121	577,298	599,958
Intangible assets	130,796	129,051	137,198
Non-current investments	33,892	30,904	185,647

Equity-accounted investments	36,690	42,841	46,085
Deferred tax assets	353,653	425,218	421,346
Other non-current assets	3,019	3,212	3,479
Current assets	**852,732**	**1,026,659**	**2,054,821**
Inventories	168,679	153,521	159,242
Trade and other accounts receivable	418,124	439,637	496,452
Current investments	19,506	114,453	127,886
Cash and cash equivalents	246,423	319,001	152,431
Other current assets	–	–	–
Non-current assets held for sale	–	47	1,118,810
TOTAL ASSETS	***2,126,431***	***2,363,392***	***3,591,570***
Equity	**(336,045)**	**(394,587)**	**(617,771)**
Equity attributed to the Parent Company	(425,125)	(461,523)	(476,434)
Subscribed share capital	235,008	235,008	215,808
Other reserves	(705,059)	(800,689)	80,955
Retained earnings	47,470	144,206	(765,239)
- from previous financial years	115,329	138,912	1,471,593
- in the year: profit/loss attributed to the Parent Company	(67,859)	5,294	(2,236,832)
Treasury shares	(1,735)	(2,386)	(3,116)
Exchange differences	(809)	(37,662)	(4,842)
Non-controlling interests	89,080	66,936	(141,337)
Non-current liabilities	**1,909,125**	**2,176,489**	**2,984,524**
Non-current bank borrowings	1,653,535	1,907,758	2,645,505
Non-current financial liabilities	136,149	131,822	118,364
Deferred tax liabilities	21,055	36,452	60,013
Non-current provisions	56,516	59,746	115,964
Other non-current liabilities	41,870	40,711	44,678
Current liabilities	**553,351**	**581,490**	**1,224,817**
Trade payables	301,636	296,062	317,521
Associated companies	1,609	2,893	2,008
Other non-trade payables	67,945	65,737	67,200
Current bank borrowings	68,488	100,765	108,756
Current financial liabilities	23,104	23,117	914
Public authorities	61,633	62,623	57,314
Provisions for refunds	8,071	7,511	6,945
Other current liabilities	20,865	22,782	45,681
Liability linked to non-current assets held for sale		–	618,478
TOTAL NET ASSETS AND LIABILITIES	***2,126,431***	***2,363,392***	***3,591,570***
Book value per share (euros)(*)	(5.4)	(5.86)	(6.58)

(*) *The book value per share (euros) is an APM that results from dividing the equity attributed to the parent company, minus the treasury shares, by the number of shares in circulation on the date in question. For the definition, explanation, use and reconciliation of this APM, please see section 26 of this Registration Document.*

<u>Most significant variations in the balance sheet in 2014, 2015 and 2016:</u>

Section 10.1 of this Registration Document describes the most significant variations of the items relating to Company's equity in 2014, 2015 and 2016.

Property, plant and equipment

The information relating to the heading "*Tangible assets*" is found in Chapter 8 ("*Property, facilities and equipment*") of the present Registration Document:

Goodwill

The composition and movement of the goodwill of the companies consolidated by comprehensive integration of the Group during FYs 2015 and 2016 are as follows:

2015-

(thousand euros)	**31.12.2014**	**Conversion adjustment**	**Impairment**	**Change of scope**	**31.12.2015**
Antena 3 de Radio, S.A.	6,115	-	-	-	6,115
Editora Moderna, Ltda.	68,531	(16,544)	-	-	51,987
Grupo Latino de Radiodifusión Chile, Ltda	55,576	(2,319)	-	-	53,257
Grupo Media Capital, SGPS, S.A.	417,085	-	(390)	-	416,695
Propulsora Montañesa, S.A.	8,608	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	29,470
Other companies	14,573	(72)	-	(3,335)	11,166
Total	**599,958**	**(18,935)**	**(390)**	**(3,335)**	**577,298**

The composition and movement of the goodwill of the companies consolidated by comprehensive integration of the Group during FY 2015 by business sectors:

(thousand euros)	**31.12.2014**	**Conversion adjustment**	**Impairment**	**Change of scope**	**31.12.2015**
Radio	113,429	(2,319)	-	(3.993)	107,117
Education	68,828	(16.616)	-	-	52,212
Audiovisual (Media Capital)	417,085	-	(390)	-	416,695
Other	616	-	-	658	1,274
Total	**599,958**	**(18,935)**	**(390)**	**(3,335)**	**577,298**

2016-

(thousand euros)	31.12.2015	Conversion adjustment	Change in scope/additions	Retirements	Impairment	31.12.2016
Antena 3 de Radio, S.A.	6,115	-	-	-	-	6,115
Editora Moderna, Ltda.	51,987	12,344	-	-	-	64,331
Grupo Latino de Radiodifusión Chile, Ltda	53,257	4,965	-	-	-	58,222
Grupo Media Capital, SGPS, S.A.	416,695	-	-	-	-	416,695
Propulsora Montañesa, S.A.	8,608	-	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	-	29,470
Other companies	11,166	54	1,391	(2,500)	(431)	9,680
Total	**577,298**	**17,363**	**1,391**	**(2,500)**	**(431)**	**593,121**

The composition and movement of the goodwill of the companies consolidated by comprehensive integration of the Group during FY 2016 by business sectors:

(thousand euros)	31.12.2015	Conversion adjustment	Change in scope/additions	Retirements	Impairment	31.12.2016
Radio	107,117	4,965	107	(2,500)	(431)	109,258
Education	52,212	12,398	1,284	-	-	65,894
Audiovisual (Media Capital)	416,695	-	-	-	-	416,695
Other	1,274	-	-	-	-	1,274
Total	**577,298**	**17,363**	**1,391**	**(2,500)**	**(431)**	**593,121**

The addition in the Education sector totalling 1,284 thousand euros is due to the goodwill generated by the purchase of Norma in September 2016.

The withdrawal in the Radio sector, totalling 2,500 thousand euros, in turn, is due to the decrease of the goodwill of RLM, S.A. generated by the sale of the company in December 2016.

Intangible assets

The most significant additions in FYs 2014, 2015 and 2016 occur under the heading "Prototypes" corresponding to the additions of prototypes for publishing of books in Grupo Santillana de Ediciones, S.L. totalling 36,259 thousand euros in 2014, 36,926 thousand euros in 2015 and 33,599 thousand euros in 2016 and in "Computer applications" corresponding to applications purchased and/or developed by third parties for the companies of the Group totalling 12,374 thousand euros in 2014, 10,384 thousand euros in 2015 and 11,748 thousand euros in 2016.

Non-current investments

The movement of this heading of the consolidated balance sheet in 2015 and 2016, taking into account the type of transactions is as follows:

2015-

(thousand euros)	**31.12.2014**	**Adjustments due to conversion / price-level restatements**	**Change of the scope**	**Additions/ allocations**	**Withdrawals/ Transfers**	**31.12.2015**
Loans and receivables	**19,507**	**1,174**	**-**	**(2,305)**	**(1,785)**	**16,591**
Loans to associated companies	31,776	775	-	2,505	(293)	34,763
Long-term loans to third parties	9,552	486	-	164	(2,953)	7,249
Provision	(21,821)	(87)	-	(4,974)	1,461	(25,421)
Investments held until maturity	**9,814**	**711**	**-**	**1,430**	**(600)**	**11,355**
Financial assets at fair value with changes in results	**-**	**-**	**-**	**10**	**-**	**10**
Financial assets available for sale	**156,326**	**(15)**	**(81)**	**1,453**	**(154,735)**	**2,948**
Minority investments in capital	162,002	(55)	(81)	1,453	(154,968)	8,351
Other financial assets	52	-	-	-	(30)	22
Provision	(5,728)	40	-	-	263	(5,425)
Total	**185,647**	**1,870**	**(81)**	**588**	**(157,120)**	**30,904**

2016-

(thousand euros)	**31.12.2015**	**Adjustments due to conversion / price-level restatements**	**Change of the scope**	**Additions/ allocations**	**Withdrawals/Assignments**	**31.12.2016**
Loans and receivables	**16,591**	**415**	**-**	**683**	**(629)**	**17,060**
Loans to associated companies	34,763	247	-	1,101	(470)	35,641
Long-term loans to third	7,249	199	-	652	(159)	7,941

parties						
Provision	(25,421)	(31)	-	(1,070)	-	(26,522)
Investments held until maturity	**11,355**	**480**	**179**	**1,299**	**(464)**	**12,849**
Financial assets at fair value with changes in results	**10**	**-**	**-**	**-**	**(10)**	**-**
Financial assets available for sale	**2,948**	**4**	**(45)**	**1,090**	**(14)**	**3,983**
Minority investments in capital	8,351	8	(45)	931	(64)	9,181
Other financial assets	22	-	-	1,000	(10)	1,012
Provision	(5,425)	(4)	-	(841)	60	(6,210)
Total	**30,904**	**899**	**134**	**3.072**	**(1.117)**	**33,892**

In 2015, the heading "*Loans and receivables*" included the short-term assignment of the outstanding balance to be collected due to the sale of Redprensa, S.L.U., in September 2013, for an amount of 1,790 thousand euros.

The additions in the provisions of the heading "*Loans and receivables*" included the impairment of the loan granted to Le Monde totalling 1,283 thousand euros, since its net value as of December 31, 2015, was 9,070 thousand euros. The rest corresponded to the provision made for the impairment of the loans granted to certain radio companies in Panama.

The variation in the heading "*Financial assets available for sale*" in FY 2015, was due to the sale of 14,787,426 shares of Mediaset España, which represented 3.63% of its share capital, and which created an incoming cash payment, net of costs, totalling 162,097 thousand euros, with a positive impact on equity of 5,574 thousand euros due to the difference between the sale price and the fair value as of December 31, 2014, of the holding sold. These funds were allocated to cancel debt at a discount.

The remaining holding was valued at the fair value as of December 31, 2015, (10.03 euros/share), and its value was 1,046 thousand euros.

During FY 2016 no relevant movements have occurred in the non-current financial investments.

Equity-accounted investments

The movement of this heading of the consolidated balance sheet as of December 31 2015 and 2016, taking into account the type of transactions is as follows:

2015-

(thousand euros)	**31.12.2014**	**Adjustments conversion**	**Participation in profits/ impairment**	**Transfers**	**Withdrawals/Dividends**	**31.12.2015**
Sistema	42,373	(3,205)	5,994	-	(5,760)	39,402

Radiópolis, S.A. de C.V.						
Other companies	3,712	(366)	(1,839)	2,055	(123)	3,439
Total	**46,085**	**(3,571)**	**4,155**	**2,055**	**(5,883)**	**42,841**

2016-

(thousand euros)	**31.12.2015**	**Adjustments conversion**	**Change of the scope**	**Participation in profits/ impairment**	**Transfers**	**Withdrawals/Dividends**	**31.12.2016**
Sistema Radiópolis, S.A. de C.V.	39,402	(5,320)	-	4,344	-	(4,861)	33,565
Other companies	3,439	(97)	(249)	(163)	415	(220)	3,125
Total	**42,841**	**(5,417)**	**(249)**	**4,181**	**415**	**(5,081)**	**36,690**

During FYs 2015 and 2016, the most important variations in his heading occurred mainly due to the effect of the exchange rate and the disbursement of the dividend in Sistema Radiópolis, S.A. de C.V.

Assets and liabilities due to deferred taxes

The following table displays the origin and amount of the assets and liabilities due to deferred taxes recognized for accounting purposes in FYs 2015 and 2016, as well as their movement (in thousands of euros):

2015-

DEFERRED TAX ASSETS WITH ORIGIN IN:	**31.12.2014**	**Additions**	**Retirements**	**Transfers**	**31.12.2015**
Advance tax assessments	45,875	32,366	(64,801)	-	13,440
Non-deductibility financial costs	95,527	34,029	(20)	-	129,536
Non-deductible amortisations and provisions	4,881	1,345	(935)	13,716	19,007
Assets that cannot be capitalized	37	-	-	-	37
Tax loss carryforward pending	131,818	30,334	(7,438)	-	154,714
Unused tax credits	107,946	2,147	(13,000)	(100)	96,993
Other	35,262	139	(10,294)	(13,616)	11,491
Total	**421,346**	**100,360**	**(96,488)**	**-**	**425,218**

DEFERRED TAX LIABILITIES WITH ORIGIN IN:	**31.12.2014**	**Additions**	**Retirements**	**Transfers**	**31.12.2015**
Portfolio provisions and goodwill	13,514	275	(3,358)	(5,782)	4,649
Deferral for reinvestment of excess profit	4,044	-	(498)	(607)	2,939
Accelerated depreciation	*727*	-	(65)	1,257	1,919
Variation in accounting and tax allocation of	32,214	11,295	(32,277)	4,452	15,684

income					
Other	9,514	1,296	(229)	680	11,261
Total	**60,013**	**12,866**	**(36,427)**	**-**	**36,452**

2016-

DEFERRED TAX ASSETS WITH ORIGIN IN:	31.12.2015	Additions	Retirements	31.12.2016
Advance tax assessments	13,440	7,814	(17,766)	3,488
Non-deductibility financial costs	129,536	11,474	(418)	140,592
Non-deductible amortisations and provisions	19,007	2,635	(1,870)	19,772
Assets that cannot be capitalized	37	-	(37)	-
Tax loss carryforward pending	154,714	836	(54,424)	101,126
Unused tax credits	96,993	202	(21,519)	75,676
Other	11,491	2,033	(525)	12,999
Total	**425,218**	**24,994**	**(96,559)**	**353,653**

DEFERRED TAX LIABILITIES WITH ORIGIN IN:	31.12.2014	Additions	Retirements	Transfers	31.12.2015
Portfolio provisions and goodwill	13,514	275	(3,358)	(5,782)	4,649
Deferral for reinvestment of excess profit	4,044	-	(498)	(607)	2,939
Accelerated depreciation	*727*	-	(65)	1,257	1,919
Variation in accounting and tax allocation of income	32,214	11,295	(32,277)	4,452	15,684
Other	9,514	1,296	(229)	680	11,261
Total	**60,013**	**12,866**	**(36,427)**	**-**	**36,452**

The tax assets and liabilities of the consolidated balance sheet, at the close of each FY, are recorded at their estimated value of recovery or cancellation.

There are no significant temporary differences deriving from investments in subsidiaries, branches and associated companies and joint ventures that generate deferred tax liabilities.

There are no significant amounts deriving from time differences associated with non-distributed profits from subsidiaries in jurisdictions where different tax rates apply, for which no deferred tax liabilities have been recognized.

Within the composition of the balances of deferred tax assets, the most significant amounts correspond (i) to tax credits deriving from tax loss carryforward (ii) to deductions in the instalment of the Spanish Corporate Income Tax due to double taxation and due to investments (other than the export activity deduction), (iii) to credits deriving from the limit on deductions for financial costs mainly of the tax consolidation group 2/91 of Prisa and (iv) the balances of amount of payment of certain Tax inspection assessments initiated by the Tax Administration, which, although they are still the subject of an administrative proceeding, or if applicable a court proceeding, have not been attested but have been paid. They have been recorded in accordance with the criteria defined in the valuation standards.

Displayed below, in thousands of euros, is the detail of the tax loss carryforwards from previous years that may be compensated with future profits deriving from the Spanish companies, specifying the year of generation

	31.12.2016			31.12.2015		
Year Generation	**Amount**	**Capitalized**	**Not capitalized**	**Amount**	**Capitalized**	**Not capitalized**
1997	-	-	-	1,036	-	1,036
1998	11,779	-	11,779	17,099	-	17,099
1999	73,928	-	73,928	75,428	-	75,428
2000	63,499	-	63,499	64,741	-	64,741
2001	56,262	-	56,262	57,301	-	57,301
2002	83,983	39	83,944	85,608	39	85,569
2003	46,319	110	46,209	49,113	110	49,003
2004	63,360	255	63,105	65,452	255	65,197
2005	5,433	267	5,166	7,102	267	6,835
2006	5,108	244	4,864	6,365	244	6,121
2007	5,027		5,027	5,595	-	5,595
2008	12,026	146	11,880	12,484	145	12,339
2009	8,369		8,369	8,547	-	8,547
2010	1,676		1,676	1,677	-	1,677
2011	195,065	110,257	84,808	194,307	109,444	84,863
2012	323,846	229,567	94,279	387,934	293,575	94,359
2013	58,849	26,131	32,718	58,979	58,880	99
2014	317		317	356	299	57
2015	554,487		554,487	639,615	119,424	520,191
2016	70		70	-	-	-
Total	**1,569,403**	**367,016**	**1,202,387**	**1,738,739**	**582,682**	**1,156,057**

The detail of the tax loss carryforwards pending set-off corresponding to the Group's foreign companies is displayed below, itemized by countries, in thousands of euros:

2015-

Year of generation	USA	Mexico	Brazil	Chile	Argentina	Colombia	Portugal	Total
2000	4,674							4,674
2001	3,930							3,930
2002	2,277							2,277
2003	3,511							3,511
2004	3,778							3,778
2005	3,699			314				4,013
2006	8,742			1				8,743

2007	6,463	220	165	42				6,890
2008	5,042	878	162	394				6,476
2009	6,387	483	76	453				7,399
2010	6,107	38	61	828	121			7,155
2011	8,300	492	456	803	520			10,571
2012	5,235	877	3,372	1,283	703	1,091	342	12,903
2013	6,379	1,659	8,664	1,306	1,458		624	20,090
2014	7,114	564	4,269	1,026	2,031			15,004
2015	3,918	3,294	978	*727*	5,259			14,176
TOTAL	**85,556**	**8,505**	**18,203**	**7,177**	**10,092**	**1,091**	**966**	**131,590**
Capitalized		3,819	15,539	6,565		1,091	966	27,980
Not capitalized	85,556	4,686	2,664	612	10,092	0	0	103,610
Period of compensation	20 years	10 years	no limit	no limit	5 years	no limit	4, 5 and 6 years	

2016-

Year of generation	USA	Mexico	Brazil	Chile	Argentina	Colombia	Peru	Puerto Rico	Portugal	Total
1999	1,100									1,100
2000	4,828									4,828
2001	4,059									4,059
2002	2,351									2,351
2003	3,626									3,626
2004	3,903									3,903
2005	3,823			353						4,176
2006	9,037			1						9,038
2007	6,681	190	160	47						7,078
2008	5,212	580	161	442						6,395
2009	6,601	415	74	510						7,600
2010	6,310	33	63	932	102					7,440
2011	8,575	426	101	904	440					10,446
2012	5,410	757	3,481	1,441	595	1,091			366	13,141
2013	6.592	541	10.699	1.463	1.233				624	21.152
2014	7.243	490	4.983	1.017	1.718	175		458		16.084
2015	3.746	973	969	496	4.449	70	1.073	1.264		13.040
2016		3.070	63	1.103	1.997	2,316	870	1,080	435	10.934
TOTAL	**89.097**	**7.475**	**20.754**	**8.709**	**10.534**	**3.652**	**1.943**	**2.802**	**1.425**	**146.391**
Capitalized	-	3.426	18.165	7.235	-	1,090	-	-	-	**29.916**
Not capitalized	89.097	4.049	2.589	1.474	10.534	2.562	1.943	2.802	1.425	**116.475**

Period of compensation	20 years	10 years	No limit	No limit	5 years	No limit	4 / No limit	No limit	4, 5 and 6 years	

The recovery of deferred tax assets of the fiscal consolidation Group is based in the most recent business plans of the companies of which it consists, which have been drafted by the Group's management. The fiscal plan takes into consideration the operative development of these companies, the forecast of future flows obtained from the remaining companies from outside of the fiscal consolidation group, in addition to other transactions such as the buyback of discounted debt.

The companies' plans are based on the development of the Group's strategy in the long term and on a series of macro-economic and sectorial hypotheses for the set of businesses, as well as for maintaining the Group's leadership position in the sectors in which it operates. When working out the plans, forecasts and studies conducted by third parties were taken into account.

The projections envisage growth in the advertising market in line with the most recent studies available and the leadership position in the different businesses where the Group operates. To the extent that businesses depending on advertising have an elevated percentage of fixed costs, a growth in advertising income would be reflected positively in operating margins.

In addition, the projections incorporate the evolution of business toward a mainly digital model with a greater margin of contribution. In addition, cost reductions are foreseen as a result of the adjustment plans that are being carried out in recent years.

In Spain and Latin America, Santillana predicts increased income deriving from renewal of educational contents, new developments of a digital nature in UNO and Compartir and the initiatives for growth in the field of extracurricular activities, as well as maintaining institutional sales.

Lastly, the efficiency processes will continue in corporate services, which will reduce their weight in the coming years.

The profits from transactions of Santillana and Radio in Latin America will contribute to generate future cash flows in the fiscal plan, in keeping with expectations for growth in the countries where the Group is present.

On the other hand, income for debt buyback is predicted, estimating an average discount as a function of the price of Prisa's debt at the end of the FY. These debt buybacks will derive from remaining liquidity available at the close, and also from corporate transactions.

After having conducted the analysis of recoverability in the Spanish tax group, we have proceeded to write off loans corresponding to deductions for investment totalling 8,367 thousand euros and tax loss carryforwards of the tax consolidation group totalling 38,000 thousand euros, which has generated a greater cost due to taxes. These withdrawals are mainly due to the measures approved by Royal Decree-Law 3/2016 of December 2, which introduces a new limit, both to the offsetting of tax loss carryforwards, and to the application in the tax instalment of the deductions due to double taxation. Likewise, deriving from this same tax reform, a greater expense for tax has been recorded totalling 19,111 thousand euros, as a result of the minimum integration in five years of the reversal of the impairment losses of securities representing equity holdings in companies that would have been tax deductible.

The main net additions to the assets due to deferred tax of the FY correspond with the non-deductibility of finance expenses totalling 11,056 thousand euros, and the net withdrawals mainly correspond with the application and impairment in the FY of credits deriving from deductions and tax loss carryforward pending compensation totalling 21,317 thousand euros, and 53,588 thousand euros, respectively.

Once the adjustment mentioned in the previous paragraph has been made, the companies' business plans allow the recovery of the deferred tax assets recorded on the consolidated balance sheet on 31 December 2016 in a period of ten years.

Inventories

See section 10.2 of this Registration Document.

Assets and liabilities held for sale

As of 31 December 2014, as a result of the transactions described in section5.1.5this Registration Document, the assets and liabilities of DTS are presented on the consolidated balance sheets as "*Non-current assets held for sale*" and "*Liabilities associated with non-current asset held for sale.*" The contribution in each one of the main lines of the balance sheet is as follows (in thousands of euros):

	31.12.2014
Non-current assets	**686.924**
Deferred tax assets	651.622
Other non-current assets	35.302
Current assets-	**431.886**
Inventories	55.979
Trade and other accounts receivable	318.942
Current investments	52.713
Cash and cash equivalents	4.252
Total assets	**1,118,810**
Non-current liabilities-	**158.557**
Non-current bank borrowings	158.263
Other non-current liabilities	294
Current liabilities-	**459.921**
Trade payables	331.895
Other non-trade payables	14.523
Current bank borrowings	57.658
Public authorities	13.443
Other current liabilities	42.402
Total liabilities	**618,478**

DTS is valued in the consolidated balance sheet 2014 at its recovery value, deducting the costs necessary to carry out the sale.

Non-controlling interests

These correspond to minority interests in the equity value and in the results of the FY of the Group companies that have been consolidated by the full consolidation method. The movement of FYs 2015 and 2016 under this heading is as follows:

2015-

(thousand euros)	**31.12.2014**	**Participation in profits**	**Change of scope**	**Dividends paid/ received**	**Other**	**31.12.2015**
Caracol, S.A.	14.724	7.183	-	(5.318)	(2.642)	13.947
Diario As, S.L.	11.016	1.153	-	(485)	(56)	11.628
DTS Distribuidora de Televisión Digital, S.A.	(218.147)	-	218.147	-	-	-
GLR Chile, Ltda.	16.573	1.304	-	-	(747)	17.130
Grupo Santillana Educación Global, S.L. and owned subsidiaries	8.354	23.212	(13)	(23.197)	(11.617)	(3.261)
Grupo Media Capital, SGPS, S.A. and owned subsidiaries	7.680	919	-	(840)	(18)	7.741
Prisa Radio, S.A. and owned subsidiaries (Spain)	10.116	892	20	2.189	30	13.247
Other companies	8.347	(1.140)	161	(535)	(329)	6.504
Total	**(141,337)**	**33,523**	**218,315**	**(28.186)**	**(15.379)**	**66,936**

2016-

(thousand euros)	**31.12.2015**	**Participation in profits**	**Dividends paid/ received**	**Other**	**31.12.2016**
Caracol, S.A.	13.947	2.574	(4.246)	1.474	13.749
Diario As, S.L.	11.628	977	(473)	(484)	11.648
GLR Chile, Ltda.	17.130	1.064	(2.020)	1.559	17.733
Grupo Santillana Educación Global, S.L. and owned subsidiaries	(3.261)	23.447	(23.077)	18.410	15.519
Grupo Media Capital, SGPS, S.A. and owned subsidiaries	7.741	1.014	(853)	(7)	7.895
Prisa Radio, S.A. and owned subsidiaries (Spain)	13.247	1.561	1.708	(767)	15.749
Other companies	6.504	(435)	(942)	1.660	6.787
Total	**66,936**	**30,202**	**(29.903)**	**21.845**	**89,080**

Non-current provisions

The detail of the variations during the FYs 2015 and 2016 in the different accounts of the heading "*Non-current liabilities- Provisions*" is as follows:

2015-

(thousand euros)	**31.12.2014**	**Conversion adjustment**	**Allocations**	**Applications/withdrawals**	**Transfers**	**31.12.2015**
For taxes	85.064	(112)	109	(58.216)	131	26.976
Severance compensation	15.798	(119)	4.645	(4.395)	(883)	15.047
For liabilities and others	15.102	(1.089)	7.080	(5.332)	1.962	17.723
Total	**115,964**	**(1.320)**	**11.834**	**(67.942)**	**1.210**	**59,746**

2016-

(thousand euros)	**31.12.2015**	**Conversion adjustment**	**Change of the scope**	**Allocation s**	**Applications/ withdrawals**	**Transfers**	**31.12.2016**
For taxes	26.976	6	-	30.591	(30.768)	-	26,805
Severance compensation	15.047	27	-	1.195	(6.550)	(75)	9,644
For liabilities and others	17.723	(103)	151	3.812	(1.678)	162	20.067
Total	**59,746**	**(70)**	**151**	**35.598**	**(38.996)**	**87**	**56,516**

The "*Provision for taxes*" corresponds to the estimated amount of taxes payable deriving from the inspection conducted in the Group's different companies.

In FY 2016, the movement of the "*Provision for taxes*" mainly corresponds with (i) the allocations resulting from the accounting record deriving from the impact of inspections both for VAT and for Companies Tax and (ii) the withdrawals produced by reduction of the provision, both due to the amount of accounting impact deriving from that same inspection for Companies Tax, and the cancellation of the entirety of the amount of the advance payments recorded for payment of VAT proceedings.

In FY 2015, part of the reserve for taxation, totalling 57,359 euros, was applied in order derecognise part of the balance of advance payment of tax assessments recorded within deferred tax assets.

The "*Reserve for compensations*" includes the reserve established in recent FYs in order to deal will employment regularization processes. During FY 2016, the Group has allocated an additional reserve for this purpose totalling 1,195 thousand euros (4,645) thousand euros in FY 2015); it has also applied 4,210 thousand euros (4232 thousand euros in FY 2015) as a result of payment of compensations and issue of promissory notes, and it has reversed 2,340 thousand euros. The Group expects to apply this reserve in the next two FYs.

The “*Provision for liabilities*,” corresponds in turn with the amount estimated to confront other possible claims and lawsuits against companies of the Group. This heading also includes the Group’s investments in companies recorded by the equity method whose net value is negative at the close of each FY.

Other non-current liabilities

See section 10.1 of this Registration Document.

Current and non-current financial debt

See section 10.1 of this Registration Document.

Other non-trade payables

See section 10.1 of this Registration Document.

Other current liabilities

See section 10.1 of this Registration Document.

20.3.2 Consolidated profit and loss account

Section 9.2 of the present Registration Document includes information regarding the consolidated profit and loss account corresponding to FYs ending on December 31 of 2014, 2015 and 2016.

Below we present the main balances of the consolidated profit and loss account corresponding to said FYs (in thousands of euros), together with certain APMs that the Group considers relevant to evaluate the operating behaviour of its businesses:

	Profit and loss account		
	Year ended 31 December		
	2016	**2015**	**2014**
	(thousand euros) *(audited)* (*)		
Operating income	1,358,037	1,374,062	1,454,728
EBITDA (1)	248,862	248,414	183.383
Adjusted EBITDA (2)	273,367	279,357	249,866
Operating profit (EBIT)	133,474	120,828	28,720
Finance income/expense	-87.057	-108.805	-39.064
Profit/loss of companies by the equity method and other investments	3,332	4,155	36,039
Pre-tax profit/loss from continuing activities	49,749	16,178	25,695
Corporate income tax	-87.110	25,323	-132.607
Profit/loss from continuing activities	-37.361	41,501	-106.912
Profit/loss after tax from interrupted activities	-296	-2.684	-2.203.004
Consolidated profit/loss of the year	-37.657	38,817	-2.309.916
Profit/loss attributed to non-controlling interests	-30.202	-33.523	73,084
Profit/loss attributed to the Parent Company	**-67.859**	**5,294**	**-2.236.832**

Basic profit/loss per share from continuing activities (euros)................	-0,87	0.11	-0,63
Basic profit/loss per share from discontinued activities (euros).............	0	-0,04	-41
Basic profit/loss per share (euros)..	-0,87	0.07	-41,63

(*) *Except regarding the measurements that are identified in the following note as APMs —i.e., the EBITDA and the adjusted EBITDA-- and which, for this reason, are not audited.*

(1) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in Section 26 of this Registration Document.

(2) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.

The most significant variations in the profit and loss account in 2014, 2015 and 2016

The analysis of the entries that make up the operating profit/loss are itemized in Chapter 9.2 of the present Registration Document.

Finance income/expense

The itemization of the balance of this heading is as follows (in thousands of euros):

	31.12.2016	31.12.2015	31.12.2014
Income from temporary financial investments	1.251	25.095	1.996
Income in investment in equity	151	218	51
Other financial income	24.158	48.807	208.843
Finance income	**25.560**	**74.120**	**210.890**
Interest from debt	-58.510	-81.884	-114.681
Financial expenses from hedging transactions	-	-748	-1.488
Adjustments for inflation	-3.117	-1.707	-5.672
Arrangement fees	-17.838	-59.128	-76.065
Other financial expense	-29.214	-27.133	-38.645
Finance expense	**-108.679**	**-170.600**	**-236.551**
Positive difference in exchange rate	14.428	22.568	20.148
Negative difference in exchange rate	-18.365	-35.777	-35.425
Exchange differences (net)	**-3.937**	**-13.209**	**-15.277**
Change in value of financial instruments	**-1**	**884**	**1.874**
Finance income/expense	**-87.057**	**-108.805**	**-39.064**

In FY 2015, the heading of “Income from temporary financial investments” mainly included income generated by the sale of 3.63% of Mediaset España for a sum of 23,964 thousand euros due to the different between the sale price and the investment value sold at the moment of loss of significant interest.

“*Other financial income*” includes the capital gains from the repurchasing of debt at a discount carried out in 2016, totalling 20.667 million euros, using the funds from the sale of DTS and the capital increase subscribed by International Media Group, S.à.r.l. and in 2015 and 2014, totalling 45.262 and 198.697 million euros, respectively, with funds from the sale of Mediaset España, DTS and the capital increase subscribed by Occher (see section10.1 of this Registration Document).

The decrease in the "*Interest on debt*" item is mainly due to Prisa's lower level of debt (see Section 10.1 of this Registration Document).

Both in 2016 and in 2015 and in 2014, the "*Arrangement fees from debt*" include not only the fees accruing in the FY but also the withdrawal of the costs associated with the cancelled debt.

Profit/loss of companies by the equity method

The contribution system for the profit/loss of companies by equity method is as follows (in thousands of euros):

	31.12.2016	31.12.2015	31.12.2014
Sistema Radiópolis, S.A. de C.V. and subsidiaries	4,344	5,994	8.855
Mediaset España Comunicación, S.A.	-	-	27.481
Others	(163)	(1,839)	(163)
Total	**4,181**	**4,155**	**36.173**

In FY 2014, after the sale of 13.68%, the holding in Mediaset España was not longer consolidated in the Group, since Prisa did not have significant influence and held an investment less than 5%.

Under the heading of "*Holding in profit/loss/ impairment*," the profit generated by the sale of 13.68% of Mediaset España was registered (13,376 thousand euros), the result of recording at its fair value the holding retained in the company at the initial moment in which it was recognised as a financial asset (14,823 thousands of euros), together with the result of the company.

Corporate income tax

In FY 2014, the expense due to corporate income tax includes, as extraordinary concepts: (i) the withdrawal of tax credits in concept of deductions totalling 55 million euros from expense, once the appropriate recoverability analysis was conducted, applying the criteria of accounting regulations, (ii) the recording of deferred tax assets included in the balance sheet at the new tax rate of 25% at which it is expected they will be recovered, which constitutes an expense of 53 million euros and (iii) the recording of the deferred tax liabilities at the new tax rate at which it is expected that they will be cancelled, the impact of which as lower expense due to tax totals 3 million euros.

In FY 2015, corporate tax does not include significant extraordinary items.

Lastly, in FY 2016, a greater tax expense was created due to the accounting withdrawal of 38 million euros of tax loss carryforwards from the Spanish tax consolidation group, as a result of the recoverability analysis. These withdrawals are mainly due to the measures approved by Royal Decree-Law 3/2016 of December 2, which introduces a new limit, both to the offsetting of tax loss carryforwards, and to the application in the tax instalment of the deductions due to double taxation. Likewise, deriving from this same tax reform, a greater expense for tax has been recorded totalling 19,111 thousand euros, as a result of the minimum integration in five years of the reversal of the impairment losses of securities representing equity holdings in companies that would have been tax deductible.

Profit/loss after tax from discontinued activities

As of 31 December 2014, as a result of the conclusion of the purchase contract for 56% of the share capital of DTS, the proft/loss of DTS and the profit/loss of this transaction are presented in the consolidated profit and loss account as "*Profit/loss after tax from discontinued activities*." The breakdown of this profit/loss is as follows:

(thousand euros)	31.12.2014
Operating income-	**1.160.128**
Net revenue	1.149.890
Other income	10.238
Operating expenses-	**(1.220.098)**
Supplies	(871.526)
Staff costs	(75.993)
Depreciation/amortisation charges	(69.859)
External services	(186.738)
Change in provisions	(16.187)
Other expenses	205
Operating profit	**(59.970)**
Financial income/loss	(21.653)
Corporate income tax	(126.118)
Profit/loss after tax from discontinued activities	**(207.741)**

The conclusion of the purchase contract for 56% of DTS constituted a book loss in the Group's attached consolidated accounts as of 31 December 2014 totalling 2,088,710 thousand euros, recorded under the heading "*Proft/loss after tax from discontinued activities*."

During FY 2015, the performance of said contract has not entailed a significant impact on the attached consolidated profit and loss account.

Profit/loss attributed to non-controlling interests

The contribution system of the profit/loss attributed to non-controlling interests by business unit is as follows:

(thousand euros)	31.12.2016	31.12.2015	31.12.2014
Education	23.447	23.212	19.572
Radio	5.158	8.699	5.197
Press	905	948	968
Media Capital	1.014	919	875
DTS	-	-	(92.388)
Audiovisual Sport	722	(42)	(7.319)
Others	(1.044)	(212)	11
Total	**30,202**	**33,523**	**-73.084**

20.3.3 Consolidated statement of comprehensive income

Presented below is the consolidated statement of comprehensive income for FYs ending on December 31, 2014, 2015, and 2016 (in thousands of euros):

	31.12.2016	31.12.2015	31.12.2014
CONSOLIDATED PROFIT/LOSS FOR THE FY	**-37.657**	**38,817**	**-2.309.916**
Entries that can be reclassified after the profit/loss of the FY	**20.964**	**-73.593**	**9.580**
Conversion difference	**27.088**	**-59.411**	**-2.182**
Financial assets available for sale	**117**	**-16.257**	**16.336**
Profit/(Loss) due to valuation	117	-43	16.336
Amounts transferred to the profit and loss account	-	-16.214	-
Tax effect	**-29**	**4.552**	**-4.574**
Companies valuated by the equity method	**-6.212**	**-2.477**	**-**
TOTAL RECOGNISED INCOME AND EXPENSES	**-16.693**	**-34.776**	**-2.300.336**
Attributed to the parent company	-52.928	-50.967	-2.227.783
Attributed to non-controlling interests	36.235	16.191	-72.553

20.3.4 Consolidated statement of changes in equity

Presented below is the consolidated statement of changes in equity for FYs ending on December 31, 2014, 2015, and 2016 (in thousands of euros):

	Share capital	Issue premium	Reserves	Reserves for first application of IFRS	Accumulated profit from previous FYs	Treasury shares	Exchange rate differences	Accumulated profit from the FY	Equity attributable to the Parent company	Non-controlling interests	Equity
Balance as of 31 December 2013	**105.266**	**781.815**	**(75.005)**	**(72,661)**	**1.528.802**	**(518)**	**(12.451)**	**(648.705)**	**(1.606.543)**	**(37.217)**	**(1.569.326)**
Capital increases	110.542	505.281							615.823		615.823
Conversion of financial liabilities into equity		41.575							41.575		41.575
Issuance of equity instruments			(81.158)						(81.158)		(81.158)
Conversion of equity instruments			(434.000)						(434.000)		(434.000)
Transactions with own shares											
- Delivery of own shares						2.500			2.500		2.500
- Purchase of own shares						(4.935)			(4.935)		(4.935)
- Provisions own shares			163			(163)					
Distribution of profits 2013											
- Reserves			(596.555)		(52.150)			648.705			
Income and expenditures recognized in Equity											
- Conversion differences					(10.322)		7.609		(2.713)	531	(2.182)
- Profit/loss for FY 2014								(2,236,832)	(2,236,832)	(73.084)	(2,309,916)
- Valuation of financial instruments			11.762						11.762		11.762
Other movements			(262)		5.263				5.001	(6.152)	(1.151)
Variations of external partners											
- Dividends paid during the FY										(25.384)	(25.384)
- Due to changes in the scope of consolidation										(31)	(31)
Balance as of 31 December 2014	**215,808**	**1.328.671**	**(1.175.055)**	**(72,661)**	**1,471,593**	**(3,116)**	**(4,842)**	**(2,236,832)**	**(476,434)**	**(141,337)**	**(617,771)**

	Share capital	Issue premium	Reserves	Reserves for first application of IFRS	Accumulated profit from previous FYs	Treasury shares	Exchange rate differences	Accumulated profit from the FY	Equity attributable to the Parent company	Non-controlling interests	Equity
Balance as of 31 December 2014	**215,808**	**1.328.671**	**(1.175.055)**	**(72,661)**	**1,471,593**	**(3,116)**	**(4,842)**	**(2,236,832)**	**(476,434)**	**(141,337)**	**(617,771)**
Capital increases	19.200	42.628							61.828		61.828
Transactions with own shares											
- Delivery of own shares						2,977			2,977		2,977
- Purchase of own shares						(2,485)			(2,485)		(2,485)
- Provisions own shares			(238)			238					
Distribution of profits 2014											
- Reserves			(912.712)		(1.324.120)			2.236.832			
Income and expenditures recognized in Equity											
- Conversion differences					(11.736)		(32.820)		(44.556)	(17.332)	(61.888)
- Profit/loss of the FY 2015								5,294	5,294	33,523	38,817
- Valuation of financial instruments			(11,705)						(11,705)		(11,705)
Other movements			383		3.175				3.558	1.953	5,511
Variations of external partners											
- Dividends paid during the FY										(28.186)	(28.186)
- Due to changes in the scope of consolidation										218,315	218,315
Balance as of 31 December 2015	**235,008**	1,371,299	**(2.099.327)**	**(72,661)**	**138,912**	**(2,386)**	**(37,662)**	**5,294**	**(461,523)**	**66,936**	**(394,587)**

(thousand euros)	Share capital	Issue premium	Reserves	Reserves for first application of IFRS	Accumulated profit from previous FYs	Treasury shares	Exchange rate differences	Accumulated profit from the FY	Equity attributable to the Parent company	Non-controlling interests	Equity
Balance as of 31 December 2015	**235,008**	1,371,299	**(2.099.327)**	**(72,661)**	**138,912**	**(2,386)**	**(37,662)**	**5,294**	**(461,523)**	**66,936**	**(394,587)**
Conversion of financial liabilities into equity			100,742						100,742		100,742
Transactions with own shares											
- Delivery of own shares						777			777		777
- Purchase of own shares											
- Provisions own shares			126			(126)					
Distribution of profits 2015											
- Negative result from previous FYs			(5.168)		10.462			(5.294)			
Income and expenditures recognized in Equity											
- Conversion differences					(14.890)		29.733		14.843	6.033	20.876
- Profit/loss of the FY 2016								(67,859)	(67,859)	30,202	(37,657)
- Valuation of financial instruments			88						88		88
Other movements			(158)		(19.155)		7.120		(12.193)	15.812	3.619
Variations of external partners											
- Dividends paid during the FY										(29.903)	(29.903)
Balance as of 31 December 2016	**235,008**	1,371,299	**(2.003.697)**	**(72,661)**	**115,329**	**(1,735)**	**(809)**	**(67,859)**	**(425,125)**	**89,080**	**(336,045)**

20.3.5 Consolidated cash flow statement

Presented below is the consolidated statement of cash flow for FYs ending on December 31, 2014, 2015, and 2016 (in thousands of euros):

	31.12.2016	**31.12.2015**	**31.12.2014**
Profit/loss before tax	**49,749**	**16,178**	**25,695**
Depreciation, amortisation and provisions	**115,387**	**127,585**	**154,663**
Change in working capital	**-14.856**	**-45.140**	**-25.612**
Inventories	-10.124	5,720	13,392
Receivables	11,809	4,443	403,245
Payables	-16.541	-55.303	-447.498
Other current assets			5,249
Collections (payments) for corporate income tax	**-31.268**	**-36.755**	**-33.635**
Other adjustments	**73,328**	**106,202**	**-15.209**
Finance income/expense	87,057	108,805	39,064
Disposal of assets	-2.163	-4.107	-21.605
Other adjustments	-11.566	1,504	-32.668
Cash flows from operating activities	**192,340**	**168,070**	**105,902**
Recurring investments	**-72.103**	**-80.469**	**-74.111**
Investments in intangible assets	-48.973	-52.811	-50.822
Investments in tangible assets	-23.130	-27.658	-23.289
Long term financial investments	**-25.801**	**-8.743**	**-9.656**
Collections from disposals	**110,811**	**893,739**	**550,172**
Other cash flows from investment activities	**4,674**	**8,238**	**1,650**
Cash flows from investment activities	**17,581**	**812,765**	**468,055**
Collections (payments) relating to equity instruments	-1.131	59,154	100,305
Collections from financial liability instruments	13,968	59,423	61,124
Payments on financial liability instruments	-225.975	-845.687	-605.497
Dividend payments and remuneration of other equity instruments	-29.812	-4.289	-25.753
Interest payments	-42.516	-49.367	-50.232
Other cash flows from financing activities	2,745	-12.492	-21.731
Cash flows from financing activities	**-282.721**	**-793.258**	**-541.784**
Exchange rate gains or losses	222	-21.007	-15.824
Changes in cash flows from continuing operations	**-72,578**	**166,570**	**16,349**
Cash flows from operating activities of discontinued activities	-	-	-116.883
Cash flows from investment activities of discontinued activities	-	-	-43.333
Cash flows from operating activities of discontinued activities	-	-	158.140
Effect of movements in exchange rates of discontinued activities	-	-	-1.135
Changes in cash flows from discontinued operations	**-**	**-**	**-3.211**
Change in cash flows in the FY	**-72,578**	**166,570**	**13,138**
Cash and cash equivalents at start of period	**319,001**	**152,431**	**139.293**
- Cash	301,129	57,333	129.645

- Cash equivalents	17,872	95,098	9.648
Cash and cash equivalents at end of period	**246,423**	**319,001**	**152,431**
- Cash	236.230	301,129	57,333
- Cash equivalents	10.193	17,872	95,098

The cash flow analysis is detailed in Chapter10.1 of the present Registration Document.

20.4 Audit of the annual historic financial information

20.4.1 Declaration that the historic financial information has been audited

The individual and consolidated annual accounts corresponding to the FYs ending 31 December of 2016, 2015, and 2014 have been audited by the financial auditing company Deloitte, S.L. The audit reports for these FYs have been positive without any qualification.

The audit reports for Prisa's individual and consolidated annual accounts for the 2014 financial year include certain paragraphs emphasising the equity imbalance situation existing at the end of the financial year in Prisa's individual financial statements, as described in Note 1 of the corresponding individual and consolidated annual accounts for the year in question, in which the Administrators state that the mechanism envisaged in Prisa's financing contract for the automatic conversion of part of its debt into equity loans has once again been set in motion, with an amount sufficient to reestablish the situation of equity imbalance. According to the Spanish Corporate Enterprises Act, the Company was undergoing liquidation on 31 December 2014 as a consequence of the losses posted due to an agreement reached with Telefónica de Contenidos, S.A.U. for the sale of 56% of DTS. This transaction is subject to the required authorisation and the conditions established by the competition authorities. This situation was resolved, as stated both in the annual accounts for said FY and also in its respective audit reports, by initiating the automatic conversion mechanism of part of Tranche 3 of the company's debt in shareholders' loans.

20.4.2 Indication of any other information in the registration document that has been audited by the auditors

There is no other information about Prisa in the Registration Document that has been audited.

20.4.3 When the financial data of the registration document have not been extracted from the issuer's audited financial statements, then the issuer must declare the source of the data and declare that the data have not been audited

The financial information regarding FYs 2014, 2015 and 2016 included in the present Registration Document have been extracted from the Group's respective consolidated annual accounts, with the exception of (i) data for which the source is expressly cited, (ii) data proceeding from the breakdown or grouping of items from the annual accounts, or (iii) data that have been extracted from the internal accounting and from the Group's information systems. These data have not been the object of either an audit or a review, and they have been identified, if applicable, as APMs in section 26 of this Registration Document.

Likewise, please consider that, as described in Section 6.1.1 of this Registration Document, the financial information regarding the Audiovisual area, the Others heading and the Adjustments and eliminations heading corresponding to FYs 2016 and 2015 have been restated to reflect thenew grouping of operational segments. This restatement has not been audited.

The financial information in relation to the first nine months of 2017 and 2016 included in this Registration Document (including the financial information that has been identified as an APM in section 26 of this Registration Document) has been prepared by the Company and has not been subject to audit.

<u>Rounding</u>

Certain figures that are presented in this Registration Document have been subject to rounding in order to facilitate their presentation. As a result, the amounts corresponding to the row of totals in the tables that are presented in the Registration Document may not coincide with the arithmetic sum of the items or entries of which the total is composed. Likewise, some percentages that are presented in the tables of this Registration Document reflect certain calculations based on numerical information that has been previously rounded off and, as a result, they may not coincide with the percentages that would result if they had not been rounded.

20.5 Age of the most recent financial information

The most recent financial information that is included in the present Registration Document corresponds to the period of nine months that ends on 30 September 2017 (not audited or reviewed). Hence, it is not more than 15 months prior to the date of the present Registration Document.

20.6 Interim information and other financial information

20.6.1 If the issuer has been publishing quarterly or biannual financial information since the date of its most recent audited financial statements, then these must be included in the registration document. If the quarterly or biannual financial information has been reviewed or audited, then the audit or review report must also be included. If the quarterly or biannual financial information has not been audited or has not been reviewed, then this fact must be stated.

(A) Consolidated balance sheet, not audited as of 30 September 2017

As at 30 September 2017, the assets and liabilities of Media Capital and Vertix were classified as assets and liabilities held for sale on the Group's consolidated balance sheet, as a result of the contract signed with Altice NV for the sale of the entirety of Prisa's holding in Media Capital (see section 5.1.5 – *2017 and 2018 (i)* of this Registration Document).

CONSOLIDATED BALANCE SHEETS	**30.09.2017**	**31.12.2016**
	(thousand euros)	
	(unaudited)	*(audited)*
Non-current assets	**792,340**	**1,273,699**
Property, plant and equipment	93,928	122,390
Real estate investments	47	138
Goodwill	170,237	593.121
Intangible assets	114,902	130,796

	30.09.2017	31.12.2016
Non-current investments	29,974	33,892
Equity-accounted investments	40,650	36,690
Deferred tax assets	342,602	353,653
Other non-current assets	-	3,019
Current assets	**1,177,663**	**852,732**
Inventories	71,350	168,679
Trade and other accounts receivable	418,864	418,124
Current investments	18,917	19,506
Cash and cash equivalents	183,545	246,423
Non-current assets held for sale	484,987	–
TOTAL ASSETS	***1,970,003***	***2,126,431***
Equity	**(428,028)**	**(336,045)**
Equity attributed to the Parent Company	(507,218)	(425,125)
Subscribed capital	235,008	235,008
Other reserves	(725,469)	(705,059)
Retained earnings	13,480	47,470
from previous financial years	68,472	115,329
in the year: profit / loss attributed to the Parent Company	(54,992)	(67,859)
Treasury shares	(912)	(1,735)
Exchange differences	(29,325)	(809)
Non-controlling interests	79,190	89,080
Non-current liabilities	**1,810,603**	**1,909,125**
Non-current bank borrowings	1,586,566	1,653,535
Non-current financial liabilities	121,816	136,149
Deferred tax liabilities	18,627	21,055
Non-current provisions	44,824	56,516
Other non-current liabilities	38,770	41,870
Current liabilities	**587,428**	**553,351**
Trade payables	212,226	301,636
Associated companies	1,408	1,609
Other non-trade payables	49,726	67,945
Current bank borrowings	50,115	68,488
Current financial liabilities	17,559	23,104
Public authorities	43,956	61,633
Provisions for refunds	18,958	8,071
Other current liabilities	25,459	20,865
Liabilities linked to non-current assets held for sale	168,021	-
TOTAL NET ASSETS AND LIABILITIES	***1,970,003***	***2,126,431***
Book value per share (euros)(*)	(6.46)	(5.40)

(*) The book value per share (euros) is an APM that results from dividing the equity attributed to the parent company, minus the treasury shares, by the number of shares in circulation on the date in question. For the definition, explanation, use and reconciliation of this APM, please see section 26 of this Registration Document.

Most significant variations in the balance sheet of the first nine months of 2017

At 30 September 2017, as a result of the contract with Altice NV for the sale of all of Prisa's equity holdings in Media Capital (see section 7.2 of this Registration Document), the assets and liabilities of Media Capital and Vertix are recorded on the consolidated balance sheet as "*Non-current assets held for sale*" and "*Liabilities associated with non-current assets held for sale."* The contribution in each one of the main lines of the balance sheet is as follows:

	30.09.2017
	(thousand euros)
	(unaudited)
Non-current assets	**369.919**
Property, plant and equipment	14.800
Goodwill	338.664
Intangible assets	11,261
Other non-current assets	5.194
Current assets-	**115.068**
Inventories	80.729
Trade and other accounts receivable	33.970
Cash and cash equivalents	369
Total assets	**484,987**
Non-current liabilities-	**75.583**
Non-current bank borrowings	68,472
Other non-current liabilities	7.111
Current liabilities-	**92.438**
Trade payables	32.084
Other non-trade payables	10.761
Current bank borrowings	42.702
Public authorities	5.642
Other current liabilities	1.249
Total liabilities	**168,021**

Both Media Capital and Vertix are valued in the consolidated balance sheet at their recovery value, deducting the costs necessary to carry out the sale.

(B) Consolidated profit and loss account not audited as of 30 September 2017

As of 30 September 2017, as a result of the contract concluded with Altice NV for the sale of the all equity that Prisa possesses in Media Capital (see Section 7.2 of this Registration Document), we have proceeded to reclassify the profit/loss of Media Capital in the heading "*Profit/loss after tax from discontinued activities*" in the profit and loss account.

Pursuant to IFRS 5 and for merely comparative purposes, the consolidated income statement at 30 September 2016 has been modified to present Media Capital as an interrupted activity.

The breakdown of Prisa's consolidated profit and loss account for the periods of nine months ending on 30 September of 2017 and 2016, as well as its inter-annual variations are as follows:

	CaixaBank Shareholder Advisory Committee 3319		
	Nine-month period ended on 30 September		
	2017	**2016**	**Change (%)**
	(thousand euros) *(unaudited)*		
Sales of advertising and sponsorship	246,264	254,749	(3,3%)
Sale of books and training	515,200	507,685	1.5%
Sale of newspapers and magazines	60,448	69,878	(13,5%)
Sales of promotional products and collections	12.629	13.584	(7,0%)
Sale of audiovisual rights and programmes	1.037	1.059	(2.0%)
Income from fixed assets	3.588	1,216	195,1%
Other income	54.435	49.235	10,6%
OPERATING INCOME	**893,601**	**897,406**	**(0.4%)**
ADJUSTED OPERATING INCOME [(1)]	**888,968**	**897,406**	**(0,9%)**
Supplies	(133.826)	(156.767)	(14,6%)
Staff costs	(268,734)	(256,113)	4.9%
Provision for depreciation of fixed assets	(51,958)	(56,448)	(8,0%)
External services	(312,886)	308,861	1.3%
Variation in provisions in respect of operating activities	(21,460)	(28,915)	(25,8%)
Other expenses	(2.238)	(489)	357,7%

OPERATING EXPENSES	**(791,102)**	**(807,593)**	**(2.0%)**
EBITDA [(2)]	**178,050**	**175,508**	**1.4%**
EBITDA, adjusted [(3)]	**189,242**	**185,092**	**2.2%**
OPERATING INCOME (EBIT)	**102,500**	**89,813**	**14,1%**
EBITDA MARGIN (%) [(4)]	**19,9%**	**19,6%**	**-**
Adjusted EBITDA MARGIN (%) [(5)]	**21.3%**	**20,6%**	**-**
EBIT MARGIN (%) [(6)]	**11,5%**	**10,0%**	**-**
Finance income	(3,596)	24.623	(85,4%)
Finance expense	(50,477)	(**67,881**)	(25,6%)
Change in value of financial instruments	0	(1)	(51,2%)
Exchange differences (net)	9.894	1.552	537,5%
FINANCIAL INCOME/EXPENSE	**(36,987)**	**(41,707)**	**(11,3%)**
Profit/loss of companies by the equity method	(2,783)	2.905	(4,2%)
Profit/loss from other investments	(1.163)	(41)	-
PROFIT/LOSS BEFORE TAX FROM CONTINUING ACTIVITIES	**67,133**	**50,970**	31,7%
Corporate income tax	(36,635)	(26.194)	39,9%
PROFIT/LOSS FROM CONTINUING ACTIVITIES	**30,498**	**24.776**	23,1%
Profit/loss after tax from discontinued activities	(65,428)	9,643	-
CONSOLIDATED PROFIT/LOSS OF THE FY	**(34,930)**	**34.419**	**-**
Profit/loss attributed to non-controlling interests	20,062	(20,465)	(2.0%)
PROFIT/LOSS ATTRIBUTED TO THE PARENT COMPANY	**(54,992)**	**13.954**	**-**

(1) Adjusted earnings are an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(3) EBITDA is an APM. The definition, explanation, use and reconciliation of EBITDA are set out in section 26 of this Registration Document.
(4) EBITDA margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.
(5) Adjusted EBITDA margin is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.
(6) EBIT margin is an APM, the definition, explanation, use and reconciliation of which is set out in section 26 of this Registration Document.

The main variation of the scope of consolidation of the Group in the first nine months of FY 2017 is that Media Capital goes on to be consolidated as discontinued activity starting from July 2017 in the heading Profit/Loss after tax from discontinued activities, which includes the profit/loss of the sale agreement reached at 440 million euros. The sale process is still underway.

Moreover, in 2016, GLR Networks, LLC and RLM, S.A. were excluded from the Radio scope of consolidation.

A breakdown of the key figures by business unit (operational segment) is presented below:

	Prisa Group		**Education**	
	Nine-month period ended on 30 September		**Nine-month period ended on 30 September**	
	2017	**2016**	**2017**	**2016**
	(thousand euros) *(unaudited)*		**(thousand euros)** *(unaudited)*	
Operating income	893,601	897,406	522,609	513,535
Adjusted operating income (1)	888,968	897,406	522,609	513,535
EBITDA (2)	178,050	175,508	163,893	163,821
Adjusted EBITDA (3)	189,242	185,092	167,590	167,237
Operating profit (EBIT)	102,500	89,813	104,277	95,948

	Radio		**Press**	
	Nine-month period ended on 30 September		**Nine-month period ended on 30 September**	
	2017	**2016**	**2017**	**2016**
	(thousand euros) *(unaudited)*		**(thousand euros)** *(unaudited)*	
Operating income	202,821	207,747	157,421	174,072
Adjusted operating income (1)	202,821	207,747	157,421	174,072
EBITDA (2)	24,117	20,029	1,945	7,091
Adjusted EBITDA (3)	28,467	24,133	4,513	7,487
Operating profit (EBIT)	15,762	11,745	(4,643)	1,349

	Audiovisual		**Others**	
	Nine-month period ended on 30 September		**Nine-month period ended on 30 September**	
	2017	**2016**	**2017**	**2016**
	(thousand euros) *(unaudited)*		**(thousand euros)** *(unaudited)*	
Operating income	1,543	1,242	66,219	45,816
Adjusted operating income (1)	1,543	1,242	61.586	45,816
EBITDA (2)	(1,489)	(1,106)	(9.750)	(13.676)
Adjusted EBITDA (3)	(1,485)	(1,105)	(9,177)	(12.009)

Operating profit (EBIT)	(1,497)	(1,109)	(10,730)	(17,465)

	De-recognition and adjustments	
	Nine-month period ended on 30 September	
	2017	2016
	(thousand euros) *(unaudited)*	
Operating income	(57.012)	(45,006)
Adjusted operating income (1)	(57.012)	(45,006)
EBITDA (2)	(666)	(651)
Adjusted EBITDA (3)	(666)	(651)
Operating profit (EBIT)	(669)	(655)

(1) Adjusted operating income is an APM the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

(2) EBITDA is an APM, the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

(3) Adjusted EBITDA is an APM the definition, explanation, use and reconciliation of which are set out in section 26 of this Registration Document.

Most significant variations in the profit and loss account of the first nine months of 2017

OPERATING INCOME

Prisa's operating income in the first nine months of 2017 totalled 893.6 million euros, compared to the 897.4 million euros obtained in the first nine months of 2016, which constitutes a decrease of 0.4%. This decrease is mainly explained by the drop in sales of Press issues, and the lower income from advertising and sponsorship. The increase in the sale of books and in income deriving from fixed assets compensate in part for this drop.

The sale of advertising and sponsorship has dropped by -3.3% in the first nine months of 2017, since it was strongly affected by the slowing of the advertising market in the summer months, and by events held in 2016 such as the 40th Anniversary of El País and the Euro Cup. Moreover, in 2016 as of September, GLR Networks was still included in the consolidation, but this company was sold at the end of 2016.

The income proceeding from the sale of books and training has increased by 1.5% (515.2 million euros compared to the 507.68 million euros in the same period of 2016).

The income deriving from the sale of newspapers and magazines totalled 60.45 million euros compared to 69.88 million euros obtained during the first nine months of 2016 (a decrease of 13.5%).

The income due to sale of promotional products decreased by 7.0% compared to the first nine months of FY 2016, even though the profit/loss from this activity improves with respect to the previous year.

In geographic terms, in the first nine months of FY 2017, 52% of Prisa's total operating income (461.8 million euros), came from the international area (49% at September 2016), with 82.9% thereof corresponding to Santillana, 15.4% corresponding to Radio and the remainder corresponding to Prisa and other businesses.

Sales of advertising and sponsorship

Advertising income (246.26 million euros) has fallen by 3.3% compared to the first nine months of 2016, since it was affected by non-recurring effects of 2016 (Anniversary of El País, and Euro Cup Football Championship in Diario As) and by the sale of GLR Networks at the end of 2016. Moreover, the market slowed down in the summer months, and it recovered in the month of September.

In geographic terms, the international advertising income decreased by 3.2% (they would be similar without the effect of the sale of GLR Networks) and national income dropped by 3.4%.

The table below shows, broken down by areas and business lines, the development of Prisa's advertising income corresponding to the third quarter of 2017 and 2016:

Business area (thousand euros)	30.09.2017	30.09.2016	Var. (%) (2017-2016)
Radio	**179.778**	**180.864**	**-0.6%**
Spanish Radio	116.779	116.515	0.2%
International Radio	63.097	64.378	-2.0%
Music	11	22	-50,0%
Consolidation adjustments	(109)	(51)	-113,7%
Press	**71,671**	**78,946**	**-9,2%**
El País	51,241	56,221	-8,9%
As	15,841	16,555	-4,3%
Other	4.668	6.306	-26.0%
Consolidation adjustments	(79)	(136)	41,9%
Audiovisual	**50**	**0**	**---**
Prisa Video	50	0	---
Other	**1**	**49**	**-97,9%**
Consolidation adjustments	**(5.236)**	**(5.110)**	**2.5%**
TOTAL	**246,264**	**254,749**	**-3,3%**

The advertising income proceeding from the Digital activity in the Group increased by 2.4%. Press represents 87% of the digital advertising income of the Group. In the first nine months of the year, its advertising income increased by 3.3%, with the increase in El País (+10%) being noteworthy. Diary As is in line with 2016 due to the effect of the Euro Cup. Without this effect, it would grow by 14%. This behaviour reflects the increase in the digital audience of both supports. The advertising income from Radio are in keeping with 2016.

(Thousands of users in Spain)	30.09.2017	30.09.2016	Var. (%) (2017-2016)
El País	17.845	14.896	20%
As	10.332	8.164	27%

Source: Comscore, multi-platform data (PC+mobile) in Spain.

Sales of books and training

The income proceeding from the sale of books and training, as of 30 September 2017, increased in 1.5% (515.20 million euros compared to 507.68 million euros in the same period of 2016)

As of 30 September 2017, there is pronounced growth in Brazil Tradicional and Compartir (+11.0%), Argentina (+56.2%), Mexico (+3.6%), Ecuador (17.3%) and Chile (10.8%). Moreover, Norma begins to be consolidated starting from October 2016, and hence as of September 2017 it contributes 28.46 million euros. This growth is balanced by the decrease in Peru (-63.5% due to the extraordinary tender of 2016), Spain (-9.7% due to lack of new educational developments in 2017) and USA (-26.4% because there were extraordinary measures implemented in 2016).

Without taking into consideration the effect of consolidating Norma, income decrease by 4.1%, mainly due to the decrease in Peru, due to the campaign without new developments in Spain and due to the delay in the PNLD order in Brazil (which has not been recorded as of September 2017, but which had been recorded in part in September 2016).

In the first nine months of FY 2017, Spain and Portugal have generated 27% of the total operating income of Prisa's Education business unit (compared with 31% in the first nine months of 2016), Brazil has contributed 19% (19% also in the first nine months of 2016), Mexico, 15% (14% in the first nine months of 2016), Argentina, 10% (5% in the first nine months of 2016) and Colombia, 4% (2% in the first nine months of 2016.) The remaining 24% of the operating income of the Education unit has come mainly from other Latin American countries such as Ecuador, Chile, Peru and Guatemala and the USA.

(Thousands of euros)	30.09.2017	30.09.2016	Var. (%) (2017-2016)	Var. (%) constant exchange rates
Traditional education and Compartir	**446.929**	**466.648**	**-4.2%**	**-7.6%**
Argentina	41.901	26,825	56,2%	57,6%
Bolivia	3.860	3.702	4,3%	1.2%
Brazil	81.179	73.113	11.0%	-5.9%
Northern Central America	13.088	12.424	5.4%	4.0%
Southern Central America	9.795	8.653	13.2%	13.0%
Chile	19.849	17.917	10.8%	0.0%
Colombia	5.583	5.819	-4.1%	-14,7%

Ecuador	23.277	19.837	17.3%	16,9%
Spain	135.597	150.170	-9.7%	-9.7%
Mexico	58.470	56,431	3.6%	3.9%
Paraguay	2.681	2.105	27,3%	22,5%
Peru	16.521	45.245	-63,5%	-66,0%
Portugal	3.691	4.662	-20.8%	-20.8%
Puerto Rico	7.262	7.774	-6,6%	-7,0%
Dominican Republic	5.154	9.782	-47.3%	-43,2%
Uruguay	2,316	1.764	31,2%	15.5%
USA	12.971	17.619	-26,4%	-25,1%
Venezuela	3.736	2.806	33,1%	33.2%
UNO	**39.701**	**41.131**	**-3.5%**	**-8.7%**
Brazil	18.413	21.757	-15.4%	-24,2%
Colombia	5.832	5.073	15.0%	3.1%
Mexico	15.454	14.301	8.1%	10.9%
GSE+Inevery	**722**	**684**	**5.6%**	**5.6%**
NORMA	**28.458**	**0**	**---**	**---**
Argentina	7.163	0	---	---
Chile	113	0	---	---
Colombia	10.464	0	---	---
Guatemala	670	0	---	---
Mexico	4.532	0	---	---
Peru	4.841	0	---	---
Puerto Rico	675	0	---	---
Other	**(610)**	**(778)**	**21.6%**	---
TOTAL	**515,200**	**507,685**	**1.5%**	**-2.0%**
TOTAL EXCLUDING GENERAL PUBLISHING AND NORMA	**486.742**	**507,685**	**-4.1%**	**-7.6%**

<u>Sales of newspapers and magazines</u>

The income from sale of newspapers and magazines has reached 60.45 million euros in the first nine months of 2017 compared to 69.88 million euros obtained during the first nine months of 2016, which constitutes a decrease of 13.5%, due to the decrease in distribution of the Group’s newspapers and magazines.

El País, with an average daily distribution of 177,168 copies, retains its leadership position among paid press in Spain, according to the OJD as of 30 September 2017.

AS, with an average daily distribution of 114.719 issues, reinforces its leadership position compared with its chief competitor in up to twenty provinces, most notably Madrid, Barcelona, Seville or Malaga.

The following table shows the distribution figures of Prisa's two main newspapers for the first nine months of 2017 and 2016:

Copies	30.09.2017	30.09.2016	Var. (%) (2017-2016)
El País	177.168	197.188	-10,2%
As	114.505	128.118	-10,6%

Source: OJD *(Circulation Verification Office)*

Sale of promotional products and collections

In the first nine months of FY 2017, the income due to same of promotional products and collections has reached 12.63 million euros compared to 13.58 million euros attained in the first nine months of 2016. This negative development is explained by market saturation, although the profit that the activity contributes improves with respect to 2016.

Income from fixed assets

The income proceeding from fixed assets has reached 3.59 million euros in the first nine months of 2017 compared to the 1.21 million euros obtained during the first nine months of 2016. In 2017, the income proceeded mainly from the sale of a building of Santillana in Barcelona and from Radio broadcasters in Colombia.

Other operating income (includes the provision of intermediation services, other services and other income)

In the first nine months of FY 2017, other operating income reached 54.43 million euros compared to 49.23 million euros attained in the first nine months of 2016. This positive development is explained by increased provision of advertising services (due to the consolidation of Latam Digital Ventures starting from August 2017), income due to tasks carried out for the fixed assets at Prisa Tecnología and greater subsidies (mainly in El País and Diario As).

OPERATING EXPENSES

The operating expenses, excluding amortization and provisions (715.55 million euros) have decreased by 0.9% compared to those recorded in the same period for the previous year, result of the cost containment policy, and the savings were centred in Radio, Press and Corporation.

Supplies

In the first nine months of FY 2017, the total of supplies decreased by 14.6%. Santillana represents 77.9% of the total supplies of the Group (76.5% in the first nine months of 2016) and the supplies consumed decreased by 13.1% mainly due to the campaign without new developments in Spain and the extraordinary tender in Peru in 2016. Press decreases its supplies by 16.8% in comparison with the first nine months of 2016.

Staff costs

The following table shows the makeup of staff expenses corresponding to the first nine months of FYs 2017 and 2016:

(Thousands of euros)	30.09.2017	30.09.2016	Var. (%) (2017-2016)
Staff costs	(268,734)	(256,113)	4.9%
Expenses without variable remuneration and severance compensation	(224.890)	(217.680)	3.3%
Wages and salaries	(173.583)	(169.456)	2.4%
Social security charges	(39.705)	(37.540)	5,8%
Other welfare expenses	(11.602)	(10.684)	8.6%
Variable remuneration	(29.634)	(29.052)	2.0%
Severance compensation	(14.210)	(9.381)	51,5%

The increase in this item is due to the consolidation of Norma starting from October 2016, to the exchange rate effect which increases expenses in euros and to the increase in the cost of severance compensation. If these effects are isolated, the staff costs decrease by 0.9% compared with the previous year.

External services

Details of expenses for outsourced services in the first nine months of FYs 2017 and 2016 are shown in the following table::

(Thousands of euros)	30.09.2017	30.09.2016	Var. (%) (2017-2016)
External services	(312,886)	308,861	1.3%
Leases and fees	(38.562)	(38.023)	1.4%
Intellectual property	(22.839)	(23.328)	-2,1%
Repairs and upkeep	(14.413)	(11.421)	26,2%
Independent professional services	(82.013)	(78.747)	4.1%
Transport	(26.421)	(25.858)	2.2%
Advertising, promotion and PR	(36.906)	(36.269)	1,8%
Procurement	(12.790)	(13.433)	-4,8%
Other outsourced services	(78.942)	(81.782)	-3.5%

The increase in expense of outsourced services is also due to the consolidation of Norma starting from October 2016 and to the exchange differences that entail increased expenses in euros. If these effects are isolated, the outsourced service decrease by 4.0% respect to the previous year.

EBITDA

The EBITDA is an APM that the Group utilizes in order to valuate the operating return of its businesses and sectors. For the definition, explanation, use and reconciliation of this APM, please see paragraph 26 of this Registration Document.

During the first nine months of FY 2017, the Group's EBITDA totalled 178.05 million euros, compared with the 175.51 million obtained in the first nine months of 2016 (+1.4%). The margin of EBITDA over operating income was 19.9% (19.6% in 2016).

OPERATING INCOME (EBIT)

The operating income (EBIT) increased by 14.1% in the first nine months of FY 2017, passing from 89.81 million euros to 102.50 million euros. Prisa's margin of EBIT over operating income was 11.5%, which constitutes an increase of 1.5 points from the margin attained in the same period of the previous financial year.

Finance income/expense

The breakdown of this balance of this heading is as follows:

	30.09.2017	30.09.2016
	(thousand euros)	
	(unaudited)	
- Income from temporary financial investments	717	1.447
- Income in investment in equity	86	145
- Other finance income	2.793	23.043
Finance income	**(3,596)**	**24.635**
- Interest from debt s/t and l/t	(37.242)	(42.421)
Adjustments for inflation	614	(523)
- Arrangement fees for debt	(9.164)	(18.264)
- Other financial expense	(4.685)	(6.673)
Finance expense	**(50,477)**	**(67,881)**
- Positive difference in exchange rate	24.441	7.568
- Negative difference in exchange rate	(14.547)	(6.028)
Exchange differences (net)	**9.894**	**1.540**
Change in value of financial instruments	**0**	**(1)**
Finance income/expense	**(36,987)**	**(41,707)**

Profit/loss of companies by the equity method

The contribution system for the profit/loss of companies by equity method is as follows:

(thousand euros)	30.09.2017	30.09.2016
Sistema Radiópolis, S.A. de C.V. and subsidiaries	3.533	3.178
Other	(750)	(274)
Total	**(2,783)**	**2.904**

Corporate income tax

The corporate income tax as of 30 September 2017 includes a greater expense due to tax totalling 7 million euros as a result of the minimum integration in five years, and due to reversal of impairment losses in securities representing equity holdings in companies that would have been tax deductible, as indicated in the measures approved by the Royal Decree-Law 3/2016, of December 2.

In addition an impairment of tax loss carryforwards of the Spanish tax consolidation group, as a result of the analysis of recoverability, in an amount of 7 million euros is recorded.

Profit/loss after tax from discontinued activities

The breakdown of the contribution of the profit/loss from Media Capital to the profit/loss of the Group's discontinued activities as of 30 September 2017 and 2016 is as follows:

	30.09.2017	30.09.2016
	(thousand euros)	
	(unaudited)	
Operating income-	**114.986**	**124.056**
Net revenue	114.376	123.392
Other income	610	664
Operating expenses-	**(97.554)**	**(106.996)**
Supplies	(15.889)	(13.192)
Staff costs	(30.725)	(33.647)
Depreciation/amortisation charges	(5.785)	(6.287)
External services	(44.752)	(53.483)
Change in provisions	(116)	24
Other expenses	(287)	(411)
Operating profit	**17.432**	**17,060**
Finance income/expense	(3.433)	(3.577)
Profit/loss of companies by the equity method	**-**	**(624)**
Corporate income tax	**(3.838)**	**(3.438)**
Profit/loss after tax from discontinued activities	**10.161**	**9.421**

The conclusion of the purchase contract Media Capital constituted a book loss in the Prisa Group's consolidated accounts as of 30 September 2017 totalling 73,221 thousand euros, recorded under the heading "Proft/loss after tax from discontinued activities."

Profit/loss attributed to non-controlling interests

The contribution system of the profit/loss attributed to non-controlling interested by business unit is as follows:

(thousand euros)	30.09.2017	30.09.2016
Education	16.631	17.413
Radio	2.924	2.251
Press	235	699
Media Capital	515	466
Audiovisual Sport	(336)	(1)
Others	93	(363)

Total	**20.062**	**20.465**

20.6.2 If the date of the Registration Document is more than nine months after the end of the last FY audited, then it must include interim financial information that covers at least the first six months of the FY and that may not yet be audited

The unaudited, unrevised interim financial information corresponding to the nine first months of the 2017 financial year is included in Section20.6.1 of this Registration Document.

20.7 Dividend Policy

20.7.1 Amount of the dividends per share in each financial year for the period covered by the historical financial information, adjusted if the issuer's number of shares has changed, in order to thus be comparable.

Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. In this respect, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt servicing and those arising from commitments acquired with its financial creditors in the Group's financing contracts —as described below under this item—, (iii) the generation of cash arising from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors Prisa should consider relevant at any given time.

Dividend of common shares:

The company's common shares have not received dividends since FY 2011, as a result of the Group's elevated debt and the restrictions set in the financing contracts in this regard, as described at the end of this section.

Dividend of Convertible Shares without vote Class B (in circulation until July 2014):

The extraordinary General Shareholders' Meeting of 27 November 2010 agreed to the issuing of convertible shares without vote of the Class B with right to a minimum annual dividend guaranteed. The shares of Class B were convertible into ordinary shares Class A, under the following conditions:

(i) voluntary conversion: at the option of each holder the shares of Class B, at any time during each of the 42 monthly tranches intended for this purpose; and

(ii) mandatory conversion: once 42 months has passed from the month of their issue, which took place starting from the day following on 30 May 2014.

In accordance with the Company's by-laws in force at the time of said agreement, the bearers of convertible shares without vote Class B had the right to receive a minimum annual dividend per share, which at first had to be paid in cash (0.175 euros per share), but which, starting from the resolution passed by the Shareholders' Meeting of 30 June 2012, could be paid, at the Company's choice, in cash, in ordinary Class A shares (those corresponding to said amount of 0.175 euros, based on valuating each ordinary Class A share at 1 euro) or using a combination of both instruments, in accordance with the procedure and adjustments planned in the by-laws for this purpose. This power of the Company was applicable both for the payment of the minimum annual dividend in a quantity of 0.175 euros per shares and also for the payment of the proportionate part accrued of the minimum dividend in the case of voluntary conversion of Class B shares without vote into Class A shares at the initiative of the holders of said Class B shares at each one of the time windows established for this purpose.

Dividends paid to Class B shares in the 2014 financial year amounted to 0.072 euros per share for every Class B share.

The Annual General Shareholders' Meeting of 28 April 2014 agreed to pay the preferred minimum annual dividend of Class B shares for the year 2013, as well as the proportional part of said dividend accrued throughout 2014 until the mandatory conversion of Class B shares, through the delivery of Class A shares of new issue.

In order to cover the payment of the minimum annual dividend of Class B shares for the financial year 2013, and in the absence of any distributable profits in that financial year, the social capital was increased against the issue premium created upon issuance of the Class B shares through the issuance of common shares. A capital increase was also agreed to cover the proportional part of the dividend accrued during financial year 2014 until the mandatory conversion of Class B shares to common Class A shares (0.072 euros per share).

The minimum dividend accrued as a result of these conversions was paid in full with common Class A shares of new issue.

The mandatory conversion of non-voting convertible shares into common shares took place on 8 July 2014, thereby ending the right to a guaranteed dividend of such non-voting shares.

It is also important to mention the restrictions imposed on the distribution of dividends by the refinancing agreement which entered into force on 11 December 2013. This agreement includes various covenants which, in this regard, hinder Prisa's capacity to pay dividends until certain levels of reduction of financial indebtedness are reached.

In particular, the financing agreement only allows the distribution of dividends by the Company for an amount which does not exceed 10% of the total amount available to the shareholders of the Company, provided that the following conditions are met cumulatively:

a. the total amount available for distribution among the shareholders in any fiscal year from net income for the preceding fiscal period has been determined; and

b. that the financial leverage ratio (net debt to adjusted EBITDA) be achieved during said financial year.

Otherwise, the financing contract does not establish any kind of limitation vis-à-vis the distribution of dividends of subsidiaries to the Company and any company within the Group meeting such commitments to make dividend payments as it were to have assumed with minority partners.

Before the coming into force of the Refinancing, the Company will negotiate the relaxation of the general terms and contractual restrictions currently imposed by the financing agreements with its creditors, once the Company has achieved certain levels of deleveraging. Therefore, at the date of this Registration Document, the Company cannot confirm whether the restrictions on dividend payments will vary.

20.8 Judicial and arbitral procedures

Below is a description of the main administrative, judicial or arbitration procedures (including any such procedures that are pending or those which the issuer is aware that they are affected by them), from the 12 months prior to the date of this Registration Document, which may have or have had in the recent past, significant effects on the issuer or on the financial position or profitability of the Group:

(i) Judicial procedure in connection with the contract for the exploitation of sports broadcasting rights between Audiovisual Sport, S.L., Sogecable, S.A.U., TVC multimedia, S.L. and Mediaproducción, S.L.

On 24 July 2006, the companies belonging to the Grupo Prisa Audiovisual Sport, S.L. ("**AVS**") and Sogecable, S.A.U. (today Prisa), on one hand, and TVC multimedia, S.L. and Mediaproducción, S.L. ("**Mediapro**"), on the other, came to an agreement to exploit the rights to the Football League for the 2006/07 season and successive seasons. The fundamental purpose of the agreement was to maintain the model of exploitation of televised football games that, under the coordination of AVS, had allowed all the matches of the League to be broadcast in a peaceful, stable and orderly manner since 1997.

Following the repeated breaches of the agreement by Mediapro, from the very moment immediately following its signature, and the non-payment of the amounts owed to AVS, this latter company filed a lawsuit against Mediapro on 3 July 2007, later extended on 31 July 2007.

On 28 September 2007, Mediapro responded to the lawsuit and lodged a counterclaim against the remaining signatories of the contract of 24 July 2006, pleading that it was null and void.

On 8 October 2007, the Court of First Instance number 36 of Madrid upheld the precautionary measures requested by AVS against Mediapro, declaring that the rights of the First Division clubs for the 2007/2008 season, the subject of the application for precautionary measures, belonged to AVS and resolving to "prohibit Mediapro, throughout the 2007/08 football season any act of provision and exploitation of the audiovisual rights assigned to AVS except for such legitimate use thereof as may arise within the legal framework corresponding to the agreement of 24 July 2006".

In compliance with said decree, AVS filed with the Court a bond in the amount of 50 million euros, as a warrant of its compliance with its contractual obligations. The decree of 8 October 2007 was revoked by the Provincial Court of Madrid in the month of July 2008, remaining at the disposal of the Court of First Instance the aforementioned bond until the damages settlement procedure were to be completed, a procedure that was subject to the final resolution of the main procedure.

Following different judgments that were appealed by both parties within the framework of this procedure, once the Judgment of 9 January 2015 of the Supreme Court was final, which declared null and void the agreement of 24 July 2006 as it appreciated that on the whole the purpose thereof was to restrict competition and that all of its clauses were related in accordance with the pursued purpose, on 14 September 2015, Mediapro requested the lifting of the suspension and the continuation of the motion to determine damages resulting from the precautionary measure of 8 October 2007. Through a Court Order of 28 September 2015, the

Court agreed to the continuation of the motion and requested that a court expert, in the light of the judgment of the Supreme Court, should quantify the potential damages caused by the precautionary measure having been adopted, granting them until February 2017 to do so and quantifying such damages in 65,096 thousands of euros. The hearing for said procedure took place on March 16, 2017. The court order of January 9, 2018, dismissed the request for damages filed by Mediapro and accepted the objections filed by AVS, with costs being imposed on Mediapro. This court order can be appealed within 20 business days of its notification. As a guarantee of this procedure, the bond that AVS presented before the Court in the amount of 50 million euros, remains in place.

Subsequently, on 20 June 2016, AVS presented a lawsuit against Mediapro to claim for the damages suffered by AVS due to the unlawful use of its audiovisual rights by Mediapro during the 2007/08 and 2008/09 seasons. The agreement of 24 July 2006 having been declared null and void by the Judgment of the Supreme Court, and given that during the 2007/08 and 2008/09 seasons Mediapro and AVS marketed and exploited the audiovisual rights of certain football clubs in the First and Second Division, whose rights had been assigned by the individual clubs and in an exclusive manner, either to AVS or to Mediapro, AVS filed a lawsuit in the courts of Barcelona whose purpose was to claim from Mediapro the net improper result obtained by this society (Mediapro) from the exploitation of the audiovisual rights of those clubs whose rights were owned by AVS, reduced by the net improper result obtained, in turn, by AVS, from the exploitation of the rights of those clubs whose rights were owned by Mediapro. The lawsuit is accompanied by an expert report whose conclusion is that due to the difference between the Net Improper Results obtained by AVS and by Mediapro, each one on its own account, AVS obtains a positive balance in its favour in the amount of 85,117 thousand euros, which is the balance that is now claimed by AVS in the lawsuit of 20 June 2016. Mediapro answered in time and form to the demand, pleading res judicata vis-à-vis the core of its procedural position and presented expert evidence to counter the conclusion of the expert report presented by AVS. Court No. 37 of Barcelona set the 29 of January 2017 as the day for the prior hearing. The hearing was held on 7 June 2017 and on 3 July the judgment of the Court of First Instance number 37 of Barcelona was notified. It rejects the demand by applying to the remainder of the 2007/08 season and the entire 2008/09 season the positive or pre-trial res judicata without entering into an assessment of the economic patrimonial impact of the use of the audiovisual rights of others. AVS has filed an appeal before the Provincial Court of Barcelona requesting the reversal of that judgment and that the pretensions of AVS be upheld.

(ii) Claim for compensation by Mediaproducción, S.L.U. and Imagina Media Audiovisual against Audiovisual Sport, S.L. and DTS Distribuidora de Televisión Digital, S.A.

On the other hand, on 12 May 2016, Mediaproducción, S.L.U. and Imagina Media Audiovisual filed a claim before the Court of First Instance of Colmenar Viejo, in which the plaintiffs requested that AVS and DTS (a company the Prisa Group owned until 30 April 2015) be jointly sentenced to pay compensation in the amount of 89,739 euros. The claimants allege that Mediapro was forced to request bankruptcy proceedings as it was deliberately placed in a situation of imminent insolvency given that on 16 June 2010 (i) they had been advised of the provisional implementation requested by AVS of the judgment of 15 March 2010 (referred to above), which obliged Mediapro to pay to AVS 104.6 million euros and (ii) DTS had sent a letter announcing that it could not continue with the contract of 4 June 2009 concerning the exploitation of the audiovisual rights of the League and the Cup during the 2009/2010, 2010/2011, and 2011/2012 seasons if Mediapro did not set up a bond to ensure that, were it to prove impossible for Mediapro to comply with its obligations, it would return to DTS the amounts that had been delivered (as a result, DTS announced that it was not going to pay the 91,200 thousand euros that it owed under the contract on 15 June 2010). Mediapro understands that the request for execution of the judgment, together with the concerted breach by DTS of the contract of 4 June 2009, destroyed the basis on which their financial institutions had been willing to finance Mediapro the amounts required to pay the compensation requested by AVS.

In view of the situation of imminent insolvency due to it not being able to satisfy the payment of compensation and without any possibility of negotiating an agreement with the international financial institutions, Mediapro filed for bankruptcy protection on the 16 of June 2010. On account of all of the above, Mediapro considers that AVS and DTS have wilfully caused its bankruptcy and calculate at 89,739 thousand euros the damage caused to Mediapro and the Imagina Group as a result of this bankruptcy.

For their part, both DTS on the one hand, and AVS on the other hand, responded to the lawsuit from Mediapro in time and form, both pleas being admitted by the Court of First Instance No. 82 of Madrid, the prior hearing having been held on May 25 2017, and the trial having been set for 23 January 2018.

(iii) Initiation of sanction proceedings by the National Commission on Markets and Competition against companies of the Santillana Group due to their having behaved in a collusive manner.

On 5 October 2017, the National Commission on Markets and Competition (CNMC) notified Santillana, Santillana Global, S.L., Santillana Education, S.L., Santillana Sistemas Educativos, S.L., Santillana Formación, S.L. and Santillana Infantil y Juvenil, S.L. (all of them belonging to the Prisa Group) of the agreement to initiate sanction proceedings S/DC/0594/16, understanding that there are indications that it may have participated in practices contrary to articles 1 of the Antitrust Act (LDC) and 101 of the Treaty on the Functioning of the European Union.

The CNMC has a period of 18 months to reach and notify a resolution. During this period, the CNMC will outline the conduct it considers to be problematic, and will carry out a timely analysis and obtain the necessary information to reach and notify said resolution. During this period, the institutions to whom the proceedings are addressed can open a procedure designed to attempt to reach a conventional termination agreement, which would interrupt the period. At the end of that procedure, the Competition Authority will decide whether to formally open the conventional termination procedure or, on the contrary, whether it should continue to process the proceedings as a sanctioning procedure. Were the parties not to reach a conventional termination agreement on the procedure, and were the Competition Authority to decide to continue processing the proceedings as a sanctioning procedure, the CNMC may impose a penalty of up to 10% of the turnover of the group in the year preceding the adoption of the decision. In any case, in response to the sanctions, which are normally based on administrative records on the matter, the Company finds it reasonable that this percentage be calculated, where appropriate, on the revenue of the Santillana Group in Spain.

(iv) Other litigation

The Group also maintains other litigation of smaller amounts, from which, in the opinion of the directors and the internal and external advisers, no significant liabilities derive.

20.9 Significant changes in the financial or trading position of the issuer

There has been no significant change in the financial or trading position of the group from the date referred to in the interim financial information included in this Registration Document, that is, from 30 September 2017.

In relation to to the closing of the 2017 financial year, the Company does not expect significant variations in the development of its business and main figures with respect to the 2016 financial year, excluding Media Capital.

21. ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 The amount of issued capital, and for each class of share capital:

As of the date of this Registration Document, the nominal amount of the issued share capital by Prisa amounts to83,497,721.22 euros represented by 88,827,363 nominative shares, fully subscribed and paid, each with a nominal value of 0.94 euros and belonging to a single class and series. All the shares confer the same rights on their holders.

Additionally, since July 2014, the Company has only one class of shares.

a) Number of authorized shares

In addition, the ordinary General Meeting held on 20 April 2015 delegated to the Board of Directors the power to increase share capital up to a maximum of 50% of the subscribed share capital at that time, in one or several times and at any time within a maximum period of 5 years, through monetary contributions with the faculty, where appropriate, to agree on the exclusion of the preferential subscription right, leaving without effect the authorisation granted by the Annual General Meeting of 2013.

Additionally, the Company approved (i) the Capital Increase constituting the object of the public offering described in the Share Securities Note of this Prospectus and through which up to 469 million shares will be issued, as well as (ii) a capital increase offset credit for a total amount (nominal plus premium) of at least 100 million euros (without prejudice to the forecast of incomplete subscription).

b) Number of shares issued and fully paid up and issued but not paid up in full

All the shares issued are fully paid up.

c) Nominal value per share, or where the shares have no nominal value

All the shares into which the capital of the Company has been divided have a nominal value of 0.94 euros each.

d) <u>A reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of the capital is paid with assets other than cash within the period covered by the historical financial information, this fact must be stated.</u>

As of 1 January 2016, Prisa had issued 78,335,958 shares of a single class and series, each with a nominal value of three euros. As of 31 December 2016, the number of shares of the Company in circulation was that of 78,335,958 shares each of a nominal value of three euros. As at the date of this Registration Document, the number of Company shares in circulation is 88,827.363, of a single class and series, with a nominal value of 0.94 euros each. Furthermore, less than 10% of the capital has been paid using assets other than cash within the period covered by the historical financial information, that is, 2014, 2015 and 2016.

Below is the reconciliation of the number of shares outstanding at the beginning and end of each year covered by the historical financial information:

	Opening balance at 01/01/2014	Voluntary conversion of Class B shares		Obligatory conversion of Class B shares			2010 Warrants financial year	2013 Warrants financial year	2012 Obligatory conversion of bonds necessarily convertible into Prisa shares	Capital increase of Consorcio Transportista Occher, S.A. de C.V.	Final balance at 31/12/2014
		Voluntary conversion of Class B shares	Issuance of Class A shares (payment of min. annual dividend)	Obligatory conversion of Class B shares	Issuance of Class B shares (exchange relationship adjustment)	Issuance of Class A shares (payment of min. annual dividend)					
Number of Class A shares	**740.659.416**	212.048	52.460	311.789.008	102.890.351	77.011.861	4.490	315.420.657	421.359.217	188.679.245	**2.158.078.753**
Number of Class B shares	**312.001.056**	(212.048)	-	(311.789.008)	-	-	-	-	-	-	**-**
Total number of shares	**1.052.660.472**	-	52.460	-	102.890.351	77.011.861	4.490	315.420.657	421.359.217	188.679.245	**2.158.078.753**
Nominal value (Class A and Class B)	**0,10**	0,10	0,10	0,10	0,10	0,10	0,10	0,10	0,10	0,10	**0,10**
Share capital (nominal value)	**105.266.047,20**	-	5.246,00	-	10.289.035,10	7.701.186,10	449,00	31.542.065,70	42.135.921,70	18.867.924,50	**215.807.875,30**

	Opening balance at 01/01/2015	Capital reduction (prior to reverse split)	Reverse split	Capital increase of International Media Group, S.à R.L.	Final balance at 31/12/2015	Final balance at 31/12/2016
Number of Class A shares	**2.158.078.753**	(13)	(2.158.078.740)	-	-	**-**
Number of Class B shares	**-**	-	-	-	-	-
Number of Ordinary shares	-	-	71.935.958	6,400,000	**78,335,958**	**78,335,958**
Total number of shares	**2.158.078.753**	(13)	71.935.958	6,400,000	**78,335,958**	**78,335,958**
Nominal value (Class A and Class B)	**0,10**	0,10	3,00	3,00	**3,00**	**3,00**
Nominal value (Ordinary shares)	**n.a**	n.a	-	-	-	-
Share capital (nominal value)	**215.807.875,30**	(1,30)	-	19.200.000,00	**235.007.874,00**	**235.007.874,00**

21.1.2 If there are shares that do not represent capital, the number and main characteristics of such shares must be stated.

There are no shares that are not representative of the share capital of the Company.

21.1.3 Number, book value and nominal value of the shares of the issuer held by or on behalf of the issuer itself or its subsidiaries

As of the date of this Registration Document, the number of shares held as treasury stock by the Company and its subsidiaries amounts to [270,725●] shares, representing 0.30% of the share capital (with a nominal value of 0.94 euros each). The Company does not hold shares held as treasury stock in an indirect manner.

On the other hand, the ordinary General Meeting of Prisa held on 22 June 2013, agreed to authorize the derivative acquisition of treasury shares, either directly or through any of its subsidiaries, by means of purchase or by any other "inter vivos" act for a valuabe consideration, during the maximum term of 5 years from the conclusion of said Meeting, with the following limits or requirements:

- That the nominal value of shares acquired directly or indirectly, added to those the Company and its subsidiaries and, as the case may be, the dominant company and its subsidiaries already own do not exceed, at any given time, the legal maximum allowed.
- That the shares acquired are free of any liens or encumbrances, and are fully paid up and not subject to compliance with any manner of debenture.
- That it is possible to endow in the net assets of the Company a restricted reserve equivalent to the amount of treasury stocks reflected in the asset. This reserve must be maintained until the shares are sold or amortized or a legislative amendment arises that authorizes it.
- That the purchase price is not less than the nominal price nor does it exceed 20% of the listed price at the time of the acquisition. The operations to acquire treasury stocks shall be in accordance with the rules and customs of Securities Markets.

All this is without prejudice to the application of the general regime governing derivative acquisitions laid down in article 146 of the current Spanish Corporation Law.

These operations shall also be carried out in compliance with the rules on the matter that are contained in the Internal Rules of Conduct of Prisa.

In addition, it is expressly authorized that the shares acquired in the utilization of this authorization may be used to comply with any plan or agreement of retribution in the form of shares and equity options to the members of the Board of Directors and senior staff of the company that may be in force at any given time.

21.1.4 Amount of any convertible value, redeemable value or value with warrants, indicating the terms and procedures that govern their conversion, exchange or subscription

i) *American Depositary Shares*:

In the Extraordinary Shareholders' meeting of 27 November 2010, common class A shares and convertible class B shares were issued, which were formally endorsed by a depositary bank, Citibank NA), acting in a fiduciary manner merely for the benefit of the real owners of the shares. Simultaneously to the subscription, the depositary bank issued American Depositary Shares ("ADS"), representing the Class A Shares (ADS-A) and the Class B Shares (ADS-B).

The ADS representing Class A and Class B Prisa shares were quoted on the New York Stock Exchange (NYSE) until: (i) in the case of ADS-B, the time of their mandatory conversion, in July 2014; and (ii) in the case of ADS-A, the time of their de-listing (requested by the Company), in September 2014.

Prisa has maintained its ADS-A programme in the U.S. through the over-the-counter (OTC) market. The ADS can be traded in this market.

Each Prisa ADS gave the right to four common Prisa shares. After the grouping of shares and reverse stock split carried out by the Company and effective from 22 May 2015, as referred to in section 21.1.1 of this Registration Document, the ratio is that of one ADS for each Prisa share.

The holders of the ADS have the right to request from the Depositary of such ADS (Citibank NA) the direct delivery of the corresponding shares and their subsequent negotiation in the Spanish Markets.

ii) 2013 Prisa Warrants:

In the context of the refinancing of the Company's bank debt that has been subscribed with all the creditor banks and certain institutional investors representing 100% of the financial debt, the extraordinary shareholders' meeting that Prisa held on 10 December 2013 adopted an agreement to issue warrants (the "**2013 Prisa Warrants**") that incorporate the right to subscribe newly issued common shares of the Company. It also approved an increase of the share capital of the Company in the amount necessary for the exercise of the rights embodied in the 2013Prisa Warrants, exclusively by offsetting credits and, consequently, without preferential subscription rights, and delegating on the Board of Directors the power to execute the capital increase agreed either on one or several occasions, depending on the exercise of the rights derived therefrom.

As of the date of this Registration Document, there are 778,200 2013 Prisa Warrants in circulation, the exercise of which would lead to the acquisition of 778,200 common Prisa shares.

In addition, as at the date of this Registration Document, there are a total of 1,089,386 Prisa ADS.

iii) Agreement to issue other securities:

On the other hand, on 20 April 2015, the ordinary General Meeting agreed to delegate to the Board of Directors, pursuant to the provisions of article 319 of the Regulations of the Commercial Registry and applying by analogy the provisions of article 297.1.b) of the Spanish Corporation Law, the power to issue securities in accordance with the following conditions:

a) <u>Securities being issued</u>: The securities referred to in this delegation may be bonds and other fixed-income securities of similar nature, both simple and convertible into newly issued shares of the Company and/or exchangeable for shares of the Company. In addition, this delegation may be used to issue bonds exchangeable for outstanding shares in another company, whether or not it belongs to the Prisa Group, for the issuance of warrants or other similar securities which can give the right directly or indirectly to the subscription or acquisition of Company shares of another company, whether of the Group or not, newly issued or already in circulation, payable by the physical delivery of the shares or, in the event of differences, which may, if appropriate, be linked or in any way related to each issuance of bonds, debentures and other fixed-income simple securities of similar nature carried out pursuant to this delegation or other loans or financing instruments through which the Company acknowledges or creates a debt. The delegation may also be used to issue promissory notes or preferred shares.

b) Maturity: The issue of the securities may be carried out either on one or several occasions, at any time, within a maximum period of five (5) years from the date of adoption of this agreement.

c) The maximum amount of the delegation: The maximum aggregated amount of the issue or issues of securities agreed pursuant to this delegation shall be one billion euros (1,000,000,000 euros) or its equivalent in another currency.

d) Scope of the delegation: for each issuance, it corresponds to the Board of Directors to determine in a way that includes but is not limited to the amount within the overall quantitative limit herein expressed, the place of issuance, national or foreign, the currency, the name, the date or dates of issue, when the values are not convertible, the possibility that they be redeemable in whole or in part by the actions of the issuing Company itself or those of another company, whether or not it belongs to the Group, or to incorporate a right of purchase over the mentioned shares, the number of securities and their nominal value, the interest rate and the dates and procedures for payment of the coupon, etc.

e) Bases and forms of conversion and/or exchange: In the event of issuance of bonds or convertible and/or exchangeable debentures and in order to determine the bases and forms of conversion and/or exchange, it was agreed to establish the following criteria:

(i) Securities issued under this agreement may be convertible into new Prisa shares and/or exchangeable for outstanding shares in circulation of the Company itself, of any of the companies of the Group or of any other company, according to a determined or determinable ratio of conversion and/or exchange, the Board of Directors being authorized to determine whether they are convertible and/or exchangeable debentures, and to determine whether they are necessarily or voluntarily convertible and/or exchangeable, and were they to be voluntary, at the option of the holder or of the issuer, with the periodicity and during the period that is set in the issuance agreement and which shall not exceed fifteen (15) years from the date of issuance.

(ii) The Board may also establish, were the issuance to be convertible and exchangeable, that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares, the nature of the shares to be specified at the time of the conversion or exchange, being able even to choose to deliver a combination of newly issued shares with pre-existing shares or a cash equivalent. In any case, the issuer must accord equal treatment to all holders of fixed-income securities that convert and/or exchange on the same date.

(iii) For the purposes of the conversion and/or exchange, fixed-income securities are valued at their nominal amount and shares at the exchange rate determined in the agreement of the Board of Directors in which use is made of this delegation, or at the exchange rate determinable on the date or dates specified in the Board agreement itself, and depending on the value of Prisa shares on the Stock Market on the date/s or period/s taken as a reference in the agreement itself, with or without premium or with or without discount on said quotation, and in any case with a minimum of whichever is greater between (a) the average of the weighted average prices of Prisa shares on the continuous market of the Spanish Stock Exchanges during the period to be determined by the Board of Directors, not more than three (3) months nor less than fifteen (15) calendar days prior to the date of adoption of the agreement by the Board to issue fixed income securities, and (b) the closing price of Prisa shares in the same Continuous Market on the trading day prior to the day on which the aforementioned issuance agreement is adopted. The Council may determine that the valuation of shares for the purposes of the conversion and/or exchange may be different for each conversion and/or exchange date. In the case of an exchange for shares in another company (whether of the Group or not), to the extent that they are required and with such adaptations as may be needed, the same rules shall apply, albeit referred to the share price of that company in the relevant market.

(iv) The Board may establish, were the issuance to be convertible and exchangeable, that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares, the nature of the shares to be specified at the time of the conversion or exchange, being able even to choose to deliver a combination of newly issued shares with pre-existing shares. In any case, the issuer must accord equal treatment to all holders of fixed-income securities that convert and/or exchange on the same date.

(v) Where conversion and/or exchange is appropriate, the share fractions that should be delivered to the owner of the bonds shall be rounded up to the nearest immediately lower whole number. It will be up to the Board to decide whether to remit to each holder in cash any difference that may occur in such cases.

(vi) Under no circumstances, with regard to the conversion ratio of bonds for shares, may the value of the share be lower than its nominal value. In accordance with the provisions laid down in article 415.2 of the Spanish Corporation Law, bonds may not be converted into shares when the nominal value of the former is lower than that of the latter. Nor may convertible bonds be issued for a figure lower than their nominal value.

f) <u>Bases and methods for exercising warrants.</u> In the case of warrants that are convertible and/or exchangeable into shares, to which and by analogy the provisions of Spanish Corporation Law for convertible bonds shall apply, and in order to determine the bases and conditions under which to exercise them, it was agreed to establish the following criteria:

(i) Warrants issued under this agreement may give the right to the subscription of new shares issued by the Company or to the acquisition of outstanding shares in Prisa or in another company, whether of the Group or not, or to a combination of any of them. In any case, the Company may reserve the right to choose, when exercising the warrant, to deliver new or old shares or a combination of both, and to then settle the differences.

(ii) The deadline for exercising the warrants will be determined by the Board of Directors and shall not exceed fifteen (15) years from the date of issuance.

(iii) The exercise price of the warrants may be fixed or variable according to the date/s or period/s taken as a reference. In this way, the price will be determined by the Board of Directors at the time of issue or it shall be determinable at a later time in accordance with the criteria laid down in the agreement itself. In any case, the price of the share being considered may not be less than whichever is the higher between (i) the average of the weighted average of the Company's shares on the Continuous Market of the Spanish Stock Markets during a period to be determined by the Board of Directors, of not more than three (3) months nor less than fifteen (15) calendar days prior to the date of adoption of the issuance agreement by the Board, and (ii) the closing price of the Company's shares in the same Continuous Market trading day prior to the adoption of the aforementioned issuance agreement. In the case of a call option on shares in another company (whether of the Group or not), to the extent that they are required and with such adaptations as may be needed, the same rules shall apply, albeit referred to the share price of that company in the relevant market.

(iv) When warrants are issued with a simple or par value exchange rate - that is, one share for each warrant - the sum of the premium or premiums paid for each warrant and its exercise price may in no case be less than the value of the underlying share considered in accordance with the provisions of section (iii) above, nor at its nominal value.

When warrants are issued multiple exchange rates - that is, other than one share for each warrant-, the sum of the premium or premiums paid for the totality of the warrants issued and their aggregate exercise price may in no case be less than the result obtained from multiplying the number of shares underlying the totality of the warrants issued by the value of the underlying share considered in accordance with the provisions laid down in section (iii) above nor at their nominal value set at the time of issuance.

g) Admission to trading: When it is appropriate for it to do so, the Company shall request from the competent bodies of the different domestic or foreign stock markets, admission to trading on organised securities markets, official or unofficial, organised or not, domestic or foreign, in liabilities, bonds, preferred stock, warrants and any other securities that are issued under this delegation, empowering the Board to undertake such formalities and actions as may be required for the admission to trading.

h) Guarantee of stock issuing operations by dependent companies: The Board of Directors is also authorized, for a period of five years, to guarantee, on behalf of the Company and within the limits indicated above, emissions of fixed-income securities, whether convertible and/or exchangeable, including warrants, as well as promissory notes and preferred stock made by companies belonging to the Group.

21.1.5 Information and conditions of any right of acquisition and/or liabilities with respect to capital that has been authorized but not issued or on a commitment to increase capital

As described in section 21.1.4 of this Registration Document, Prisa has issued warrants that incorporate the right to subscribe to common shares of Prisa's new issue. As of the date of this Registration Document, there are 778,200 2013 Prisa Warrants in circulation, the exercise of which would lead to the acquisition of 778,200 common Prisa shares.

Regardless of what is stated in the previous paragraph, as of the date of this Registration Document, there are no acquisition rights and/or obligations with respect to the authorized but not issued capital nor is there a commitment to increase capital.

However, as has already been indicated in section 21.1.4 of this Registration Document, on 20 April 2015 the Annual General Meeting agreed to delegate to the Board of Directors the power to increase share capital once or on several occasions, with or without an issue premium - and with delegation of the power to exclude, where appropriate, the preferential subscription right - in the terms, conditions and time limits laid down in article 297.1.b) of the Spanish Corporation Act, so that, within a maximum period of five years from the date of adoption of this agreement and without the need for a call or the subsequent agreement of the General Meeting, it might agree, once or on several occasions, as and when the needs of the Company so require in the opinion of the Board itself, to increase its share capital up to the maximum amount equivalent to half of the share capital at the time of the authorization, issuing and putting into circulation to that effect the corresponding new shares, both ordinary and of any other type and/or class of those allowed by Law, ordinary or preference, including redeemable shares, with or without the right to vote, with or without an issue premium, the equivalent of the new shares to be issued must consist of cash contributions and expressly envisaging the possibility of an incomplete subscription of the shares that are issued, in accordance with Article 311.1 of the Spanish Corporation Act.

The powers vested in the Board of Directors include those of setting the terms and conditions of each capital increase and the characteristics of the shares, as well as freely offering new shares not subscribed within the preferential subscription right period or periods, rephrasing the article of the Articles of Association relating to capital, making all the necessary arrangements to ensure that the new shares of the capital increase are admitted to trading on the Stock Exchanges in which the Company's shares are quoted, in accordance with the procedures laid down in each Stock Exchange, and requesting the inclusion of the new shares in the accounting records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” - the Central Securities Depository (Iberclear).

This authorization may be used to cover any plan or agreement of retribution in the form of shares and stock options to the members of the Board of Directors and senior staff of the Company that may be in force at any given time. It also empowers the Council to exclude, in whole or in part, the right of preferential subscription pursuant to the terms of article 506 in relation to article 308 of the Spanish Corporation Law.

21.1.6 Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.

As of the date of this Registration Document, no member of the group of the Company has capital which is under option or which he or she may have conditionally or unconditionally agreed to put under option.

21.1.7 Evolution of share capital, highlighting information about any changes during the period covered by the historical financial information

The following table details the variations that the share capital has suffered from that date:

Item	Nominal (Euros)	Shares issued	Nominal unit (Euros)
April 2007	22.035.550	218,812,500 common shares and 1,543,000 redeemable shares	0.1
March 2008	21.913.550	219,135,500 common shares	0.1
November 2010	84.697.802	443,991,020 Class A shares 402,987,000 Class B shares	0.1 0.1
January 2011	84.707.588,80	444,088,888 Class A shares 402,987,000 Class B shares	0.1 0.1
February 2011	84.723.174,60	444,244,746 Class A shares 402,987,000 Class B shares	0.1 0.1
March 2011	84.733.928,10	444,352,281 Class A shares 402,987,000 Class B shares	0.1 0.1
April 2011	84.777.663,20	444,795,672 Class A shares 402,980,960 Class B shares	0.1 0.1
May 2011	84.779.939,10	444,822,431 Class A shares 402,976,960 Class B shares	0.1 0.1
June 2011	84.785.788,20	444,884,922 Class A shares 402,972,960 Class B shares	0.1 0.1
July 2011	84.785.857,50	444,885,615 Class A shares 402,972,960 Class B shares	0.1 0.1
August 2011	84.785.958,60	444,886,626 Class A shares 402,972,960 Class B shares	0.1 0.1

Item	Nominal (Euros)	Shares issued	Nominal unit (Euros)
September 2011	84.786.054	449,845,980 Class A shares 398,014,560 Class B shares	0.1 0.1
October 2011	84.786.109	454,316,286 Class A shares 393,544,804 Class B shares	0.1 0.1
November 2011	84,786,115.80	458,047,318 Class A shares 389,813,840 Class B shares	0.1 0.1
December 2011	84,786,115.80	459,650,730 Class A shares 388,210,428 Class B shares	0.1 0.1
January 2012	92.286.115,80	534,650,730 Class A shares 388,210,428 Class B shares	0.1 0.1
January 2012	92.286.134,50	534,824,517 Class A shares 388,036,828 Class B shares	0.1 0.1
February 2012	92.286.152,40	538,726,736 Class A shares 384,134,788 Class B shares	0.1 0.1
March 2012	92.286.489	538,730,102 Class A shares 384,134,788 Class B shares	0.1 0.1
April 2012	92.287.042,80	538,735,640 Class A shares 384,134,788 Class B shares	0.1 0.1
May 2012	92.287.076,90	538,736,981 Class A shares 384,133,788 Class B shares	0.1 0.1
June 2012	92.287.086,20	546,026,426 Class A shares 376,844,436 Class B shares	0.1 0.1
July 2012	92.287.092,20	556,601,690 Class A shares 366,269,232 Class B shares	0.1 0.1
August 2012	98.696.802,70	620,698,795 Class A shares 366,269,232 Class B shares	0.1 0.1
September 2012	98.696.814,70	620,698,915 Class A shares 366,269,232 Class B shares	0.1 0.1
October 2012	98.696.831,20	620,699,080 Class A shares 366,269,232 Class B shares	0.1 0.1
November 2012	98.696.837,20	620,699,140 Class A shares 366,269,232 Class B shares	0.1 0.1
November 2012	98.921.700,20	636,947,770 Class A shares 352,269,232 Class B shares	0.1 0.1
December 2012	99.132.289,90	651,054,490 Class A shares 340,268,409 Class B shares	0.1 0.1
January 2013	99.163.457,70	652,938,956 Class A shares 338,695,621 Class B shares	0.1 0.1
February 2013	99.310.215,00	661,608,304 Class A shares 331,493,846 Class B shares	0.1 0.1

Item	Nominal (Euros)	Shares issued	Nominal unit (Euros)
March 2013	99.388.437,60	665,968,084 Class A shares 327,916,292 Class B shares	0.1 0.1
April 2013	99.457.220,20	669,605,806 Class A shares 324,966,396 Class B shares	0.1 0.1
May 2013	99.531.844,20	673,362,582 Class A shares 321,955,860 Class B shares	0.1 0.1
June 2013	99.681.391,90	680,559,843 Class A shares 316,254,076 Class B shares	0.1 0.1
July 2013	99.737.818,70	683,147,931 Class A shares 314,230,256 Class B shares	0.1 0.1
September 2013	105.236.846,70	738,138,211 Class A shares 314,230,256 Class B shares	0.1 0.1
September 2013	105.266.006,30	740,656,607 Class A shares 312,003,456 Class B shares	0.1 0.1
October 2013	105.266.047,20	740,659,416 Class A shares 312,001,056 Class B shares	0.1 0.1
January 2014	105.266.057,10	740,659,515 Class A shares 312,001,056 Class B shares	0.1 0.1
February 2014	122.949.967,40	917,498,618 Class A shares 312,001,056 Class B shares	0.1 0.1
April 2014	122.949.976,40	917,498,708 Class A shares 312,001,056 Class B shares	0.1 0.1
May 2014	123.232.781,70	920,326,761 Class A shares 312,001,056 Class B shares	0.1 0.1
May 2014	123.238.027,70	920,591,269 Class A shares 311,789,008 Class B shares	0.1 0.1
June 2014	123.238.457,80	920,595,570 Class A shares 311,789,008 Class B shares	0.1 0.1
June 2014	141.228.679	1,412,286,790 Class A shares	0.1
July 2014	183.364.600,70	1,833,646,007 Class A shares	0.1
August 2014	192.835.852,70	1,928,358,527 Class A shares	0.1
August 2014	211.703.777,20	2,117,037,772 Class A shares	0.1
September 2014	213.400.608,80	2,134,006,088 Class A shares	0.1
October 2014	214.369.901,40	2,143,699,014 Class A shares	0.1
November 2014	214.757.618,50	2,147,576,185 Class A shares	0.1
December 2014	215.807.875,30	2,158,078,753 Class A shares	0.1
April 2015	215.807.874	71,935,958 common shares	3
December 2015	235.007.874	78,335,958 common shares	3

Item	Nominal (Euros)	Shares issued	Nominal unit (Euros)
November 2017	80.686.036,74	78,335,958 common shares	1,03
November 2017	73.635.800,52	78,335,958 common shares	0.94
November 2017	83.497.721,22	88,827,363 common shares	0.94

Bear in mind the approval of the Capital Increase described in section 5.1.5 - *2017 and 2018 (iv)* of this Registration Document, constituting the object of the Share Securities Note, in addition to a capital increase through the voluntary offsetting of credit for a total nominal amount of at least 47 million euros, through the issuance of 50 million shares, without detriment, in either case, to the forecast of incomplete subscription.

2015-

Both the figure of share capital and the number of shares of each class (the common Class A Shares and the Class B non-voting shares until the moment of their compulsory conversion), have been modified in the 2015 financial year due to the following operations.

C*apital reduction*

A reduction of capital by 1.30 euros, through the redemption of 13 shares with a par value of 0.10 euros each from the treasury share portfolio, in order to increase the legal reserve, from 215,807,875.30 euros to 215,807,874 euros, pursuant to the resolution adopted at the General Shareholders' Meeting of Prisa held on 20 April 2015, and resulting from the technical need to enable the grouping of shares deriving from the reverse split approved at that General Shareholders' Meeting.

Grouping and swap of shares, or reverse split

Grouping and cancellation of the 2,158,078,740 shares into which the share capital was divided, pursuant to the aforementioned reduction in share capital, to be swapped for 71,935,958 newly issued shares in the ratio of one new share for every 30 old shares, increasing the par value of the shares from 0.10 euros to 3 euros, without modifying total share capital, which remained at 215,807,874 euros, with the accompanying reduction in the numbers of shares in circulation. The share exchange took place on 22 May 2015.

Change of denomination of the shares

As a result of the amendment of the By-Laws also approved at the General Shareholders' Meeting held on 20 April 2015, the company's share capital is represented by ordinary shares, all belonging to the same class and series, removing the reference to class A shares.

Capital increase subscribed by International Media Group, S.à.r.l.

On 2 December 2015, International Media Group, S.à r.l. signed and disbursed a capital increase for the total amount of 64,000 thousand euros (nominal value plus issue premium) with the exclusion of the preferential subscription right and an issue price of 10 euros per share.

2016-

Neither the share capital figure nor the number of the Company's common shares in circulation suffered any alteration during 2016.

2017-

During 2017, the following reductions of capital have been made to implement the agreements adopted by the Extraordinary Meeting of Shareholders held on 15 November 2017:

- Reduction of share capital in the amount of 154,321,837.26 euros, that is to say, from 235,007,874 euros to 80,686,036.74 euros, by reducing the nominal value of each of the 78,335,958 common shares entitled to vote, from three euros per share to 1.03 euros per share, with the aim of restoring the balance between the capital and the net worth of the company which had declined as a result of losses from previous years.
- Reduction of share capital in the amount of 7,050,236.22 euros, that is to say, from the 80,686,036.74 euros to 73,635,800.52 euros, by reducing the nominal value of each of the 78,335,958 common shares entitled to vote from the figure of 0.09 euros, that is to say, from 1.03 euros per share to 0.94 euros per share, with the aim of increasing the legal reserve.

In addition, on 17 November 2017, a deed was granted to implement the capital increase required to meet the envisaged conversion of bonds issued by agreement of the Ordinary General Meeting of Shareholders of 1 April 2016, requested by the totality of the holders of such bonds, in accordance with the bases and procedures for conversion, as a result of which 10,491,405 new shares in Prisa were issued, as well as the amortization of the totality of the aforementioned bonds, their total conversion having been requested.

As of the date of this Registration Document, and following the implementation of the reductions of capital and reserves agreed by the Extraordinary General Meeting of Shareholders of PRISA on 15 November 2017, and of the capital increase to meet the total envisaged conversion of the necessarily convertible bonds of Prisa issued in 2016, to which reference has been made in section 5.1.5 of this Registration Document, the share capital of Prisa amounts to 83,497,721.22 euros, represented by 88,827,363 shares of a nominal value of 0.94 euros each. The share capital is fully subscribed and paid up.

The Company approved a cash Capital Increase for a cash amount of up to 563.2 million euros, which is the object of the public offering described in the Share Securities Note of this Prospectus, in addition to a capital increase through the voluntary offsetting of credit for a total amount (nominal plus premium) of 100 million euros which, at the date of this Registration Document, is pending implementation.

For more information, see sections 5.1.5 - *2017 and 2018* and 21.1.1 of this Registration Document.

21.2 Memorandum and articles of association

21.2.1 A description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association.

As can be seen in section 5.1.3, the Company was incorporated in the city of Madrid by public deed executed before the Notary Public Mr, Felipe Gómez-Acebo Santos on 18

January 1972. The articles of association are recorded on the Madrid Trade Register in General Volume 2836, 2159 of section 3 of the Companies Book, folio 54, page number M-19511.

In accordance with the provisions laid down in article 2 of the Articles of Association of Prisa:

"1. The object of the Company is:

a) The management and exploitation of all kinds of information and social communication media, of its own or of others, regardless of their technical format, including among them the publication of printed newspapers.

b) The promotion, planning and execution, carried out internally or externally, directly or through third parties, of all manner of industrial, commercial and service-oriented projects, business or media companies.

c) The constitution of companies and societies, the participation, including majority participation, in other existing ones and partnership with third parties in operations and business, using formulas of collaboration.

d) The acquisition, direct or indirect holding, exploitation by lease or in another way and disposition of all kinds of movable and immovable property, and rights.

e) The hiring and provision of advisory services, procurement and the management of the interests of third parties, either through intermediation, representation, or any other means of internal or external collaboration.

f) Activity in the capital and monetary market through the management of the same, the purchase and sale of fixed-income or variable securities or securities of any other nature, for its own account.

2. It is understood that the activities described refer to domestic or foreign societies and companies, operations or business, in compliance with the legal requirements.

3. The activities that make up the social object may be pursued by the Company, totally or partially, in an indirect manner, through participation in other companies with analogous objects."

21.2.2 A brief description of any provision of the issuer's articles of association or internal by-laws with respect to the members of the administrative, management and supervisory bodies.

The operation and composition of the Board of Directors of Prisa is regulated in articles 19 to 32 of its Articles of Association and in the Regulations of the Board of Directors. The operation of the Board Commissions and Committees is set out in its Articles of Association and the Regulations of the Board of Directors. The Committees of the Board have no specific regulations.

The main content of the provisions of the Articles of Association and the Regulations of the Board that regulate these bodies, is described briefly below.

Function, structure and responsibilities

Except in matters reserved to the competence of the General Meeting, the Board of Directors is the highest decision-making body of the Company.

The policy of the Council shall be to concentrate its activity in the general functions of supervision, in determining the policies and strategies of the Company and in delegating the day-to-day management of the Company to the CEO and, where appropriate, to the Executive Chairman, with the assistance of the management team of the Company. However, such delegation may not include powers that pursuant to Law or to the Statutes may not be delegated, nor powers that the General Meeting has granted without the express authorization of delegation.

The Articles of Association provide that the Board shall be composed of a minimum of three and a maximum of 17 Directors. The Annual General Meeting of Shareholders will determine their number and appoint them. In the Shareholders' Meeting held in April 2016, the number of directors was established as 17.

The Board of Directors will be composed in such a way that there shall be a majority of proprietary and independent directors over executive directors. For the purposes of the above, the Company will adjust the classification of directors to the definitions and criteria contained in the regulations applicable at any given time.

The character of each Director shall be explained by the Board of Directors at the General Meeting of Shareholders which must effect or ratify his or her appointment, and shall be confirmed or, as the case may be, reviewed annually in the Annual Corporate Governance Report following verification by the Corporate Governance Committee.

Directors may be appointed by the General Meeting of Shareholders or also, albeit on a provisional basis, by the Board of Directors in accordance with the provisions of Spanish Corporation Law and the Articles of Association. A Director is appointed for four years, and he or she may be re-elected. Directors appointed by cooptation shall hold office up to the date of the first General Meeting, at which shareholders can ratify or decide not to ratify their appointment. Were a vacancy to arise once the General Meeting has been called and before it has taken place, the Board of Directors may designate a Director until the next General Meeting.

Proposals for the appointment of directors to the Board of Directors forwarded for the consideration of the General Meeting of Shareholders and the appointment resolutions adopted by that body by virtue of its legally conferred powers must respect the provisions laid down in the Regulations of the Board and must be preceded by the corresponding report from the Appointment and Remuneration Committee. In the case of independent directors, it will be necessary that their appointment be proposed by the Appointment and Remuneration Committee following the report of the Corporate Governance Committee.

Unless there is a legal incompatibility or at the discretion of the Board, Directors may hold any other position or post on a voluntary or remunerated basis in the Company, or in any other company belonging to its Group.

Executive directors of the Company may not hold the office of director in more than four companies other than the Company and its Group, whose shares are admitted to trading on stock domestic or foreign stock exchanges. Nor may then assume executive functions of any nature in these companies.

Non-executive directors may not hold the office of director in more than four different companies other than the Company and its Group, whose shares are admitted to trading on domestic or foreign stock exchanges.

For the purposes of the above rules: a) all the management bodies of companies that are part of the same group shall count as one single body, as shall those in which such directors participate as a proprietary director proposed by any company of that group, even though their participation in the capital of the company or their degree of control does not allow them to be considered as an integral part of the group; and b) those management bodies of personal holding companies or those that constitute vehicles or complements for the professional exercise of the director him or herself, or their spouse or any person with whom they maintain a similar emotional relationship, or of their closest relatives shall not count, c) exceptionally, and for duly justified reasons, the Board of Directors may waive this prohibition in favour of the Director.

From among its members and having previously received the report of the Appointment and Remuneration Committee and that of the Corporate Governance Committee, the Board of Directors shall appoint its Chairperson who, without prejudice to the powers provided for in the Articles of Association, shall assume, where appropriate, the chair of the General Meeting of Shareholders. The Board of Directors may delegate to the Chairperson, in whole or in part, all the powers and responsibilities of the Board that may be delegated in a legal, statutory and regulatory way, in which case, he or she will have the status of Executive Chairperson. In this case, the Chairperson of the Board of Directors shall be designated with the favourable vote of two-thirds of the members of the Board. He or she shall preside over the Executive Committee and shall bear ultimate responsibility for the management of the Company and overall responsibility for the Senior Management thereof.

In addition, having previously received the report of the Appointment and Remuneration Committee and the Corporate Governance Committee, the Council may appoint one or more Vice Chairpersons, who shall replace, where appropriate, the Chairperson with regard to the functioning of the Board of Directors in the event of their temporary absence, momentary incapacity or express delegation.

In addition, having previously received the report of the Corporate Governance Committee and that of the Appointment and Remuneration Committee, the Board of Directors shall appoint a Chief Executive Officer on whom it shall delegate all the powers and responsibilities of the Board that may be delegated in a legal, statutory and regulatory way. In the event of the Chairperson of the Board of Directors having the status of Executive Chairperson, the Chief Executive Officer shall be the Chairperson’s main collaborator in the performance of such duties as are allocated to him or her pursuant to these Regulations, and shall also be the person responsible for the day-to-day management of the business.

If the Chairperson of the Board of Directors were not to have the status of Chairperson of the Executive Board, the Chief Executive Officer shall be the chief executive officer and the person responsible for the management of the company.

In the event of the Chairperson having the status of executive director, the Board of Directors shall appoint, with the abstention of the managing directors and upon receiving a proposal from the Corporate Governance Committee, a coordinator director from among the independent directors, who shall be especially empowered to request the convening of the Board of Directors or the inclusion of new items on the agenda of an already convened Board Meeting, coordinate and bring together the non-executive directors and direct, as the case may be, the periodic assessment of the Chairperson of the Board of Directors. The office of coordinator director shall be held for the maximum term of two years, and the incumbent may be re-elected.

The Board shall appoint a Secretary, who must be a lawyer although not necessarily a Director. It may also appoint a Deputy Secretary, whom will also not need to be a Director, to assist the Secretary of the Board of Directors.

When a Director carries out executive functions, it will be necessary for there to be a contract between that person and the Company which must contain all the concepts for which he or she may obtain remuneration for the performance of such executive functions, and which must be previously approved by the Board of Directors, upon receiving a proposal from the Appointment and Remuneration Committee, with the favourable vote of two thirds of its members, which vote must be annexed to the minutes of the meeting. The Director concerned must abstain from attending the deliberation and from participating in the vote.

The main obligations of each of the members of the Board of Directors provided for in the Regulations of the Board of Directors, arising from the duty of due diligence on the part of the directors, can be summarized as follows: i) be informed and adequately prepare the meetings of the Board and of the Committees to which they belong (and, where appropriate, those of the Delegated Committee); ii) attend the meetings of the committees on which they serve (and, where appropriate, those of the Delegated Committee) and actively participate in the deliberations thereof so that his or her criteria may contribute effectively in the decision-making process; iii) be suitable dedicated; iv) undertake any specific task entrusted to them by the Board of Directors and which may reasonably be understood as falling within their commitment to dedication; v) promote the investigation of any irregularity in the management of the Company of which they become aware and monitor any situation of risk; vi) comply with the Code of Conduct, the Internal Rules of Conduct and the Rules of Procedure of the Board; and vii) comply with their duties and obligations as established in law.

Also, the main duties of directors arising from the duty of loyalty can be summarized as follows: i) do not exercise their powers for purposes other than those for which they have been granted; ii) maintain the confidentiality on all information, data, reports or background information to which they may have access in the performance of their office, even when they are no longer hold that office, except in those cases in which the law so permits or requires; iii) do not participate in the deliberation and vote on agreements or decisions in which they or a person connected to them has a conflict of interest, whether direct or indirect; and iv) carry out their duties under the principle of personal responsibility with freedom of criteria or judgment and independence with regard to third-party instructions and links.

With regard to conflicts of interest, Directors must take the necessary measures to avoid situations in which their interests, whether they are employed or self-employed, may be in conflict with the interests of and with their duties to the Company. Directors must also communicate to the Board of Directors any situation of direct of indirect conflict that they, or any person associated with them, may have with the interests of the Company. In particular, they must communicate those situations that may entail the existence of conflicts of interest, pursuant to the provisions of chapter 5 of the "Internal Regulations on Conduct in Matters Relating to the Securities' Market of Promotora de Informaciones, S.A. and its Group of Companies".

Directors shall cease to hold office when the period for which they were appointed has come to an end, or when General Meeting so decides, in exercise of the powers conferred on it by law or in the company's statutes.

The Board of Directors shall not propose the dismissal of any independent director prior to the completion of the statutory period for which they have been appointed, except when there is just cause, as appreciated by the Board following receipt of a report from the Appointment and Remuneration Committee. In particular, it is understood that there is just cause when a director has breached the duties inherent to his or her office.

Committee members shall resign when they do so as directors.

In addition, the Board's Regulations establish the following circumstances in which Directors must submit their resignation: i) when they are involved in any of the cases of incompatibility or prohibition or grounds for dismissal provided for in law; ii) when, as a result of intentional crime, a final indictment has been issued against them in a regular process involving a serious crime or a conviction in an abbreviated process; iii) when they are seriously reprimanded by the Board of Directors for having breached their obligations as directors; iv) when the reasons for which they were appointed disappear and, in particular, when an independent director or a proprietary director loses their respective condition; v) when, in the course of a year, they fail to attend in person more than two meetings of the Board of Directors, the Executive Committee or of the Committees to which they belong, of which one must be necessarily a Board meeting, without justifiable cause in the opinion of the Board, the Commission or the Committee to which he or she belongs; and i) when their remaining on the Board due to their lack of suitability, in the terms described in the Board Regulations, could put at risk directly, indirectly or through persons associated with him or her, the loyal and diligent exercise of their duties in accordance with the interests of the Company.

Meeting and call

The Board of Directors shall meet at least once a quarter, and as many times as deemed appropriate by the Chairperson for the good functioning of the Company as well as at the request of at least one third of the members of the Board.

A Board meeting shall be admitted without need for a call, when all of the directors are present and they all agree to hold the meeting. Likewise, the adoption of agreements by the Board resolutions in writing without a meeting will only be admitted if no member of the Board objects to this procedure.

The Board shall be validly constituted when at least a majority of the directors are present in person or in any other way that is technically possible (videoconferencing, telephone or any other similar means), or represented.

Directors should attend the meetings themselves and, preferably, in person. However, in the event of it being impossible for them to attend, a director will endeavour to grant a proxy to another director who is able to attend. Such representation must be in writing, specific to each Board and instructing the representative as to the criterion of the person thus represented. Non-executive directors may only delegate their representation to another non-executive director.

During 2016, the Board of Directors of Prisa has met on 8 occasions. From 1 January to 25 January 2017, the Board of Directors has met on 2 occasions.

Majority for the adoption of agreements

Except in those cases in which the law requires an enhanced majority, resolutions shall be adopted by an absolute majority of the directors present or represented. Any possible ties shall be decided by the casting vote of the Chairman. Each director present or duly represented shall have one vote.

All votes of the Board of Directors vis-à-vis the appointment, reappointment or termination of directors shall be secret, if so requested by any of its members, and without prejudice to the right of every Director to record how they have voted in the minutes.

Documentation of the agreements

The agreements of the Board will be recorded in a Book of Minutes which shall be signed by the Chairperson and the Secretary or by those who substitute them. Certificates shall be issued by the Secretary with the approval of the Chairperson.

Remuneration

Paragraph 15.1 of this Registration Document includes information as to the remuneration to the members of the Board of Directors.

Relations with shareholders and institutional investors

Within the framework of the policy for communication and contact with shareholders, institutional investors and proxy advisors of the Company, the Board of Directors shall adopt the appropriate channels for knowing such proposals as may be put forward by shareholders in relation to the management of the Company. Likewise, the Board of Directors shall ensure that appropriate mechanisms be established for the regular exchange of information with the institutional investors that form part of the shareholders of the Company.

Under no circumstances may the relations between the Board of Directors and institutional shareholders give rise to the delivery to the latter of any information that might provide them with a situation of privilege or advantage over other shareholders.

Relations with the markets

The Board of Directors shall ensure timely compliance with instructions in force vis-à-vis the communication of relevant information, in accordance with the provisions laid down in the Internal Rules of Conduct of the Company, which for this purpose, provides that all information whose knowledge may reasonably affect an investor to acquire or transfer securities or financial instruments and therefore may influence the quotation of the securities issued by any company of Grupo Prisa will be brought to the attention of the CNMV immediately prior to its dissemination by any other means and as soon as it is known, irrespective of the third party with which such decision has been taken or agreement or contract signed. The content of the communication must be truthful, clear, complete, and, when the nature of the information so requires, quantified.

The Board of Directors shall adopt the necessary measures to ensure that quarterly, semi-annual, annual and any other financial information that prudence requires be put at the disposal of the markets, is drawn up according to the same principles, criteria and professional practice with which they prepare their annual accounts and that it possesses the same reliability as the latter. For this last purpose, this information will be reviewed by the Audit Committee.

The Board of Directors shall draw up and make public an annual corporate governance report, in accordance with the law and following a proposal from the Corporate Governance Committee.

Delegated Committee, Audit Committee, Appointment and Remuneration Committee and Corporate Governance Committee

Paragraph 16.3 of this Registration Document includes information on the Delegated Committee, Audit Committee, Appointment and Remuneration Committee and Corporate Governance Committee.

21.2.3 A description of the rights, preferences and restrictions relating to each class of existing shares

See, in this regard, section 4.5 of the Securities Note.

21.2.4 Description of what has to be done to change the rights of shareholders, indicating whether the conditions are more stringent than those required by law

The Articles of Association of the Company do not contain anything of special note in this particular respect as to what is established by Spanish Corporation Law. Therefore, the requirements laid down in this regulation shall apply.

21.2.5 Description of the conditions governing the manner by which annual general meetings and extraordinary general meetings of shareholders should be convened, including the conditions of admission

The operation of General Meeting of Shareholders is regulated in articles 13 to 18 of the Articles of Association and in the Regulations of the General Meeting of Shareholders.

Call

General Meetings of Shareholders may be ordinary or extraordinary. An Ordinary General Meeting, which shall meet within the first six months of each year, will be one that is held to censor the management of the company, approve, where appropriate, the accounts of the previous budget year, determine how to apply the result thereof and decide on any other matter on the agenda. Other Meetings held by the Company will be deemed Extraordinary General Meetings.

General Meetings shall be called by the Board of Directors, which shall establish its agenda. The Board of Directors must call Ordinary Meetings in the terms provided by Law, and

Extraordinary ones, providing that it were to have been demanded via notary by a number of shareholders who hold, at least, three percent of the share capital. In this case, the Board of Directors shall call a Meeting to be held within two months of the date on which it has been required to do so via notary, making this circumstance known in the notice issued to call the meeting, and shall draw up an agenda which will necessarily include the matters which have been the subject of the request. If the Ordinary or the Extraordinary General Meeting were not called within the deadline, as provided for in the previous point, the Commercial Judge of the registered office of the Company may do so, in the terms foreseen in Law.

General Meetings, both Ordinary and Extraordinary, must be called by the Board of Directors by notice published in, at least, the following media: a) the Official Companies Registry Gazette or one of the most widely-read newspapers in Spain, b) the web page of the National Securities Market Commission and c) the Company's web page. Between the call and the date set for the meeting to be held, there should be a period of at least one month. The call shall state the date on which, if appropriate, the second-call Meeting would take place; in this case, at least twenty-four hours must separate the first and the second meeting.

Shareholders representing at least three percent of the share capital may request the publication of a supplement to the call of an ordinary General Meeting including one or more items in the agenda, provided that the new items are accompanied by a justification or, as the case may be, a justified draft agreement. In no case may this right be exercised with respect to a call for an Extraordinary General Meeting. The exercise of this right must be exercised by giving duly authenticated notice that must be received at the registered office within five days following publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the Meeting.

Shareholders representing at least three percent of the share capital may, in the same period indicated in the preceding paragraph, submit informed draft agreements on matters already included or to be included in the agenda of the Meeting that has been called. The Company shall ensure the dissemination of these draft agreements and such documentation as may accompany them, among the other shareholders.

The announcement of the call will be made public through the web page of the Company (www.prisa.com) and forwarded also to the CNMV (the National Securities Market Commission). Said notice shall state the place, date and hour of the first- and, if appropriate second-call meeting, and shall also contain the agenda of the meeting and such other requirements demanded by Law, the Articles of Association and the Regulations of the General Meeting of Shareholders.

As of the date of publication of the notice of the call, in addition to the announcement of the call per se, such proposals as may have been made by the Board of Directors in relation to the agenda shall be added to the Company's web page, together with any other legally required documentation. Such documentation shall also be communicated to the CNMV.

The notice of the call for a General Meeting shall state the right of shareholders to obtain, from the date of its publication, immediately and free of charge, documentation required by the Law and the Articles of Association and the address of the Company's web page in which the information will be available. It shall also include necessary details on the Shareholders' Office, indicating telephone numbers, email addresses, offices and opening hours.

The last Ordinary General Meeting of Shareholders of the Company took place on 30 June 2017. Also, the last Extraordinary General Meeting was held on 15 November 2017.

The right to information prior to the holding of the Meeting

Shareholders, by means of a written communication and until the fifth day prior to the date provided for the holding of the Meeting, may request information or clarification from directors, or ask questions about the matters included in the agenda and on such publicly available information as the Company were to have furnished to the National Securities Market Commission since the last General Meeting, and on the auditor’s report. Valid applications for information, clarifications or questions made in writing and the answers provided in writing by directors, will be included in the Company's web page.

Information requested in accordance with the provisions of this article shall be provided to the applicant by the Board of Directors or, by delegation thereof, by any of its members empowered to that effect, by the Chief Executive Officer, by the Secretary or by any employee or expert in the matter. The information shall be provided in writing, within the period up to the day on which the General Meeting is to be held, and through the Shareholders’ Office.

However, the requested information may be refused when such information is not necessary for the protection of the rights of the shareholder, or there are objective grounds for considering that it might be used for purposes other than those of the Company or when its publication might prove harmful to the Company or to its associated companies. Information may not be denied for this reason, when the request is supported by shareholders representing at least twenty-five percent (25%) of the share capital. Also, when, prior to its formulation, the requested information is available in a clear, explicit and direct manner to all shareholders on the Company's website under the question-and-answer format, directors may limit their answer to referring to the information provided in this format.

The applicant must prove their identity, in the case of requests for information made in writing, by attaching a photocopy of their National Identity Document or Passport and, in the case of legal persons, a document to prove they have sufficient rights of representation. In addition, the applicant must provide proof of their status as a shareholder or provide sufficient details (number of shares, depository institution, etc.), so that they can be verified by the Company.

The right to information may be exercised by means of electronic correspondence or other means of telematic communication, in the terms provided for in article 11 of the Regulations of the General Meeting of Shareholders.

Attendance

General Meetings of Shareholders that the Company hold may be attended by anyone who is a holder of at least 60 shares, provided that, five days prior to the day on which the Meeting is to be held, they are registered in the corresponding accounting records and are retained until the Meeting takes place. Holders of fewer shares may group together until they complete 60 shares, appointing a representative.

To exercise their right to attend, shareholders must previously be authorized by means of a corresponding attendance card issued by any of the entities participating in Iberclear, or in any other form allowed by the legislation in force.

The Board of Directors shall attend the General Meeting, as may the Directors, Managers and Technical Staff of the Company and its subsidiaries, as well as any other person whose attendance is authorized by the Chairperson of the General Meeting, without prejudice to the right of the General Meeting to revoke such authorization. However, the attendance of the Board of Directors will not be necessary for the Meeting to be validly constituted.

Members will be able to confer their representation on another person. Such representation will be specific to the Meeting in question. The representation shall be recorded in any of the following documents, in any case signed with a signature: i) on the attendance card issued by the depositary institutions participating in Iberclear, ii) in a letter, or iii) in the standard form which, for these purposes, the Company makes available to its shareholders. The agenda must be contained in or attached to the document attesting such representation.

When the representative is the spouse, ancestor or descendant of the represented person or when the representative possesses a general power in a public document with powers to administer all of the represented person's assets within the national territory, it shall not be necessary for the representation to be granted for a specific Meeting nor for such representation be recorded, with a signature, in one of the documents referred to in the first section of this article. However, the representative must carry the attendance card issued, in favour of the represented person, by the entities that participate in Iberclear.

If the representation were to be made out in favour of the Board of Directors or, if the representation were not to expressly name the person on whom such delegation rests, it will be deemed to have been granted in favour of the Chairperson of the Board of Directors, or, as the case may be, in favour of the person presiding over the General Meeting. In the event that the represented person has not given any instructions as to his or her vote, it shall be understood that the representative may vote in the manner he or she considers most appropriate to the interests of the shareholder.

Representation may also be conferred through electronic means of remote communication, in the terms provided for in article 11 of the Regulations of the General Meeting of Shareholders.

Representation shall always be revocable, it being considered revoked by the issuance of a remote vote or the represented person attending the meeting in person.

Representation conferred on anyone who may not legally bear such representation shall neither be valid or effective.

The vote on proposals on points included in the agenda of any type of General Meeting may be exercised by the shareholder by postal correspondence or by electronic means of remote communication, provided that the identity of the party exercising their right to vote is duly guaranteed, in line with the requirements set out in article 11 of the Regulations of the General Meeting of Shareholders. For the purposes of the constitution of the General Meeting, shareholders who cast remote votes will be considered as being present.

The right to information during the General Meeting

During their intervention, shareholders may verbally request such information or clarifications as they deem necessary concerning the matters included in the agenda, and on such publicly available information as the Company were to have furnished to the National Securities Market Commission since the last General Meeting, and on the auditor's report.

The directors shall be obliged to provide the information requested, unless it is not available in the actual minutes of the Meeting, in which case, the directors shall be obliged to provide such information in writing within seven days after the end of the Meeting, without prejudice to the provisions laid down in the following section.

The requested information may be refused when such information is not necessary for the protection of the rights of the shareholder, or there are objective grounds for considering that it might be used for purposes other than those of the Company or when its publication might prove harmful to the Company or to its associated companies. Information may not be denied for this reason, when the request is supported by shareholders representing at 25% of the share capital.

The information or clarification requested from the members of the Board shall be provided by the Chairperson, the Chief Executive Officer, the Secretary or, at the behest of the Chairperson, by a director, by the Chairperson of the Audit Committee or by any employee or expert in the matter.

The Chairperson shall decide the order of the replies to the shareholders and whether these are provided after each intervention or all at once, after the intervention of the last speaker. Shareholders do not have the right to reply, unless the Chairperson were to grant such a right due to the important nature of the matter.

21.2.6 A brief description of any provision of the clauses of the Articles of Association or of the internal regulations of the issuer that would have the effect of delaying, deferring or preventing a change in control of the issuer

There are no provisions in the Articles of Association or in the internal regulations which have the effect of delaying, deferring or preventing a change in the control of the Company.

21.2.7 An indication of any provision of the clauses of the Articles of Association or of the internal regulations, as the case may be, that govern the participation threshold above which a shareholder's participation must be disclosed

There are no statutory provisions that compel shareholders with a significant participation to disclose this circumstance, without prejudice to the requirements laid down by the legislation in force and, in particular, in Royal Decree 1362/2007, of 19 October, in relation to transparency requirements regarding information about issuers whose securities are admitted to trading in an organised securities market or on another regulated market in the European Union, and in Royal Decree 1333/2005, of 11 November, concerning market abuse, and in the regulations applicable to credit institutions.

21.2.8 A description of the conditions imposed by the clauses of the Articles of Association or the internal regulations governing changes in capital, where such conditions are more stringent than those required by law

The conditions with which changes in the capital of Prisa must comply are governed by the provisions of Spanish Corporation Law. The Articles of Association of the Company do not establish any special condition in that respect.

22. RELEVANT CONTRACTS

In addition to the contracts referred to in the different sections of this Registration Document, the Company has signed the following relevant contracts other than contracts entered into in the course of its everyday business activity:

(A) Santillana Shareholders' Agreement

On 15 December 2009, Promotora de Informaciones, S.A., DLJSAP Publishing Coöperatief U.A. ("**DLJ**") as partners of Santillana, DLJSAP Partco GP LLC, as guarantor, and Santillana itself signed a partnership agreement to regulate the relations between Prisa and DLJSAP Publishing Coöperatief U.A. as partners of Santillana.

The key aspects of this agreement are the following:

- The Board of Directors of Santillana will comprise at least eight (8) and at most twelve (12) directors, of whom DLJ may name, in so far as it remains the owner of at least fifteen percent (15%) of the share capital of Santillana, two directors if the total number of members of the Board is set at between eight (8) and eleven (11), or three (3) directors if the total number of members is set at twelve (12).
- At present, the Board of Directors comprises eight (8) members.
- The offices of Chairperson and Secretary of the Board of Directors shall be appointed at the proposal of a hurry.
- The approval of certain matters outside the ordinary course of business of both Board of Directors and shareholders meetings, in addition to the approval of certain transactions, will require a favourable vote from DLJ or the board members appointed by DLJ for approval.
- DLJ has the right to an annual dividend for an amount equivalent to the greater of the following: (i) twenty-five million eight hundred and thirty-two thousand five hundred and ninety-six dollars and ninety-six cents (25,832,596.96 USD) or (ii) 25% of the amount distributable by Santillana as dividends.
- DLJ also has the right to request the admission to trading of the shares of Santillana in the Spanish stock exchanges and their trading through the Spanish Automated Quotation System and/or, as the case may be, if the Parties so agree, on the stock exchanges of other countries, such as and for example, New York, London or Sao Paulo.
- Finally, were Santillana to be liquidated, DLJ has the right to obtain by way of liquidation proceeds and before any amount were to be distributed to the remaining Shares and if the surplus were so to allow: (i) the reimbursement of its investment,

understood as the acquisition value of the Privileged Shares and/or of any capital contributions and share premium made in favour of the Company, and (ii) any amounts corresponding to Preferred Dividends that have not been satisfied, together with accrued interest on the same.

- The contract also regulates rights and restrictions to the transfer of shares in the event of any of them wishing to sell its shares.
- Were Prisa to lose control over Santillana, Santillana shall be obliged, at the request of DLJ, to purchase its shares.

(B) Framework contract for the purchase of shares in the company and the regulation of the rights of partners of Prisa Radio, S.L.

On 14 November 2013, Prisa Radio, S.L. ("**Prisa Radio**") certain entities of the 3i group ("**3i**"), Prisa and Grupo Godó de Comunicación, S.L. ("**Grupo Godó**") signed a framework contract for the purchase of shares and the regulation of the rights of partners of Prisa Radio, S.L. Under the contract, the parties agreed for the withdrawal of 3i from the share capital of PRISA Radio that PRISA Radio itself would acquire, for the subsequent amortisation thereof, the shares in the company that belonged to the 3i entities, that is to say, a total of 27,578 shares representing on the date the Framework Contract was signed, 8.14% of the share capital of PRISA Radio.

This acquisition was structured through the simultaneous formalization of the following transactions:

- The purchase by PRISA Radio of 6,870 shares of the company itself, representing 2.03% of its share capital, owned by 3i entities; and
- the granting by PRISA Radio and the 3i entities of a promise to sell the remaining 20,708 shares of the company, representing 6.11% of its share capital, owned by 3i entities.

Without prejudice to any upward adjustments, the total price to be paid by PRISA Radio to 3i in consideration for the transfer of all the shares that are the subject of the transactions initially amounts to a total sum of 52,898,302.00 euros (the **"Transaction Price"**), that is to say, at a price per share of 1,918.134092 euros (the **"Transaction Share Price"**).

Of the Transaction Price, 13,177,581.21 euros correspond to the shares being sold and 39,720,720.79 euros correspond to the shares that are subject of the promise to sell, all in accordance with the following payment schedule:

Date of payment	Selling Price	Promise to Sell Price	Total
30 December 2013	1.398.302,00 €	-	1.398.302,00 €
30 June 2014	3.000.000,00 €	-	3.000.000,00 €
30 June 2015	3.000.000,00 €	-	3.000.000,00 €
30 June 2016	3.000.000,00 €	-	3.000.000,00 €
30 June 2017	2.779.279,21 €	220.720,79 €	3.000.000,00 €
30 June 2018	-	3.000.000,00 €	3.000.000,00 €
28 December 2018(1)	-	36.500.000,00 €	36.500.000,00 €

Total	**13.177.581,21 €**	**39.720.720,79 €**	**52.898.302,00 €**

1) The contract includes a grace period of two months to meet the payment, that is, until 28 February 2019.

Notwithstanding the above, the Transaction Share Price received by 3i may be increased in the following cases:

1. In the event of an acceleration of the implementation of the transaction on the part of PRISA Radio to withdraw 3i prior to 28 December 2018.

   Provided that the deferred payment has been made to 3i, PRISA Radio may elect to bring forward the implementation of the operation and withdraw 3i prior to 28 December 2018.

   Nevertheless, although it is no longer a shareholder given that the implementation of the transaction has been brought forward, 3i still retains the right to receive from PRISA Radio the price difference which, as the case may be, may correspond to it in the event of a capital increase or the flotation of the Company as regulated by the contract, up to the earlier of the following dates: 36 months from the payment of the outstanding price or 28 December 2018.

   The additional amount is equal to the difference between what 3i receives for the operation and the eventual total amount allocated to a future increase of capital or flotation.

   Furthermore, if during the period of time referred to above, PRISA, Godó or PRISA Radio were to transfer their shares for sale in cash or by an exchange of listed shares at a share price higher than the Transaction Share Price, 3i shall have the right to receive from PRISA Radio the difference between the two amounts per share, considering the totality of the shares of 3i that are the object of the transaction.

2. In the event that either Godó, PRISA Radio or PRISA were to transfer its shares to a third party, either voluntarily or because it is forced to do so (by the banks) or because of a flotation.

   If during the term stated in the previous paragraph, Prisa, Godó or PRISA Radio were to transfer shares, 3i shall have the right to bring forward the implementation of the transaction and to receive from PRISA Radio the difference between what 3i has received and the new price.

3. In the event that Godó transfers its shares to a third party, either voluntarily or because it is forced to (by the banks).

   If the value of the shares transferred is equal to or greater than the outstanding amount which, at that time, remains owing to 3i, 3i will have a tag-along right for all of its shares.

   Furthermore, when 3i formalises the sale in exercise of the tag-along rights, 3i will have the right to demand that PRISA Radio pays it 2/3 of the Sale Price that is pending payment.

   In addition, in the event that the price per share paid by the third party purchaser to 3i in exercise of the tag-along rights is higher than the Transaction Price per Share, 3i shall have the right to receive from PRISA Radio the difference between the two amounts, in consideration of the number of Shares Purchased.

4. <u>In the event that either PRISA Radio or PRISA transfers its shares to a third party, either voluntarily or because it is forced to (by the banks).</u>

   In the event that, before 28 December 2018, PRISA or PRISA Radio transfers PRISA Radio shares of a value equal to or greater than the outstanding amount which, at that time, is still owed to 3i, 3i will have a tag-along right for all of its shares.

   Furthermore, if 3i formalises the sale in exercise of the tag-along right, 3i will have the right to demand that PRISA Radio pays it an amount equal to the amount of the Transaction Price that PRISA Radio would have paid to 3i up to that date.

5. <u>In the event that, before 28 December 2018, Prisa Radio agrees to pay a dividend.</u>

   If, before 28 December 2018, Prisa Radio agrees to distribute funds greater than a certain amount, 3i will have the right to demand that PRISA Radio pay part of the Transaction Price in advance and that the price be adjusted in accordance with such a such distribution.

Furthermore, in the event that Prisa or PRISA Radio allows the amortisation of the shares being sold before Prisa Radio has paid the Transaction Price in full, 3i will have the right to bring forward the Transaction.

In addition, the contract provides for certain economic and political rights for 3i as is usual practice in this type of transaction.

(C) Prisa Radio, S.L., Shareholder Agreement between Prisa and Grupo Godó de Comunicación, S.L.

On 14 November 2013, Prisa and Godó Group signed a shareholder agreement to govern the eventual sale by 3i of all its shares in PRISA Radio, and which, by extension, regulates relations between the two shareholders on the assumption that, on 31 December 2018, once 3i has sold all its shares, if the sale is not completed sooner, the 8.14% in treasury stock that PRISA Radio acquires from 3i will be amortised and the PRISA Radio capital will be distributed 80% to PRISA and 20% to Godó Group.

The key aspects of this agreement are the following:

- The Board of Directors of PRISA Radio shall consist of a minimum of ten (10) and a maximum of (11) members, of which Godó Group will always have the right to appoint at least two (2), as long as it retains a holding equal to or greater than 10% of the share capital with voting rights and to appoint one (1) member as long as it retains a holding equal to or greater than 5% of the capital.

- The approval of certain matters outside the ordinary course of business of both Board of Directors and shareholders meetings, in addition to the approval of certain transactions, will require a favourable vote from Grupo Godó or the board members appointed by Grupo Godó for approval.

- The agreement therefore regulates (i) a tag-along right to the favour of the shareholders in the event of a wish to sell; and (ii) a right of first refusal in the event that one shareholder wishes to sell shares, which specifically regulates the determination of the price.

(D) Technology Services Provision Agreements signed between Prisa Tecnología, Santillana, Media Capital and Indra Sistemas, S.A.

As of the date of this Registration Document, three Technology Services Provision Contracts (the "**Services Contracts**") signed on November 27, 2017 and in a single act, between Indra Sistemas, S.A. ("**Indra**") and Prisa Tecnología, Santillana and Media Capital are in force.

By virtue of the Services Contracts, Indra lends the Group companies located in Spain and Portugal, together with certain maintenance services to the Mexican and Brazilian subsidiaries of the Santillana Group- as beneficiaries - the management systems services of the communication and computer systems, workstation management and infrastructure management, mainly

The initial duration of the Service Contracts is five years for Prisa Tecnología and Santillana and, depending on the execution or not of the sale of Media Capital in 2018, extendable 1 year to 5 years for Media Capital.

The overall price agreed for these services is €42.75 million in the event Media Capital is sold in FY 2018 and 44 million euros otherwise.

Likewise, and in relation to the three Service Contracts, PRISA will play the role of joint guarantor of the obligations of Prisa Tecnología, Santillana and Media Capital, as long as these companies continue to form part of the Prisa Group.

23. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

23.1 Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest, if any, in the issuer.

This Registration Document does not include any statement or report attributed to a person as an expert.

23.2 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

There is no information sourced from a third party.

24. DOCUMENTS ON DISPLAY

Prisa declares that, for the life of the registration document, the following documents (or copies thereof), where applicable, may be inspected at the registered offices of the company (calle Gran Vía, número 32, Madrid) and, with the exception of the Articles of Association and applicable Bylaws, in the CNMV [Spanish National Securities Market Commission]:

Documents
Articles of Association
Applicable Bylaws(1)
Regulations of the Board of Directors(1) (2)
Rules of Procedure for the Shareholders AGM(1) (2)
Internal Code of Conduct in Securities Markets(1) (2)
Individual audited annual accounts for Prisa Group, as at 31 December 2014, 2015 and 2016 (1) (2)
Individual audited consolidated annual accounts for Prisa Group, as at 31 December 2014, 2015 and 2016 (1) (2)

(1) Also available on the company's website (www.prisa.com).

(2) Also available on the website of the CNMV (www.cnmv.es).

25. INFORMATION ON HOLDINGS

Section 7.2 of this Registration Document includes a list of the companies that make up the Prisa Group, stating the name, address, activity, and the nominal proportion of the capital held in each company (data at 30 September 2017).

Apart from the holdings in Prisa Group companies listed in the aforementioned section, Prisa does not hold a proportion of the capital in any company likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profit and loss.

26. ALTERNATIVE PERFORMANCE MEASURES

The information in this Registration Document taken from Prisa's consolidated annual accounts has been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In addition, the Group believes that some alternative performance measures (APMs), as defined in the ESMA (European Securities and Markets Authority) report dated 5 October 2015, provide additional informational that may be of use in analysing the financial situation of the Group.

The Group believes that the APMs included in this section comply with ESMA guidelines. The APMs in this Registration Document include: (i) those taken from the Group's consolidated annual accounts by adding or subtracting amounts from the figures shown under various items of the accounts, (ii) those that, if not taken directly from the annual accounts, are taken from the disaggregation of items listed in the accounts, and (iii) those obtained via a combination of the two previous methods.

These APMs have not been audited or revised and under no circumstances replace the financial information prepared in accordance with the IFRS. Furthermore, the definition used by the Group for these APMs may differ from similar measures calculated by other companies and, therefore, may not be comparable.

Figures for the fiscal years 2014, 2015 and 2016 are for Prisa Group including Media Capital.

1. Disaggregation of operating income by business area, geographic market, and category of activity

The financial information, by segment, provided by the Group in accordance with the applicable financial reporting framework, is ordered; on the one hand, by business area –

Education, Radio, Press, Audiovisual, and other – and, on the other hand, by geographic market – Europe (Spain and Rest of Europe) and the Americas (which includes Columbia, Brazil, Mexico, Chile and Rest of the Americas).

Prisa also reports operating income for the Group and for each business area disaggregated by line of business, geographic market, category of activity, and type of market or market segment, depending on the specific characteristics of the market in question. Prisa believes that reporting operating income disaggregated in this way is more suitable for assessing the performance of its businesses, and allows it to present a more appropriate profile of the mix of products and services offered by the Group, given the different characteristics of the markets and segments in which it operates. Prisa also believes that this disaggregation allow investors, analysts, and other stakeholders to compare the performance of Group businesses with that of their competitors. These financial metrics are considered to be APMs and, as such, are subject to the ESMA guidelines on APMs.

The disaggregation of operating income by line of business, geographic market, and category of activity is taken from the Group's financial information. The disaggregation therefore complies with the accounting policies applied by the Group in its financial statements, which are prepared in accordance with the applicable financial reporting framework. However, some of these measures relating to the disaggregation of Group operating income cannot be directly reconciled with any entries in the annual accounts.

1.1. Operating income disaggregated by business area

(A) Education

Prisa reports operating income for its Education businesses disaggregated by geographic market and category of activity.

Prisa provides a definition of these APMs below, together with an explanation of their use and usefulness, and a reconciliation with the figure for operating income from Education.

(i) Operating income by geographic market

Given the demographic, social, political, and economic differences between the various countries in which it has Education operations, Prisa believes that the disaggregation of Education operating income by geographic market is an appropriate measure for assessing the performance of its Education business.

The following table presents a reconciliation of operating income from Education, disaggregated by region and country:

(Thousands of euros)	**Education**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Spain	**139.064**	**151.870**	**135,382**	**139,633**	**148,715**
International	**383.545**	**361.665**	**502,153**	**503,183**	**567,926**
The Americas	*379.797*	*356.958*	*497.326*	*497.346*	*561.338*
Brazil	101.717	96.754	171.373	180.268	232.817
Mexico	79.160	71.483	78.271	94.869	101.785
Colombia	22.110	11.065	23.153	20.009	23.012

Argentina	49.064	26,825	27.776	39,880	29.876
Chile	20.019	17.999	28.309	29.458	31.027
Peru	21.562	45.313	49.150	20.092	16.965
Rest of the Americas	86.165	87.519	119.294	112.770	125.856
Rest of the World	*3,748*	*4,707*	*4.827*	*5.837*	*6.588*
Operating income	**522,609**	**513,535**	**637,535**	**642,816**	**716,641**

(ii) Operating income by category of activity

Prisa also disaggregates operating income from Education by category of activity – sales of printed books, sales of Digital Education Systems and other sales. Given the different characteristics of the two categories of activity, and the digital element of the second category, Prisa believes that this disaggregation is an appropriate additional measure for assessing the business performance of Education.

The following table presents a reconciliation of operating income from Education, disaggregated by category of activity:

(Thousands of euros)	**Education**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Sales of printed book	421.453	421.520	512.195	511.686	524.220
Public sales	60.526	83.799	128.553	107.374	141.739
Private sales	360.927	337.721	383.642	404.312	382.481
Sales of Digital Education Systems	94,092	86,474	114,882	120,602	109,501
Others [(1)]	7.064	5.541	10.458	10.528	82.920
Operating income	**522,609**	**513,535**	**637,535**	**642,816**	**716,641**

[(1)] *For 2014, Others includes revenues generated by General Publishing and revenue from the sale of General Publishing.*

(B) Press

Prisa reports operating income from Press disaggregated by type of market and by category of activity.

Prisa provides a definition of these APMs below, together with an explanation of their use and usefulness, and a reconciliation with the figure for operating income from Press.

(i) Operating income by type

Prisa disaggregates Press operating income by type, i.e. according to whether income is generated from advertising, circulation, promotional activities, or other activities. Given the different behaviour and trends in the development of the various sources of Press income, Prisa believes that this disaggregation is an appropriate measure for assessing the performance of its Press business. This disaggregation therefore allows the performance of Prisa's Press business to be assessed in comparison with that of its competitors in terms of the newspaper and magazine circulation market – characterised by a steady decline in circulation – and advertising – characterised by a decline in advertising spending and the substitution of online advertising for print advertising, albeit it at a moderate pace.

The following table presents a reconciliation of operating income from Press, disaggregated by type:

(Thousands of euros)	Press				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Advertising	71,671	78,946	114,488	111,140	109,372
Online advertising	33.276	32.224	46,830	40,389	31,840
Print advertising	38.395	46.722	67,658	70.751	77,532
Circulation	60,448	69,878	91,572	96,130	108,996
Promotional and other activities	25.302	25.248	33,836	33,995	41,856
Operating income	**157,421**	**174,072**	**239,896**	**241,265**	**260,224**

(ii) Operating income by line of business

Prisa also disaggregates Press operating income by line of business (by daily newspaper) and type. Given the different demographic and psychographic characteristics of the audiences of Prisa's newspapers, and the different value propositions the newspapers offer their readers and advertisers, Prisa believes that this disaggregation provides useful information for assessing the performance of its Press businesses.

The following table presents a reconciliation of operating income from Press, disaggregated by line of business (El País, AS, and others) and type:

(Thousands of euros)	Press				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
El País	**111.332**	**124.708**	**172.067**	**170.994**	**179.923**
Advertising	51,241	56,221	81,946	80,005	74,684
Online advertising	20.376	18.466	27.191	23.789	17.893
Print advertising	30.865	37.755	54.755	56.216	56.791
Circulation	40.153	47.332	62,097	64,117	70,924
Other	19,938	21.155	28.024	26.872	34.315
As	**35.787**	**38.062**	**51.565**	**50.567**	**56.819**
Advertising	15,841	16,555	23,068	20,192	20,255
Online advertising	10.715	10.439	14.604	12.158	10.259
Print advertising	5.126	6.116	8.464	8.034	9.996
Circulation	17.925	19,938	26,093	27,569	31,460
Others	2.021	1.569	2.404	2.806	5.104
Other (1)	**10.302**	**11.302**	**16.264**	**19.704**	**23.482**
Operating income	**157,421**	**174,072**	**239,896**	**241,265**	**260,224**

(1) Includes all other Group newspapers and magazines

(C) Radio

Prisa reports operating income for Radio disaggregated by geographic area (Spanish Radio and International Radio) and differentiates between Spoken-word and Music activities.

Given the different (geographic and product) characteristics of the markets in which the company operates, Prisa believes that these measures provide useful information for assessing the performance of the Group's various lines of business. Therefore, given the greater relative value of operating income generated by International Radio in countries such as Columbia and Chile, Prisa also further disaggregates the figures for operating income from International Radio by geographical market.

The following table shows the operating income from Radio broken down by line of business:

(Thousands of euros)	Radio				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Spanish Radio	125.832	126.119	178.528	185.625	175,477
International Radio	68,527	69.436	98,916	114,471	120,861
Colombia	40.427	41.399	57.334	74.044	82.587
Chile	16.517	15.200	22.543	23.139	23.585
Rest	11.583	12.837	19.039	17.288	14.689
Music	11,957	15,525	28,724	20,536	20,340
Consolidation adjustments	(3.495)	(3.333)	(5.117)	(5.867)	(11,542)
Operating Income	**202,821**	**207,747**	**301,051**	**314,764**	**305,136**

(D) Audiovisual

Prisa reports operating income for its Audiovisual businesses disaggregated by line of business (i.e. Media Capital and Prisa Video) and, for Media Capital, by category of activity.

Prisa provides a definition of these APMs below, together with an explanation of their use and usefulness, and a reconciliation with the figure for operating income from Audiovisual.

(i) Operating income by line of business

Prisa disaggregates operating income from its Audiovisual businesses by differentiating between its Media Capital and Prisa Video businesses (see section 6 of this Registration Document for information about the inclusion of Prisa Video). Operating income from Media Capital are, in turn, disaggregated by line of business.

Given that each business is in a different life cycle phase and has a different business model, Prisa believes that this disaggregation is an appropriate measure for assessing the performance of its Audiovisual business.

The following table presents a reconciliation of operating income from Audiovisual, broken down by line of business: Please bear in mind that the financial information regarding the Audiovisual area for the 2016 and 2015 tax years has been restated to reflect the new grouping of sectors (see section 6.1.1 of the Registration Document for more details):

(Thousand euros)	Audiovisual

	30.09.2017	30.09.2016	2016 (*)	2015 (*)	2014
Media Capital	-	-	174,027	174,386	179,773
TVI	-	-	142.236	141.660	147.274
Audiovisual Production	-	-	40.505	41.621	40.173
Radio	-	-	17.764	18.825	16.060
Internet	-	-	4,502	4,172	4,416
Other and adjustments	-	-	(30.981)	(31.891)	(28.150)
Prisa Video	1,543	1,242	1,320	325	-
Other and adjustments	**-**	**-**	**(112)**	**1**	**-**
Operating income	**1,543**	**1,242**	**175,235**	**174,712**	**179,773**

(*) Figures re-stated after the regrouping of the operational segments described in section 6 of the Registration Document to include the activities of Prisa Video in the Audiovisual area.

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

(ii) Operating income from Media Capital by line of business and type

Prisa also reports information about revenues from advertising within Media Capital.

Given the characteristics of the Media Capital business model and the importance of revenue from the sale of advertising space, Prisa believes that this information is an appropriate measure for assessing the performance of its Media Capital business.

The following table presents detailed figures for revenues from advertising at Media Capital and, within this, the TVI line of business:

(Thousands of euros)	**Media Capital**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Advertising revenues	-	-	121,403	116,574	114,126
TVI advertising	-	-	101.035	97.556	96.187
Rest of segments	-	-	20.368	19.018	17.939

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

1.2. Operating income by geographic market

Operating income by geographical market is further broken down by Prisa to differentiate between operating income generated in Spain and income generated on the international market – which includes the Americas and Portugal.

Given the international nature of the Group's businesses, and the Group's sideline presence in Education in Portugal, via Media Capital (please also note the contents of section 5.1.5 of this Registration Document in relation to the agreement regarding the sale of Media Capital), Prisa believes that the aforementioned disaggregation (operating income from the international market and operating income from Portugal) provides information that is useful to both the business units and to investors, analysts, and other stakeholders.

The following table shows the operating income generated on the international market and in Portugal with the Group's operating income:

(Thousands of euros)	Group				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Spain	431,770	455,978	566,366	575,371	579,997
International	461,831	441,428	791,671	798,691	874,731
Americas	458.083	436.721	616.028	621.984	691,719
Portugal	3,748	4,707	175,643	176.707	183,012
Operating Income	**893,601**	**897,406**	**1,358,037**	**1,374,062**	**1,454,728**

1.3. Operating income by category of activity

(A) Advertising income

Prisa disaggregates Group revenues from advertising by country and geographic area (i.e. Spain or International). Advertising revenues generated in Spain by are, in turn,disaggregated by business area (i.e. Radio and Press).

Prisa believes that this disaggregation provides information that is useful (both to the Group and to investors, analysts, and other stakeholders) in assessing the performance of Prisa's activities in the advertising market, insofar as the characteristics and behaviour of this market can vary significantly by geographic area and business area.

The following table presents a reconciliation of Group advertising revenues by geographic area and compared to Spain, by business area:

(Thousands of euros)	Advertising				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Spain	185.862	192.887	274.261	279.625	266.667
Radio	116.790	116.537	164.103	170.086	157.642
Press	69.072	76.350	110.158	109.539	109.025
International	65.774	67.093	217.790	226.782	230.413
Eliminations and adjustments	(5.372)	(5.231)	(8.190)	(8.849)	(6.684)
Advertising income	**246,264**	**254,749**	**483,861**	**497,558**	**490,396**

(B) Digital transformation revenues

Lastly, Prisa disaggregates operating income by differentiating between income from digital transformation activity and non-digital income.

As a result of Prisa's commitment to boosting the digital transformation of its businesses and, consequently, the growing contribution of the income from this area of the Group's activities, Prisa believes that this disaggregation provides information that is useful (both to the Group and its business units, and to investors, analysts, and other stakeholders) in assessing the degree to which its digital strategy has been implemented.

The following tables shows the reconciliation of income from the Group's transformation, together with its disaggregation, with the Group's total operating income:

(Thousands of euros)	**Digital transformation at Prisa Group**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Education Systems (UNO and Compartir)	94,092	86,474	114,882	120,602	109,501
Digital	63.621	57.435	86.486	72,911	50,876
Press	39.892	36.577	52.970	45.342	36.315
Education	15.204	12.002	16.184	13.068	5.730
Radio	6.317	6.165	9.062	8.303	7.759
Media Capital	-	-	4,502	4,172	4,416
Other and adjustments	2.208	2.691	3.768	2.026	(3.344)
Transformation revenues	**157.713**	**143.910**	**201,368**	**193,513**	**160,377**
Non-digital revenues	**735.888**	**753.497**	**1.156.669**	**1.180.549**	**1.294.351**
Prisa Group operating income	**893,601**	**897,406**	**1,358,037**	**1,374,062**	**1,454,728**

2. Adjusted operating income

Prisa defines adjusted operating income as operating income excluding non-recurring expenses, such as changes to the scope of consolidation, tax deductions, and other non-recurring expenses.

Prisa believes that adjusted operating income is an appropriate indicator for assessing the behaviour of its businesses insofar as it is calculated by excluding expenses such as a changes in the scope of consolidation, deductions for R&D activity, and other one-off expenses, which, in theory, are non-recurring.

The table below presents the reconciliation of operating income to adjusted operating income, for the Group and for each business unit on the date indicated (in thousands of euros):

(Thousands of euros)	**Total Prisa Group** (1)				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Operating income	**893,601**	**897,406**	**1,358,037**	**1,374,062**	**1,454,728**
Effect of changes to scope of consolidation	0	0	(4,927)	0	(43,404)
Tax Deductions	0	0	0	0	3,250
Other effects	(4.633)	0	(3,668)	0	(26.812)
Adjusted operating income	**888,968**	**897,406**	**1,349,442**	**1,374,062**	**1,387,762**

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

(Thousands of euros)	Education				
	30.09.2017	30.09.2016	2016	2015	2014
Operating income	**522,609**	**513,535**	**637,535**	**642,816**	**716,641**
Effect of changes to scope of consolidation	0	0	(4,927)	0	(43,404)
Other effects	0	0	0	0	(21,605)
Adjusted operating income	**522,609**	**513,535**	**632,608**	**642,816**	**651,632**

(Thousands of euros)	Radio				
	30.09.2017	30.09.2016	2016	2015	2014
Operating income	**202,821**	**207,747**	**301,051**	**314,764**	**305,136**
Other effects	0	0	0	0	0
Adjusted operating income	**202,821**	**207,747**	**301,051**	**314,764**	**305,136**

(Thousands of euros)	Spanish Radio				
	30.09.2017	30.09.2016	2016	2015	2014
Operating income	**125.832**	**126.119**	**178.528**	**185.625**	**175,477**
Other effects	0	0	0	0	0
Adjusted operating income	**125.832**	**126.119**	**178.528**	**185.625**	**175,477**

(Thousands of euros)	International Radio				
	30.09.2017	30.09.2016	2016	2015	2014
Operating income	**68,527**	**69,435**	**98,916**	**114,471**	**120,861**
Other effects	0	0	0	0	0
Adjustedoperating income	**68,527**	**69,435**	**98,916**	**114,471**	**120,861**

(Thousands of euros)	Music				
	30.09.2017	30.09.2016	2016	2015	2014
Operating income	**11,957**	**15,525**	**28,724**	**20,536**	**20,340**
Other effects	0	0	0	0	0
Adjusted operating income	**11,957**	**15,525**	**28,724**	**20,536**	**20,340**

(Thousands of euros)	Consolidation Adjustments Radio				
	30.09.2017	30.09.2016	2016	2015	2014

Operating income	**(3.495)**	**(3.333)**	**(5.117)**	**(5.867)**	**(11,542)**
Other effects	0	0	0	0	0
Adjusted operating income	**(3.495)**	**(3.333)**	**(5.117)**	**(5.867)**	**(11,542)**

(Thousands of euros)	**Press**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Operating income	**157,421**	**174,072**	**239,896**	**241,265**	**260,224**
Other effects	0	0	0	0	(5.206)
Adjusted operating income	**157,421**	**174,072**	**239,896**	**241,265**	**255,018**

(Thousands of euros)	**Audiovisual**				
	30.09.2017 (1)	**30.09.2016 (1)**	**2016 (2)**	**2015 (2)**	**2014**
Operating income	**1,543**	**1,242**	**175,235**	**174,712**	**179,773**
Other effects	0	0	0	0	0
Adjusted operating income	**1,543**	**1,242**	**175,235**	**174,712**	**179,773**

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

(2) Figures re-stated after the regrouping of the operational segments described in section 6 of the Registration Document to include the activities of Prisa Video in the Audiovisual area.

(Thousands of euros)	**Prisa Video**			
	30.09.2017	**30.09.2016**	**2016**	**2015**
Operating income	**1,543**	**1,242**	**1,320**	**325**
Other effects	0	0	0	0
Adjusted operating income	**1,543**	**1,242**	**1,320**	**325**

(Thousands of euros)	**Media Capital**		
	2016	**2015**	**2014**
Operating income	**174,027**	**174,386**	**179,773**
Other effects	0	0	0
Adjusted operating income	**174,027**	**174,386**	**179,773**

(Thousands of euros)	**Others**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Operating income	**66,219**	**45,816**	**65.774**	**53,754**	**53,315**

Tax Deductions	-	-	-	-	3.249
Other effects	-4.633	-	-3.668	-	-
Adjusted operating income	**61.586**	**45,816**	**62.106**	**53,754**	**56.564**

(Thousands of euros)	**De-recognition and adjustments**				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
Operating income	**-57.012**	**-45.006**	**-61.454**	**-53.249**	**-60.361**
Tax Deductions	-	-	-	-	-
Other effects	-	-	-	-	-
Adjusted operating income	**-57.012**	**-45.006**	**-61.454**	**-53.249**	**-60.361**

3. EBITDA

Prisa defines EBITDA as operating profit, as reported in its financial statements, plus depreciation and amortisation of fixed assets, variation in provisions in respect of operating activities, impairment of fixed assets, and impairment of goodwill.

The Group uses EPITDA to monitor the performance of its businesses and to set operating strategies and targets for Group companies.

Prisa reports EBITDA because it is often used by analysts, investors, and other stakeholders, in order to assess other similar issuers, a significant number of which report their EBITDA (or a similar measure) when they publish their results.

Although Prisa uses EBITDA to assess the profitability of its businesses, there are significant limitations to its use, including the following:

- it does not reflect the funds available for the distribution of dividends, reinvestment, or other purposes;
- it does not reflect the cash disbursements for capital investments or contractual obligations;
- it does not reflect variations in working capital;
- it does not reflect financial costs or what the treasury needs to pay interest on, or the principal balance of, debts
- it does not reflect taxes on profits or the funds needed to pay them;
- it excludes amortisation and impairment and, although they are not cash disbursements, the assets that are subject to amortisation and impairment usually have to be replaced at a future date;
- it does not reflect the funds needed for such replacements;
- it can be calculated in different ways by different companies, including other companies in the same sector as Prisa, which limits its use as a comparative measure.

Given these limitations, EBITDA cannot be used to measure the cash resources available to Prisa for investing in growing its businesses, and the company only uses EBITDA as a supplement to other financial indicators. See section 9.2 of this Registration Document and the consolidated financial statements included in this Registration Document.

EBITDA Margin

The Group also uses EBITDA margin as an indicator of operating performance; it is defined as the quotient of the Group's EBITDA as and its operating income in a given period. This APM is interpreted as the Group operating profit per euro of operating income and is used to assess the performance of the various business areas and lines of business in comparable terms, regardless of their relative contribution to the Group's operating income.

Reconciliation of EBITDA - EBIT

The table below presents the reconciliation of EBIT to EBITDA for the Group and for each business unit on the date indicated (in thousands of euros):

(Thousands of euros)	Total Prisa Group [1]				
	30.09.2017	30.09.2016	31.12.2016	31.12.2015	31.12.2014
EBITDA	178,050	175,508	248,862	248,414	183,385
Depreciation/Amortisation	(51,958)	(56,448)	(83,196)	(90,611)	(102,537)
Variation in provisions in respect of operating activities	(21,460)	(28,915)	(29,149)	(34,412)	(19,788)
Fixed asset impairment	(2.133)	(729)	(2.611)	(2.172)	(25.292)
Losses from impairment of goodwill	0	397	(432)	(390)	(7.048)
Operating income (EBIT)	**102,500**	**89,813**	**133,474**	**120,828**	**28,720**

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

(Thousands of euros)	Education				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**163,893**	**163,821**	170,913	167,160	170,736
Depreciation/Amortisation	(39.612)	(41.528)	(55.424)	(59.311)	(60.189)
Variation in provisions in respect of operating activities	(18.922)	(25.878)	(14.682)	(15.135)	(13.779)
Fixed asset impairment	(1.082)	(864)	(2.225)	(4.015)	(4.832)
Losses from impairment of goodwill	0	397	0	0	(6.791)
Operating income (EBIT)	**104,277**	**95,948**	98,582	88,699	85,145

(Thousands of euros)	Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**24,117**	**20,029**	41,266	54,701	45,737

(Thousands of euros)	Radio				
Depreciation/Amortisation	(5.930)	(5,760)	(7.779)	(6.777)	(9.619)
Variation in provisions in respect of operating activities	(1.376)	(2.692)	(4.581)	(5,782)	(2.287)
Fixed asset impairment	(1.049)	168	(273)	137	(8.754)
Losses from impairment of goodwill	0	0	(431)	0	(255)
Operating income (EBIT)	**15,762**	**11,745**	**28,202**	**42.279**	**24,822**

(Thousands of euros)	Spanish Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**12,101**	**10,444**	**20,943**	**21,290**	**11,293**
Depreciation/Amortisation	(3.984)	(4.002)	(5.357)	(5.833)	(6.967)
Variation in provisions in respect of operating activities	(286)	(1.194)	(1.202)	(2.854)	(781)
Fixed asset impairment	0	(2)	(16.844)	(381)	(1.379)
Losses from impairment of goodwill	0	0	0	0	0
Operating income (EBIT)	**7.831**	**5.246**	**(2,460)**	**12,222**	**2,166**

(Thousands of euros)	International Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**13,538**	**10,843**	**20,462**	**31,970**	**33,750**
Depreciation/Amortisation	(1.750)	(1.540)	(2.132)	(558)	(2.199)
Variation in provisions in respect of operating activities	(686)	(592)	(897)	(2.106)	(1.295)
Fixed asset impairment	(1.217)	0	(497)	139	(7.374)
Losses from impairment of goodwill	0	0	0	0	(255)
Operating income (EBIT)	**9.885**	**8.711**	**16,936**	**29,445**	**22,627**

(Thousands of euros)	Music				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(1,522)**	**(1,256)**	**(138)**	**1,448**	**698**
Depreciation/Amortisation	(196)	(218)	(291)	(386)	(453)
Variation in provisions in respect of operating activities	(405)	(905)	(2.482)	(823)	(136)
Fixed asset impairment	168	168	224	(689)	0
Losses from impairment of goodwill	0	0	(431)	0	0
Operating income (EBIT)	**(1.955)**	**(2.211)**	**(3,118)**	**(448)**	**109**

(Thousands of euros)	Consolidation Adjustments Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**0**	**(2)**	**0**	**(7)**	**(5)**
Depreciation/Amortisation	0	0	0	0	0
Variation in provisions in respect of operating activities	0	0	0	0	(75)
Fixed asset impairment	0	1	16,844	1,068	0
Losses from impairment of goodwill	0	0	0	0	0
Operating income (EBIT)	**0**	**(1)**	**16,844**	**1,061**	**(80)**

(Thousands of euros)	Press				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**1,945**	**7,091**	**15,236**	**6,399**	**1,454**
Depreciation/Amortisation	(5.678)	(5.462)	(7.398)	(7.111)	(14.572)
Variation in provisions in respect of operating activities	(909)	(248)	(677)	(5.619)	(2.484)
Fixed asset impairment	(1)	(32)	(101)	(132)	(5.992)
Losses from impairment of goodwill	0	0	0	0	0
Operating income (EBIT)	**(4,643)**	**1,349**	**7,060**	**(6,463)**	**(21.594)**

(Thousands of euros)	Audiovisual				
	30.09.2017(1)	30.09.2016(1)	2016 (2)	2015 (2)	2014
EBITDA	**(1,489)**	**(1,106)**	**39,833**	**40,123**	**42,113**
Depreciation/Amortisation	(8)	(3)	(8.236)	(9.179)	(8,477)
Variation in provisions in respect of operating activities	()	0	(668)	(743)	(1,191)
Fixed asset impairment	0	0	(11)	(129)	(10)
Losses from impairment of goodwill	0	0	0	(390)	0
Operating income (EBIT)	**(1,497)**	**(1,109)**	**30,918**	**29,682**	**32,435**

(1) *Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.*

(2) *Figures re-stated after the regrouping of the operational segments described in section 6 of the Registration Document to include the activities of Prisa Video in the Audiovisual area.*

(Thousands of euros)	Prisa Video			
	30.09.2017	30.09.2016	2016	2015
EBITDA	**(1,486)**	**(1,106)**	**(2,359)**	**(1,273)**

Depreciation	(9)	(3)	(5)	(2)
Variation in provisions in respect of operating activities	0	0	(1)	0
Fixed asset impairment	0	0	0	0
Losses from impairment of goodwill	0	0	0	0
Operating income (EBIT)	**(1.495)**	**(1,109)**	**(2,365)**	**(1,275)**

(Thousands of euros)	Media Capital		
	2016	2015	2014
EBITDA	**42,195**	**41,396**	**42,113**
Depreciation/Amortisation	(8.232)	(9.176)	(8,477)
Variation in provisions in respect of operating activities	(667)	(743)	(1,191)
Fixed asset impairment	(11)	(130)	(10)
Losses from impairment of goodwill	0	(390)	0
Operating income (EBIT)	**33,285**	**30,957**	**32,435**

(Thousands of euros)	Others				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(9.750)**	**(13.676)**	**(18,593)**	**(19,729)**	**(74.034)**
Depreciation/Amortisation	(728)	(3.692)	(4.359)	(8.233)	(9.680)
Variation in provisions in respect of operating activities	(252)	(97)	(8.541)	(7.133)	(47)
Fixed asset impairment	-	-	-	1.967	(5.705)
Losses from impairment of goodwill	-	-	-	-	-
Operating income (EBIT)	**(10,730)**	**(17,465)**	**(31.493)**	**(33.128)**	**(89.466)**

(Thousands of euros)	De-recognition and adjustments				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(666)**	**(651)**	**207**	**(240)**	**(2,621)**
Depreciation/Amortisation	(3)	(4)	(2)	(1)	(1)
Variation in provisions in respect of operating activities	-	-	-	-	-
Fixed asset impairment	-	-	-	-	-
Losses from impairment of goodwill	-	-	-	-	-
Operating income (EBIT)	**(669)**	**(655)**	**205**	**(241)**	**(2.622)**

4. Adjusted EBITDA

Prisa defines adjusted EBITDA as gross operating profit (EBITDA), plus one-off expenses consisting of severance compensation, effects of changes in scope of consolidation, deductions for R&D activities, and other one-off expenses, including, among other things, the outcomes of judgments that resolve disputes or administrative or legal proceedings relating to taxation.

The Group uses adjusted EBITDA to monitor the performance of its businesses and to set operating strategies and targets for Group companies. Prisa believes that adjusted EBITDA is the most appropriate indicator for measuring the profitability and monitoring the performance of its businesses, insofar as it provides information about the profitability of its assets net of the costs associated with severance compensation, effects of changes in scope of consolidation, deductions for R&D activities, and other one-off expenses which, in theory, are non-recurring.

Notwithstanding the above, the use of adjusted EBITDA is subject to the same limitations as those described for EBITDA.

Adjusted EBITDA Margin

The Group also uses EBITDA margin as an indicator of operating performance; it is a measurement of the Group's adjusted EBITDA as a percentage of its operating income in a given period. This APM is interpreted as the recurring Group operating profit per euro of operating income and is used to assess the performance of the various business areas and lines of business in comparable terms, regardless of their relative contribution to the Group's operating income.

Reconciliation adjusted EBITDA – EBITDA

(Thousands of euros)	Total Prisa Group [1]				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**
EBITDA	**178,050**	**175,508**	**248,862**	**248,414**	**183,385**
Severance compensation and other	15.825	9.584	16.702	30.943	45.937
Effect of changes to scope of consolidation	0	0	3,240	0	(6,089)
Tax Deductions	0	0	0	0	3,250
Other effects	(4.633)	0	4.563	0	23.383
Adjusted EBITDA	**189,242**	**185,092**	**273,367**	**279,357**	**249,866**

(1) Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.

(Thousands of euros)	Education				
	30.09.2017	**30.09.2016**	**2016**	**2015**	**2014**

(Thousands of	Education				
EBITDA	**163,893**	**163,821**	**170,913**	**167,160**	**170,736**
Severance compensation and other	3.697	3.416	6.091	4.549	15.000
Effect of changes to scope of consolidation	0	0	3,240	0	(6,089)
Other effects	0	0	0	0	(21,605)
Adjusted EBITDA	**167,590**	**167,237**	**180,244**	**171,709**	**158,042**

(Thousands of euros)	Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**24,117**	**20,029**	**41,266**	**54,701**	**45,737**
Severance compensation and other	4.350	4.104	5.408	10.757	8.113
Adjusted EBITDA	**28,467**	**24,133**	**46,674**	**65,458**	**53,850**

(Thousands of euros)	Spanish Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**12,101**	**10,444**	**20,943**	**21,290**	**11,293**
Severance compensation	2.666	1.644	1.813	7.796	5.580
Adjusted EBITDA	**14.767**	**12.088**	**22,756**	**29,086**	**16,873**

(Thousands of euros)	International Radio				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**13,538**	**10,843**	**20,462**	**31,970**	**33,750**
Severance compensation	1.587	2.350	3.078	2.880	2.034
Adjusted EBITDA	**15.125**	**13.193**	**23,540**	**34,849**	**35,785**

(Thousands of euros)	Music				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(1,522)**	**(1,256)**	**(138)**	**1,448**	**698**
Severance compensation	97	111	515	82	499
Adjusted EBITDA	**(1.425)**	**(1.145)**	**377**	**1,530**	**1,197**

(Thousands of euros)	Press				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**1,945**	**7,091**	**15,236**	**6,399**	**1,454**
Severance compensation	2.568	396	1.578	10.086	13.156
Adjusted EBITDA	**4,513**	**7,487**	**16,813**	**16,485**	**14,610**

(Thousands of euros)	Audiovisual				
	30.09.2017 (1)	30.09.2016 (1)	2016 (2)	2015 (2)	2014 (2)
EBITDA	**(1,489)**	**(1,106)**	**39,833**	**40,123**	**42,113**
Severance compensation	4	1	1.226	780	1,709
Adjusted EBITDA	**(1,485)**	**(1,105)**	**41,059**	**40,903**	**43,822**

(1) *Information dated 30 September 2017 and 30 September 2016 does not include Media Capital, which is reported in the Group profit and loss account as a discontinued operation.*

(2) *Figures re-stated after the regrouping of the operational segments described in section 6 of the Registration Document to include the activities of Prisa Video in the Audiovisual area.*

(Thousands of euros)	Prisa Video			
	30.09.2017	30.09.2016	2016	2015
EBITDA	**(1,486)**	**(1,106)**	**(2,359)**	**(1,273)**
Severance compensation and other	4	3	402	1
Adjusted EBITDA	**(1.482)**	**(1.103)**	**(1,957)**	**(1,272)**

(Thousands of euros)	Media Capital		
	2016	2015	2014
EBITDA	**42,195**	**41,396**	**42,113**
Severance compensation	820	779	1,709
Adjusted EBITDA	**43,015**	**42,175**	**43,822**

(Thousands of euros)	Others				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(9.750)**	**(13.676)**	**(18,593)**	**(19,729)**	**(74.034)**
Severance compensation and other	5.208	1.667	2.403	4.771	7.958
Tax Deductions	-	-	-	-	3.249

(Thousands of euros)	Others				
Other effects	(4.635)	-	4.560	-	44.990
Adjusted EBITDA	**(9,177)**	**(12.009)**	**(11.630)**	**(14,958)**	**(17.837)**

(Thousands of euros)	De-recognition and adjustments				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA	**(666)**	**(651)**	**207**	**(240)**	**(2,621)**
Severance compensation and other	-	-	-	-	-
Tax Deductions	-	-	-	-	-
Other effects	-	-	-	-	-
Adjusted EBITDA	**(666)**	**(651)**	**207**	**(240)**	**(2,621)**

5. EBIT Margin

Prisa defines EBIT Margin as the ratio of EBIT to operating income in a given period.

This APM is interpreted as the Group operating profit per euro of operating income and is used to assess the performance of the various business areas and lines of business in comparable terms, regardless of their relative contribution to the Group's operating income.

6. Effects of changes in foreign exchange rates

Prisa defines the effect of changes in foreign exchange rates as the difference between the financial indicator at the current rate and the same financial indicator at the previous year's rate. This calculation is carried out every month using the average monthly exchange rate for the same month of the previous year (January 2017 at the exchange rate for January 2016, February 2017 at the exchange rate for February 2016, etc.) The effect of changes in foreign exchange rates for the year is the aggregate of the monthly effect of changes in foreign exchange rates calculated every month.

The following tables present a reconciliation of this APM with the indicators at the current rate:

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
Operating Income at current rate	893,601	897,406	1,358,037	1,374,062	1,454,728
Effects of changes in foreign exchange rates v previous year	**18.906**	**-**	**(59.505)**	**(38.761)**	**-**
Operating Income at constant rate (without effects of changes in exchange rates compared to the previous year)	874.695	897,406	1.417.542	1.412.823	1,454,728

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
Advertising at current rate	246,264	254,749	483,861	497,558	490,396

Effects of changes in foreign exchange rates v previous year	**883**	**-**	**(11.356)**	**(8.387)**	**-**
Advertising at constant rate (without effects of changes in exchange rates compared to the previous year)	245.381	254,749	495.217	505.945	490,396

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
Sales of books and education at current rate	515,200	507,685	626,364	630,689	673,204
Effects of changes in foreign exchange rates v previous year	**17.875**	**-**	**(46.568)**	**(27.262)**	**-**
Sales of books and education at constant rate (without effects of changes in exchange rates compared to the previous year)	497.325	507,685	672.932	657.952	673,204

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
Operating Costs at current rate	(791,102)	(807,593)	(1.224.562)	(1,253,234)	(1,426,007)
Effects of changes in foreign exchange rates v previous year	**(11.621)**	**-**	**48.585**	**32.724**	**-**
Operating expenses at constant rate (without effects of changes in exchange rates compared to the previous year)	(779.481)	(807,593)	(1.273.147)	(1.285.958)	(1,426,007)

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
Staff Costs at current rate	(268,734)	(256,113)	(388,709)	(412,773)	(433,242)
Effects of changes in foreign exchange rates v previous year	**(3.087)**	**-**	**16.951**	**8.772**	**-**
Staff Costs at constant rate (without effects of changes in exchange rates compared to the previous year)	(265.647)	(256,113)	(405.660)	(421.545)	(433,242)

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
EBITDA at current rate	178,050	175,508	248,862	248,414	183,385
Effects of changes in foreign exchange rates v previous year	**8.678**	**-**	**(14.460)**	**(8.462)**	**-**
EBITDA at constant rate (without effects of changes in exchange rates compared to the previous year)	169.372	175,508	263.322	256.875	183,385

(Thousands of euros)	Effects of changes in foreign exchange rates				
	30.09.2017	30.09.2016	2016	2015	2014
EBIT at current rate	102,500	89,813	133,474	120,828	28,720
Effects of changes in foreign exchange	**7.286**	**-**	**(10.920)**	**(6.037)**	**-**

rates v previous year					
EBIT at constant rate (without effects of changes in exchange rates compared to the previous year)	95.214	89,813	144.394	126.865	28,720

7. Free Cash Flow

Prisa defines the Free Cash Flow as the cash flow coming from operating activities, less recurring investments in the same period.

The Group uses the Free Cash Flow as a measure of the funds available to take care of its financial obligations.

Prisa reports the Free Cash Flow because it is often used by analysts, investors, and other stakeholders to assess other similar issuers, a significant number of which report their the Free Cash Flow (or a similar measure) when they publish their results.

Even though Prisa uses the Free Cash Flow to assess the behaviour of its businesses, the use thereof is subject to certain limitations. In particular, the Free Cash Flow does not take into account, among other items, the flows of funds used for debt servicing (meaning, the funds used to take care of the Group's payment obligations, interest payments and the repayment of principle of bank debt), wherefore it is not a measure of the cash available for shareholders of Prisa or for investing in attractive projects for driving the Group's growth.

The reconciliation of this APM for the financial years ended at 31 December 2014, 2015 and 2016 is presented in section 10.2of the Registration Document, as well as for the nine-month periods ended at 30 September 2016 and 2017, at both the consolidated level and corresponding to Media Capital.

8. Bank debt

Gross bank debt

Gross bank debt includes current and non-current borrowing from credit institutions, not including arrangement fees.

Gross bank debt is an indicator used by the company to measure its financial leverage.

Net bank debt

Net bank debt is calculated by subtracting the total value of gross bank debt from the total value of current financial investments, cash and cash equivalents.

Net Bank Debt is an indicator used by the company to measure its financial leverage.

The following table shows the reconciliation of these indicators for the financial years 2016, 2015, and 2014, and for the first nine months of 2017:

(millions of euros)	30.11.2017	30.09.2017	31.12.2016	31.12.2015	31.12.2014
Non-current payables to credit institutions	1.589,4	1.586,6	1.653,5	1.907,8	2.645,5
Current payables to credit institutions	49.7	50,1	68,5	100,8	108,8
Arrangement costs	18,3	20,5	30,1	48,3	108,3
GROSS BANK DEBT	**1.657,4**	**1.657,2**	**1.752,1**	**2.056,9**	**2.862,6**
Current financial investments [1]	-32,3	-18,9	-19,5	-78,1	-127,9

Cash and cash equivalents	-209,7	-183,5	-246,4	-319	-152,4
NET BANK DEBT	**1,415.4**	**1,454.7**	**1.486,2**	**1.659,7**	**2.582,3**

(1) The financial year 2015 excludes the account receivable of 36.3 million euros for pending adjustments related to the sale price of DTS, which were settled in favour of Prisa in the first half of 2016.

Ratio of net bank debt to adjusted EBITDA

The Group also uses the net bank debt to adjusted EBITDA ratio to measure its financial debt and its capacity to repay bank debt. The Net Bank Debt to adjusted EBITDA ratio is therefore also interpreted as bank debt pay-back (repaying the principal balance only) in relation to adjusted EBITDA, irrespective therefore of cash flows intended for reinvestment or paying dividends. Therefore, the ratio for interim periods is calculated using the figure for adjusted EBITDA which corresponds to the last twelve months immediately preceding the ratio calculation reference date ("**LTM adjusted EBITDA**"). Shown below is the reconciliation of the LTM adjusted EBITDA for the 12-month period prior to 30 September 2017 and 30 November 2017:

	Three-month period between October and December 2016 (a)	**Nine-month period ended on 30.09.2017 (b)**	**Twelve-month period prior to 30.09.2017 (a)+(b)**
Adjusted EBITDA	44.534	189,242	233.776

	Month of December 2016 (a)	**Eleven-month period ended on 30.11.2017 (b)**	**Twelve-month period prior to 30.11.2017 (a)+(b)**
Adjusted EBITDA	32.811	204.541	237.352

Prisa believes that adjusted EBITDA is the most appropriate indicator of its capacity to generate cash flow, inasmuch as it does not include severance compensation costs, effects of changes in scope of consolidation, deductions for R&D activities, and other one-off expenses which, in theory, are non-recurring. Consequently, Prisa believes that adjusted EBITDA is the most suitable indicator for calculating the net bank debt ratio and, therefore, for measuring its capacity to repay its bank debt – repaying the principal balance only.

The table below presents the calculation of this ratio for the financial years 2016, 2015, and 2014, and for the first nine months of 2017.

	30.11.2017	**30.09.2017**	**31.12.2016**	**31.12.2015**	**31.12.2014**
Net bank debt	1,415.4	1,454.7	1.486,2	1.659,7	2.582,3
Adjusted EBITDA [(1)]	237,4	233,78	273,37	279,36	249,87
Net bank debt / adjusted EBITDA	**5.96x**	**6.22x**	**5.44x**	**5.94x**	**10.33x**

(1) On 30 September and 30 November 2017 the LTM adjusted EBITDA had been used.

9. Adjusted net bank debt

Within the framework of the Refinancing process, Prisa considers that it could be of interest to present an adjusted measurement of its net debt to reflect the impact of certain events that will occur in the short-term. It must be borne in mind that Prisa does not use this measurement to evaluate its debt level on a recurring basis and it is not expected do so in the future.

The table below shows the Group's adjusted net banking liability at 30 September 2017 in the first financing alternative (that is, if the Company has received the funds deriving from the sale of Media Capital no later than 30 June 2018), adjusted for the following events: (i) the Capital Increase; (ii) the effectiveness of the sale of Media Capital; (iii) the deferred payment for the purchase of Prisa Radio shares; and (iv) the costs of the Refinancing process and the succession plan. Also included is the calculation of the adjusted net debt-to-equity ratio over LTM adjusted EBITDA on this same date:

(in millions of euros)	**30.09.2017**
(A) NET BANK DEBT	**1,454.7**
(B) Funds from Capital Increase	563,0
(C) Costs associated with the Capital Increase	-17,0
(D) Net funds from Capital Increase (B)+(C)	**546,0**
(D) Funds deriving from the sale of Media Capital	320,6
(E) Costs associated with the sale of Media Capital	-6,9
(D) Net funds deriving from the sale of Media Capital (D)+(E)	**313,7**
(G) Debt associated with the sale of Prisa Radio shares to 3i entities	**36,5**
(H) Costs associated with Refinancing and the succession plan	**29,7**
(I) ADJUSTED NET BANK DEBT (A)-(D)-(F)+(G)+(H)	**661,2**
(J) LTM adjusted EBITDA	233,8
(K) Adjusted net bank debt / LTM adjusted EBITDA (I) / (J)	2.8x

The table below shows the Group's adjusted net banking liability at 30 September 2017 in the second Refinancing alternative (that is,including Media Capital), adjusted for the following events: (i) the Capital Increase; (ii) the effectiveness of the sale of Media Capital and if the sale process of the company will not be continued; (iii) the deferred payment for the purchase of Prisa Radio shares; and (iv) the costs of the Refinancing process and the succession plan. Also included is the calculation of the adjusted net debt-to-equity ratio over LTM adjusted EBITDA on this same date: Bear in mind that the LTM adjusted EBITDA includes Media Capital to show the effect that would derive from the failure to effect the sale of Media Capital:

(in millions of euros)	**30.09.2017**
(A) NET BANK DEBT	**1,454.7**
(B) Funds from Capital Increase	563,0
(C) Costs associated with the Capital Increase	-17,0
(D) Net funds from Capital Increase (B)+(C)	**546,0**
(E) Consolidation of Media Capital	**112,1**
(F) Debt associated with the sale of Prisa Radio shares to 3i entities	**36,5**

(G) Costs associated with Refinancing and the succession plan	**29,7**
(H) ADJUSTED NET BANK DEBT (A)-(D)+(E)+(F)+(G)	**1.087,0**
(I) LTM adjusted EBITDA including Media Capital	277,6
(J) Adjusted net bank debt / LTM adjusted EBITDA including Media Capital (H) / (I)	3.9x

10. Mean interest rate of financial debt

Prisa calculates the mean interest rate of its financial debt at a certain point in time by weighting each one of its financing products by the corresponding financial cost over the gross nominal rate.

Prisa uses the mean interest rate of financial debt as a measure of the mean cost of its external financing.

Prisa deems that the mean interest rate of debt provides useful information for investors and analysts, because it allows measuring the mean return required by its providers of funds from outside sources.

11. Book value per share

Prisa defines the book value per share as the Shareholders' equity attributed to the parent company less own shares, divided by the number of Company shares outstanding at a given point in time.

The book value per share is a measure of the value of the Company on the books for each share outstanding, meaning the net value of the Company's assets per share.

Prisa presents the Book value per share because it considers that said value is used by both investors and analysts for the assessment of companies of diverse sectors, together with other measures of the market value of a company's net assets.

The reconciliation of this APM at 31 December of 2014, 2015 and 2016 is presented below, as well as at 30 September 2017:

(thousand euros)	30.09.2017	31.12.2016	31.12.2015	31.12.2014
Equity attributed to the parent company (I)	-507.218	-425.125	-461.523	-476.434
Own shares (II)	-912	-1.735	-2.386	-3.116
Number of shares (in thousands) (III)	78.336	78.336	78.336	71.936
Book value per share (euros) (I-II)/III	**-6,46**	**-5,40**	**-5,86**	**-6,58**

27. DOCUMENTS INCLUDED FOR REFERENCE

The following documents are included for reference. They are not included as attachments and can be accessed from the Group's website (www.prisa.com), and from the website of the National Securities Market Commission (www.cnmv.es). The links to these documents are provided below:

Information incorporated for purposes of reference	Direct link to the document

Information incorporated for purposes of reference	Direct link to the document
Individual annual accounts and audit report of Prisa corresponding to FY 2016	http://www.prisa.com/uploads/2017/02/cuentas-anuales-individuales-ejercicio-2016.pdf
Individual annual accounts and audit report of Prisa corresponding to FY 2015	http://www.prisa.com/uploads/2017/02/descargas-cuentas-anuales-individuales-ejercicio-2015-espdf-2.pdf
Individual annual accounts and audit report of Prisa corresponding to FY 2014	https://www.prisa.com/uploads/ficheros/arboles/descargas/201503/descargas-cuentas-anuales-individuales-ejercicio-2014-es.pdf
Consolidated annual accounts and audit report of Prisa corresponding to FY 2016	http://www.prisa.com/uploads/2017/02/cuentas-anuales-consolidadas-ejercicio-2016.pdf
Consolidated annual accounts and audit report of Prisa corresponding to FY 2015	http://www.prisa.com/uploads/2017/02/descargas-cuentas-anuales-consolidadas-ejercicio-2015-espdf-1.pdf
Consolidated annual accounts and audit report of Prisa corresponding to FY 2014	http://www.prisa.com/uploads/ficheros/arboles/descargas/201503/descargas-cuentas-anuales-consolidadas-ejercicio-2014-es.pdf
The Company's Annual Report on Corporate Governance for the 2016 tax year	https://www.prisa.com/uploads/2017/02/igc-240217-completo.pdf

It is expressly recorded that the management reports from FYs 2014, 2015 and 2016, which form part of the documents that are accessible through the preceding links, are not incorporated for reference purposes in this Registration Document, since the relevant information is found in other parts hereof.

IV. INFORMATION ON THE SECURITIES ADMITTED TO TRADING - SHARE SECURITIES NOTE (ANNEX III OF REGULATION (EC) NO. 809/2004 OF THE COMMISSION OF 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 All persons responsible for the information contained in this prospectus and, where applicable, of certain parts of the same, indicating, in this case, which parts. In the case of individuals, including members of the management or supervisory bodies of the issuer, indicate the name and position of the person; in the case of legal entities, indicate the name and registered address.

MR. Manuel Polanco Moreno, acting on behalf and in representation of Promotora de Informaciones, S.A. (hereinafter, the "**Company**" or "**Prisa**"), in his role of CEO, assumes full responsibility for the content of this Share Securities Note of the Company (hereinafter, the "**Share Securities Note**") the format of which is adapted to Annex III of (EC) Regulation No. 809/2004, of the European Commission, of 29 April 2004, in reference to the issuance and admission to trading of 469,350,139 common shares in Prisa (the "**New Shares**") with a nominal value of 0.94 euros, within the framework of the capital increase with a pre-emptive subscription right constituting the object of this Share Securities Note (the "**Capital Increase**").

Mr. Manuel Polanco Moreno has sufficient powers to make undertakings on behalf of the Company in virtue of the agreements adopted by the Company's Board of Directors on 22 January 2018.

The Share Securities Note, along with the Prisa registration document entered with the official registry of the CNMV dated on this same date (the "**Securities Registration Document**") and the summary included in Section I above (the "**Summary**"), shall be referred to jointly as the "**Prospectus**".

1.2 Statement of the persons responsible for the prospectus ensuring that, after acting with reasonable diligence to ensure that such is the case, the information contained in the prospectus is, according to their knowledge, in keeping with the facts and is not subject to any omission likely to affect its content. As appropriate, a statement of the persons responsible for the prospectus ensuring that, after acting with reasonable diligence to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, according to their knowledge, in keeping with the facts and is not subject to any omission likely to affect its content.

Mr. Manuel Polanco Moreno, on behalf and in representation of the Company, declares that, having acted with reasonable diligence to ensure that such is the case, the information contained in this Share Securities Note is, to his knowledge, in keeping with the facts and is not subject to any omission likely to affect its content.

2. RISK FACTORS

The information relating to the risks that affect the New Shares is listed in Section II ("**Risk Factors**").

3. ESSENTIAL INFORMATION

3.1 Statement on the operating capital.

The Group's working capital as at 30 September 2017 was 273.3 million euros and, should the Refinancing not go ahead, in December 2018, Tranche 2 of the Group's banking debt, for a total of 956.5 million euros, would mature, for which reason the Group's working capital at at 30 September 2017 and as at the date of this Prospectus would not be sufficient to cover this repayment. Nevertheless, Prisa considers that the working capital to which it has access at present, along with the capital it expects to generate over the coming 12 months — in particular from the Capital Increase and according to the terms and conditions of the Lock-up Agreement signed on 16 January 2018 (in the framework of the Refinancing)—, is sufficient to meet the Company's obligations during said period.

3.2 Capitalisation and indebtedness.

From 30 November 2017 until the date of approval of this Share Securities Note no significant changes have taken place regarding the capitalisation and indebtedness information of the Company which is detailed in this section, except for what is included in point 5.1.5 of the Registration Document.

3.2.1 Capitalisation

The following table includes the own resources of the Company's consolidated balance sheet at 30 November 2017, as well as the impact, excluding costs and taxes, of the operations executed or pending execution as of 30 November 2017. These figures have not been audited or reviewed.

Figures (in millions)	**Opening balance at 30.11.2017[(1)]**	**Capital increase [(2)]**	**Final situation after the execution of the Capital Increase [(3)]**
Subscribed capital	**83.5**	**441,2**	**524,7**
Legal Reserve	**7.1**	**---**	**7.1**
Other reserves	**(496.9)**	**122,0**	**(374,9)**
Issue premium	95.1	122,0	217,1
Reserves	(519.3)	---	(519.3)
Reserves 1st application IFRS	(72.7)	---	(72.7)
Accumulated profit (loss)	**(71.3)**	---	**(71.3)**
- from previous financial years	(12.2)	---	(12.2)
- in the year: profit attributable to the Parent Company	(59.1)	---	(59.1)
Treasury stock	**(0.6)**	---	**(0.6)**
Exchange differences	**(36.8)**	---	**(36.8)**
Equity attributable to the Parent Company	**(515.0)**	**563,2**	**48,2**
Minority interests	80.1	---	80.1
Net equity	**(434.9)**	**563,2**	**128,3**

(1) This column reflects the figures of the Group's consolidated balance sheet at 30 November 2017, after executing (i) the elimination of reserves approved by the General Meeting of Shareholders held on 15 November 2017 under point 4.1 of the order of the day (see section *5.1.5 - 2017 and 2018 (ii) Reductions of capital and reserves* of the Registration Document); (ii) the capital reductions approved by the aforementioned General Meeting under points 4.2 and 4.3 of the agenda, for the amount of 154.3 million Euros to set-off losses and 7 million Euros to contribute to the legal reserve, respectively (see section *5.1.5 - 2017 and 2018 (ii) Reductions of capital and reserves* of the Registration Document); and (iii) the capital increase derived from the conversion of the bonds necessarily convertible into Prisa shares issued in 2016, as a consequence of exercising the early amortisation option exercised by their holders (see section *5.1.5 - 2017 and 2018 (iii) Capital increase to cover the early conversion and the subsequent amortisation of all the bonds belonging to the issuance of bonds necessarily convertible into Prisa shares issued in 2016* of the Registration Document).

(2) This column shows how the balance affects the registration of the Capital Increase. The full underwriting of this increase is assumed (see section *5.1.5 - 2017 and 2018 (iv) of the Registration Document).*

(3) This column shows the balance sheet after having booked the Capital Increase, taking into account the assumptions described, without taking into consideration the issuance costs.

It should also be borne in mind that the General Shareholders' Meeting held on 15 November 2017 approved, under point 5.2 of its agenda, another capital increase through voluntary credit offsetting for a total amount (nominal plus premium) of at least 100 million euros (see section 5.1.5 - 2017 and 2018 (v) *Capital increase through voluntary credit offsetting for a total amount (nominal plus premium) of 100 million euros, which, on the date of this Registration Document, is pending execution*). The Company has not received any debt swap commitment within the framework of the capital increase through the offset of credits.

Likewise, in the framework of the Company's debt refinancing process, the General Shareholders' Meeting held on 10 December 2013 adopted a resolution for the issuance of warrants (see sections *5.1.5 - 2013 and 21.1.4* of the Registration Document). The exercise of the aforementioned warrants, where applicable, would give rise to the issue of 778,200 common Prisa shares. On the date of this Prospectus, no warrant holder has exercised their conversion option.

3.2.2 Indebtedness

The following table includes the sources of finance of the Company's consolidated balance sheet at 30 November 2017, differentiating between secured debt (both through personal and real securities) and non-secured debt, which comprises the whole financial debt with credit institutions. For a description of these securities, refer to heading 10.1(b) of the Registration Document. These figures have not been audited or reviewed.

(in millions)	**30.11.2017**
Total non-current assets	**1,812.7**
Secured	**1,588.4**
Financial debt (with credit institutions)	1,588.4
Prisa syndicated loan (Tranche 2)	956.5
Prisa syndicated loan (Tranche 3)	177.0
Prisa participating loan (PPL)	439.8
Prisa- PIK debt	15.1
Non-financial debt	0.0

Non-secured	**224.3**
Financial debt	121.8
Non-current borrowing from credit institutions	19.3
Debt arrangement fees with credit institutions	-18.3
Non-current financial liabilities	120.9
Perpetual annuity of the dividend of the Santillana pre-emptive shares	120.5
Other non-current financial liabilities	0,3
Non-financial debt	102.5
Deferred tax liabilities	19.9
Non-current provisions	44.2
Other non-current liabilities	38,4
Total current liabilities (in millions)	**579.5**
Secured	**0.0**
Non-secured	**579.5**
Financial debt	70,8
Current borrowing from credit institutions	49.7
Current financial liabilities	21.0
Payment obligation arising from Santillana pre-emptive shares	19.9
Other current financial liabilities	1,1
Non-financial debt	508.7
Trade payables	225.9
Associated companies	1.3
Other non-trade payables	49.8
Public administrations	47.5
Provisions for refunds	3.5
Other current liabilities	18.9
Liability linked to non-current assets held for sale	161.8
TOTAL	**2,392.2**

(*) As of 30 September 2017, the bank borrowings of Grupo Media Capital, SGPS, S.A. were recognised as a held for sale liability, with a value of 98.3 million Euros.

For its part, the existing indirect and contingent debt is not significant (see the description of the sureties and guarantees included under section 10.1(B) of the Registration Document for more details).

(in millions)	**30.11.2017**
A. Cash	191.2
B. Other cash equivalents	18.5
C. Current financial investments	32.3
D. Total liquidity (A)+(B)+(C)	**242.0**

E. Current borrowing from credit institutions	49.7
F. Current net financial indebtedness (E)-(D)	**(192,3)**
G. Non-current borrowing from credit institutions	1,607.7
H. Non-current net financial indebtedness	**1,607.7**
NET FINANCIAL INDEBTEDNESS (F)+(H)	**1,415.4**

(*) The net bank debt excludes debt arrangement fees.

The Group's net financial debts to assets ratio over the LTM adjusted EBITDA on 30 November 2017 (237.4 million euros) was 5.96 times higher. This figure does not take the contribution of the Media Capital (Portugal) subsidiary into account, which had gone on to be reported as a discontinued business from July 2017 (see section 10.1(B) of the Registration Document).

Lastly, it should be pointed out that, when calculating net financial indebtedness, Prisa does not include liabilities which, despite being classified as financial liabilities in accordance with applicable accounting standards, do not have an explicit financial cost and, therefore, are of a different nature to the debt with credit institutions which is used for calculating the net financial indebtedness figure. Such liabilities mainly refer to liabilities derived from the payment obligation of an annual dividend by Grupo Santillana Educación Global, S.L. ("**Santillana**") to its minority shareholders (this liability is calculated as the present value of the annual preferential dividends discounted at the interest rate applicable to lending instruments with similar characteristics). For illustrative purposes, below is the reconciliation of the net financial indebtedness figure including the liability derived from the payment obligation of the Santillana dividend with the net financial indebtedness figure presented previously as used by the Company:

(in millions)	**30.11.2017**
F. Current net financial indebtedness	**(192,3)**
E.1 Current financial liabilities	21.0
F.1 Total current net financial indebtedness (F)+(E.1)	**(171,3)**
H. Non-current net financial indebtedness	**1,607.7**
G.1 Non-current financial liabilities	120.9
H.1 Total non-current net financial indebtedness (H)+(G.1)	**1,728.6**
TOTAL NET FINANCIAL INDEBTEDNESS (F.1.) + (H.1.)	**1,557.3**

3.3 Interest of the individuals and legal entities in the issuance/offer.

Banco Santander, S.A. and Morgan Stanley & Co. International plc will act as global coordinators and insurance companies for the Capital Increase (jointly the "**Global Coordinators**" or the "**Insurance Companies**").

In turn, Banco Santander, S.A., will act as the Agent Entity in the Capital Increase.

The Underwriters and other entities of their groups provide, and may provide in future, agency or investment or commercial banking services, as well as other services for the Company and its Group, for which they have received, and will continue to receive, the standard fees and expenses for these types of services. Likewise, in the ordinary course of business, the Underwriters and other entities of its groups are, and may be in future, holders of Prisa shares and other financial instruments issued by Prisa or entities of its Group.

Among other services or relationships, but not limited to:

(i) Banco Santander, S.A. is a major Prisa shareholder (see section 18.1 of the Registration Document);

(ii) Banco Santander, S.A. is a creditor to Prisa through its subsidiary, Banco Popular, S.A.

(ii) Morgan Stanley & Co. International plc was the financial advisor to Prisa in the sale of Media Capital.

The Company is not aware of the existence of any link or significant economic interest between Prisa and the entities participating in the Capital Increase, and which are listed in section 10.1 of this Share Securities Note, except for the strictly professional relationship derived from the consultancy described in said section and mentioned in this paragraph.

3.4 Reasons for the offering and use of the income.

This Capital Increase constitutes an essential element within Prisa Group's equity, financial, and corporate restructuring process, aimed at redirecting the financial and equity situation in which the Group finds itself on the date of this Prospectus. This process incorporates a series of measures and strategic actions aimed at strengthening and optimising the Company's financial structure and own resources, which will enable it to pursue greater financial stability, a lower level of financial leverage, as well as the reinforcement of the Group's capital structure. The execution of this process, of which the Capital Increase is an essential part, is presented as a fundamental milestone in the Group's strategy.

This restructuring process comprises the operations described in section *5.1.5 – 2017 and 2018* of the Registration Document.

In terms of the destination of the income, 450 million Euros of the funds from the Capital Increase will be allocated to the repayment of part of the Group's financial debt and the rest will be allocated to the development of the Group's businesses, especially those with a greater growth potential, both in organic and inorganic investment opportunities, and the creation of value for the shareholders.

4. INFORMATION RELATING TO THE SECURITIES WHICH WILL BE OFFERED/ADMITTED TO TRADING

4.1 Description of the type and class of securities offered and/or admitted to trading, with the ISIN Code (international identification number of the security) or another code identifying the security.

The New Shares are common shares of Prisa that are newly issued, each with a nominal value of 0.94 Euros, of the same class and series as the Company shares that are currently in circulation and which will be represented by book entries.

Except for the New Shares, all of the Company's shares are currently admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia through the Spanish Automated Quotation System (Continuous Market) (the "**Spanish Stock Exchanges**").

The ISIN Code of the Prisa shares which are currently in circulation is ES0171743901.

The NNA (National Numbering agency), an entity dependant of the CNMV, has assigned the New Shares a provisional ISIN Code ES0171743935 , until the time they are equivalent to the Company's shares which are currently outstanding. So, once the New Shares are listed, all the Prisa shares will be assigned the same ISIN Code.

For its part, the ISIN Code of the pre-emptive subscription right is ES0671743948.

4.2 Legislation according to which the securities have been created.

The Company shares are governed by the provisions set out in Spanish law and, specifically, by the provisions included in the redrafted text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Corporate Enterprises Act**") and in the redrafted text of the Stock Market Law, approved by Royal Legislative Decree 4/2015, of 23 October (the "**Stock Market Law**"), as well as in the respective implementing regulations that may be applicable.

The public subscription offering derived from the Capital Increase, including the exercise of the pre-emptive subscription rights, the application for Additional Shares (as defined further on) and the applications for subscription of Discretionary Allocation Shares (as defined further on) will be governed and interpreted in accordance with common Spanish law. By means of exercising the pre-emptive subscription rights, the application for Additional Shares and the requests for subscription of Discretionary Allocation Shares, the shareholders and investors irrevocably and unconditionally accept that the Courts and Tribunals of Madrid will have exclusive jurisdiction for resolving any discrepancy that may arise in relation to this public subscription offering and the Capital Increase. The company and the insurance companies have agreed to subject the Insurance Contract and the non-contractual obligations derived from the same to English Law. Any discrepancies that may exist between them under the Insurance Contract will be subject to the jurisdiction of the English courts.

4.3 Indication of whether the securities are registered or are bearer shares and whether the securities are in the form of certificate or book entry. In the latter case, name and address of the entity responsible for carrying these entries.

The Company's shares are represented by book entries and are registered in the corresponding accounting records managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**Iberclear**"), a company with domicile in Madrid, Plaza de la Lealtad, 1 (28014 - Madrid), and of its authorised participant institutions (the "**Participating Institutions**").

In the Extraordinary Meeting of Shareholders meeting of 27 November 2010, common class A shares and convertible class B shares were issued, which were formally endorsed by a depositary bank (Citibank NA), acting in a fiduciary manner merely for the benefit of the beneficial owners of the shares. Simultaneously to the subscription, the depositary bank issued American Depositary Shares ("ADS"), representing the Class A Shares (ADS-A) and the Class B Shares (ADS-B). The ADS representing Class A and Class B Prisa shares have been listed on the New York Stock Exchange (NYSE) until: (i) in the case of ADS-B, the time of their mandatory conversion, in July 2014; and (ii) in the case of ADS-A, the time of their de-listing (requested by the Company), in September 2014. Prisa has maintained its ADS programme in the U.S. through the over-the-counter or OTC market. The ADS can be traded in this market. The Company's share capital is currently represented by common shares, all of the same class and series, having removed the reference to Class A shares. Each Prisa ADS entitles the holder to one common Prisa share. The holders of the ADS have the right to request from the Depositary of such ADS (Citibank NA), the direct delivery of the corresponding shares and their subsequent trading in the Spanish stock markets.

4.4 Issue currency of the securities.

The Company's shares are denominated in Euros (€).

4.5 Description of the rights linked to the securities, including any limitation of said rights, and procedure for exercising them.

Whilst the New Shares are common shares and there are currently no other type of shares representing the Company's share capital, the New Shares will have the same voting and economic rights as the remaining Company shares as of the date on which the Company's Capital Increase related to the New Shares is declared subscribed and paid-in by the Board of Directors or, otherwise, by the executive committee, the chairman or the CEO (the "**Execution Date**").

In particular, it is worth noting the following rights, under the terms foreseen in the Company articles of association and, where appropriate, in the applicable regulation:

4.5.1 Dividend rights:

A. Fixed date or dates on which the rights arise

The New Shares confer their holders with the right to share the corporate profits and the assets resulting from the settlement under the same conditions as the remaining common shares of the Company that are in circulation and, alike the remaining shares that make up the share capital, they do not grant the right to collect a minimum dividend, as they are all common shares.

The New Shares grant the right to share the dividends, remunerations and any other distribution which Prisa agrees or pays its common shareholders as of the Date of Execution.

On the date of the issuance of this Share Securities Note, there are no dividends with charge to financial years prior to the one commenced on 1 January 2017 pending payment to the Prisa shareholders.

Dividends have not been paid out on the Company's common shares since financial year 2011, as a result of the Group's high levels of debt and the restrictions on the distribution of dividends established in the Group's financing agreements (see section **¡Error! No se encuentra el origen de la referencia.** of the Registration Document).

B. Period after which the rights to the dividends expired and an indication of the person in favour of which the expiry acts

The returns arising from the Company shares may be made effective in the form announced for each case, while the limitation period of the right to collection will be that set out in article 947 of the Commercial Code, i.e. five years. The beneficiary of said limitation will be the Company.

C. Restrictions and procedures of dividends for non-resident holders

The Company has no record of the existence of any restriction on the collection of dividends by non-resident holders, without prejudice of the possible withholdings on account of the Non-residents' Income Tax which may be applicable (see section 4.11 below of this Share Securities Note).

D. Dividend rate or method for the calculation, periodicity and cumulative or non-cumulative nature of the payments

The New Shares, alike the remaining shares the make up the share capital of the Company, do not grant their holders the right to receive a minimum divided as they are all common shares. Therefore, the dividend right of said shares will only arise as of the time at which the General Meeting of Shareholders or, where appropriate, the Board of Directors of the Company, agree on a distribution of the corporate profit.

4.5.2 Voting rights.

The New Shares are common shares with voting right. Their holders have the right to attend and vote at the General Meetings and to contest the corporate resolutions, in accordance with the general regime under the Spanish Corporate Enterprise Act and subject to the provisions set out in the Prisa articles of association and, where applicable, in the applicable regulations, which are reflected below.

Insofar as the right to attend the General Meetings of Shareholders, paragraph one of article 16.2 of the Company articles of association states:

> *"Attendance. All shareholders may attend the General Meetings provided they are holders of at least sixty (60) shares registered with the corresponding accounting record of book entries five (5) days prior to the date on which the Meeting is held and who are provided with the corresponding attendance card."*

The Company shareholders may be represented at the General Meeting by another person, although the latter does not necessarily have to be a shareholder.

Prisa's articles of association do not establish restrictions regarding the maximum number of votes that may be issued by a single shareholders or by companies belonging to the same group. Those attending the General Meeting shall have one vote per share, as per article 17.1 of the Company's articles of association:

> "*Each share with voting right which is present or represented at the General Meeting shall have the right to one vote.*"

Without prejudice to the foregoing, in some circumstance certain legal restrictions may be applied to the exercise of the voting right of common shares of the Company, insofar as their holders may be affected by certain conflicts of interest under article 190.1 of the Spanish Corporate Enterprises Act.

4.5.3 Pre-emptive subscription rights in the offers for subscription of securities of the same class.

All the Company's shares grant their holders, under the terms set out in the Spanish Corporate Enterprises Act, the right to pre-emptive subscription in capital increases involving the issuance of new shares (common or privileged) and charged to monetary contributions, and in the issuance of bonds convertible into shares, except for the full or partial exclusion of the aforementioned pre-emptive right in accordance with articles 308, 504, 505 and 506 (for cases of capital increases) and 417 and 511 (for cases of issuance of convertible bonds) of the Spanish Corporation Law.

Likewise, all the Company's shares grant their holders the right to free allocation acknowledged in the Spanish Corporate Enterprises Act itself, for cases involving increases of paid-in capital.

The Company's general meeting held on 20 April 2015 agreed, under point seven of the agenda, to authorise the Board of Directors to increase the share capital within a maximum period of five years, on one or more occasions, by means of monetary contribution and up to half of the share capital on the date of said agreement. Said authorisation includes the power to fully or partially exclude the pre-emptive subscription right, all this with replacement powers in favour of the delegated commission, the chairman of the board of directors or the CEO.

4.5.4 Right to distribution of the issuer's profit.

All of the Company shares confer their holders the right to share the distribution of the corporate profit in proportion to their nominal value under the terms indicated in section 4.5.1 above.

4.5.5 Rights to share any surplus in the event of liquidation.

The New Shares are common shares of the Company, which belong to the same class and series as those currently in circulation. Consequently, the New Shares grant, as of the Date of Execution, the right to share the assets resulting from the liquidation under the same terms as the common shares of the Company which are currently in circulation, all this in accordance with the current Spanish Corporate Enterprises Act and with the articles of association.

4.5.6 Right to information.

The Company shares confer their holders the right to information set out in articles 93.d), 197 and 520 of the Spanish Corporate Enterprises Act, as well as all other rights which, as special manifestations of the right to information, are set out in detail in the articles of said Act and of Law 3/2009, of 3 April, on structural modifications of trading companies, due to dealing with the modification of articles of association, share capital increases and reductions, approval of financial statements, issuance of bonds, whether or not convertible into shares, transformation, merger and spin-off, winding-up and liquidation of the Company, global assignment of assets and liabilities, international transfer of the registered address and other company-related actions or operations.

As of the day of publication of the call to the General Meeting and until the fifth day prior to the day set for holding the first call, included, the Company shareholders may request in writing the information or clarifications relating to the matters included on the agenda, as well as regarding the information that has been made available to the public through the CNMV since the last General Meeting of Shareholders and regarding the report issued by the Company's external accounts auditor. These rights are currently found in articles 6 and 19 of the Regulation of the Company's General Meeting of Shareholders.

The directors will be obliged to facilitate the information requested in the form and within the deadlines foreseen by Law except when such information is necessary for the protection of the rights of the shareholder, or there are objective grounds for considering that it might be used for purposes other than those of the Company or when its publication might prove harmful to the Company or to its associated companies. Information may not be denied for this reason, when the request is supported by shareholders representing at least twenty-five percent (25%) of the share capital. Also, when, prior to its formulation, the requested information is available in a clear, explicit and direct manner to all shareholders on the Company's website under the question-and-answer format, directors may limit their answer to referring to the information provided in this format.

Likewise, in accordance with the provisions set out in the Spanish Corporate Enterprises Act and in article 19 of the Regulation of the Company's General Meeting of Shareholders, the shareholders may verbally request during the meeting any information or clarifications relating to the matters included on the agenda, on the information accessible to the public which the Company may have facilitated to the CNMV since the last general meeting was held and regarding the report issued by the Company's external auditor. If the directors cannot facilitate the requested information in the meeting, this must be facilitated in writing within seven days following the meeting. The directors will be obliged to facilitate the requested information, except for in the cases described in the preceding paragraph.

4.5.7 Redemption clauses.

N/A.

4.5.8 Conversion clauses.

N/A.

4.6 In the case of new issuances, statement of the resolution, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

4.6.1 Corporate resolutions.

The Capital Increase referred to in this Share Securities Note totals a cash amount of up to 563,220,166.80 euros through the issue and entry into circulation of 469,350,139 shares at a subscription price of 1.20 euros per share (a nominal value of 0.94 euros and a share premium of 0.26 euros).

This Capital Increase and the subsequent issue of New Shares will be executed simultaneously in accordance with the following resolutions adopted by Prisa's governing bodies,

(i) Resolution 5.1 of the Company's Extraordinary General Meeting of Shareholders held at first calling on 15 November 2017, agreeing to increase the capital through monetary contributions for a nominal amount of 352,500,000.00 euros by means of the issuance and circulation of 375,000,000 new common shares, each with a nominal value of 0.94 euros, with an issue premium of 0.26 euros per share and for a total cash amount of 450,000,000.00 euros (nominal plus issue premium), with acknowledgement of pre-emptive subscription right and an estimated incomplete subscription. Likewise, it was agreed that a Board of Directors be delegated, with powers for replacement, of the precise powers for executing the agreement and for establishing the conditions of the same in everything not foreseen in the resolution, under the provisions of article 297.1.a) of the Spanish Corporate Enterprises Act, as well as to provide new wording to article 6.1 of the Articles of Association.

(ii) Resolution of the Company's Board of Directors held on 22 January 2018, whereby, under the delegation granted to the Board of Directors by the General Shareholders' Meeting held on 15 November 2017, it was agreed to execute the capital increase referred to in point (i) above, establishing the terms and conditions not foreseen in the aforementioned resolution of the meeting.

(iii) Resolution 7 of the Ordinary General Meeting of Shareholders held on 20 April 2015 whereby the Board of Directors was delegated the powers to increase, on one or more occasions, the Company's capital, with or without an issue premium (including the power to exclude, where applicable, pre-emptive subscription rights) in accordance with the terms, conditions and time periods established in article 297.1. b) of the Spanish Corporate Enterprises Act.

(iv) Resolution of the Company's Board of Directors held on 22 January 2018, whereby, under the delegation granted upon it by the General Shareholders' Meeting held of 20 April 2015, and in accordance with the provisions of article 297.1.b) of the Spanish Corporate Enterprises Act referred to in point (iii) above, it was agreed to (a) increase the capital, whilst recognising the pre-emptive subscription right for the nominal amount of 88.7 million euros by means of the issue and entry into circulation of 94,350,139 new common shares of a nominal value of 0.94 euros each, with an issue premium of 0.26 euros per share and for a total effective amount of 113.2 million euros (notwithstanding the incomplete subscription provision), as well as (b) given that the terms and conditions are identical to those of the increase approved by the Shareholders' Meeting of 15 November 2017, to execute both increases simultaneously.

4.6.2 Authorisations.

The issuance and admission to trading of the New Shares is subject to the general approval and registration regime of the CNMV as established by the Stock Market Law and its implementing norms.

4.7 In the case of new issuances, estimated date for issuance of the securities.

It is expected that the issuance of the New Shares will take place on 19 February 2018 (date on which it is also expected that the public deed of the capital increase will be registered in the Mercantile Registry), as detailed in section 5.1.8 below.

After having carried out the entry with the Mercantile Registry, all notarial affidavits of the Capital Increase deed will be delivered to the CNMV, Iberclear and to the Madrid Stock Market.

4.8 Description of any restriction on the free transferability of the securities.

With exception of the provisions of section 5.1.4 of the Registration Document in relation to the limits to the ownership of holdings or voting rights in providers of television broadcasting communication services (among which are included restrictions to the participation of individuals or legal entities from countries that are not members of the European Economic Area), there are no restrictions to the free transferability of the Company shares, hence the New Shares will be freely transferable, in accordance with the provisions of the Spanish Corporate Enterprises Act, the Stock Market Law and its implementing norms.

4.9 Indications of the existence of any mandatory acquisition offer and/or rules for mandatory removal and repurchase in relation to the securities.

There is no special rule that governs mandatory offers on acquisition or mandatory removal and repurchase of Company shares, except for those deriving from the regulation on public acquisition offers contained in the Stock Market Law and its implementing norm (currently, Royal Decree 1066/2007, of 27 July, on the regime of public offerings for the acquisition of securities).

4.10 Indication of the public acquisition offerings made by third parties over the capital of the issuer, which have taken place during the previous and current years. With the obligation to declare the price or the exchange conditions of these and their result.

No public acquisition offering over the Company shares has been carried out during the current or previous years.

4.11 In reference to the country where the issuer has its head office and the country or countries in which the offering is being made or the admission to trading is requested.

4.11.1 Information on the income tax of the securities which is withheld at source.

Below is a general description, in accordance with the current Spanish law (including its current regulatory development) on the date of approval of this Share Securities Note, of the tax regime applicable to the subscription, ownership and, where appropriate, subsequent transfer of the New Shares.

It should be taken into account that this analysis does not include all possible tax consequence of the aforementioned transactions, or the regime applicable to all investor categories, some of which (such as financial institutions, collective investment institutions, cooperatives or income allocation institutions) may be subject to special standards. Likewise, neither does this description take into account the provincial tax regimes and Economic Agreement in force, respectively, in the Historical Territories of the Basque Country and the Autonomous Community of Navarre, or the regulation approved by the different Autonomous Communities which, in regard to certain taxes, may be applicable to investors.

In particular, the applicable regulation is contained in Law 35/2006, of 28 November, on Personal Income Tax and partial modification of the laws governing Corporation Taxes, Non-residents Income Tax and Capital Gains Tax ("**LIRPF**") and its Regulation, approved by Royal Decree 439/2007, of 30 March, the Redrafted Text of the Non-Residents Income Tax ("**TRLIRnR**"), approved by Royal Legislative Decree 5/2004, of 5 March, and its Regulations, approved by Royal Decree 1776/2004, of 30 July, as well as Law 27/2014, of 27 November, on Corporation Tax ("**LIS**") and Royal Decree 634/2015, of 10 July, which approves the Regulation of the Corporation Tax Law.

In this sense, investors are advised to check with their lawyers in order to determine the fiscal consequences applicable to their specific case.

In the same manner, investors should take into account the changes which current laws may undergo in future, as well as the interpretation that may be made of their content by Spanish tax authorities, which may differ from the interpretation included below.

(1) Indirect taxation in the subscription and transfer of the New Shares

The subscription and, where applicable, subsequent transfer of the New Shares will be exempt from Tax on Capital Transfers and Documented Legal Acts and the Value Added Tax.

(2) Direct taxation derived from the ownership and subsequent transfer of the New Shares

(i) SPANISH-RESIDENT SHAREHOLDERS

This section analyses the tax treatment applicable to investors who are considered Spanish tax residents. In general, Spanish-resident investors will be considered, for these effects, without prejudice to the provisions set out in the Double Taxation Agreements (the "**CDI**") signed by our country, to be institutions that are resident in Spanish territory in accordance with article 8 of the LIS, and the individuals who have their normal residence in Spain, as defined in article 9.1 of the LIRPF, as well as residents abroad who are members of Spanish diplomatic missions, Spanish consulate offices and other official posts, under the terms of article 10.1 of the above-mentioned standard. Equally, Spanish-resident investors for tax purposes will be considered as the Spanish individuals who, ceasing their tax residence in Spain, certify a new tax residence in a tax haven, for the tax period in which the change of residence takes place and for the following four tax periods.

In the case of individuals who acquire their tax residence in Spain as a consequence of their moving to Spanish territory, they may opt for paying their Personal Income Tax ("**IRPF**") or Non-resident Income Tax ("**IRnR**") for the period during which the change of residence takes place and the five following periods provided they meet the requirements listed in article 93 of the LIRPF.

(a) Individuals

(a.1) Personal Income Tax

(a.1.1) Income from capital

In accordance with article 25 of the LIRPF, income from capital will be considered, among others, as dividends, premiums for attending general meetings, returns from the constitution or assignment of rights or powers for use and enjoyment of the New Shares and, in general, stakes in the profit of the Company as well as any other use received from said entity due to being a shareholder.

The income from capital obtained by the shareholders as a consequence of owning the New Shares will be made up by the net return resulting from deducting, where appropriate, the administration expenses and deposit of its gross amount, but not those relating to the management on a discriminatory, client-by-client basis of the portfolio, on the tax base of the saving of the financial year in which they are payable by the beneficiary, taxed at a fixed rate of 19% (for the first 6,000 Euros of income from the saving obtained by the individual), of 21% (for income between 6,000.01 and 50,000 Euros) and of 23% (for income exceeding 50,000 Euros).

For its part, the income obtained as a consequence of the distribution of the issue premium of shares admitted to trading in any of the regulated stock markets defined in Directive 2004/39/EC of the European Parliament and of the Commission, of 21 April 2004 (such as the New Shares) will reduce, until its cancellation, the acquisition value of the affected securities and only the excess which may result will be taxed as income from capital, under the terms indicated in the preceding paragraph.

In general, the shareholders with be subject to a withholding in concept of personal income tax (IRPF) of 19% on the total amount of profit distributed. The withholding on account will be deductible from the chargeable amount of the aforementioned tax and, in the event of this being insufficient, will give rise to the returns foreseen in article 103 of the LIRPF. As an exception, the withholdings on account of the distribution of the issue premium are not applicable.

(a.1.2) Capital gains and losses

The variations in the value of the taxpayers' assets due to personal income tax which are brought to light due to any change in said assets will give rise to capital gains or losses which, in the case of the New Shares being transferred for a valuable consideration, these will be quantified as the negative or positive difference, respectively between the acquisition value of these securities and their transfer value, which will be determined (i) by their trading value on the date on which the transfer takes place or (ii) by the agreed price when this is greater than the trading price.

When there are equal securities, for the purpose of determining the acquisition value and the alteration in assets for personal income tax purposes, it shall be deemed that those transferred are the ones which were acquired in the first place.

Both the acquisition value and the transfer value will be increased or decreased, respectively, in the costs and taxes inherent to said operations that would have been paid by the buyer or the transferor, respectively.

The equity profits and losses which are stated as a consequence of the transfers of the New Shares, will be integrated and compensated in the tax base of the savings for the tax period in which the capital changes take place, taxed during the 2017 tax period at 19% for the first 6,000 Euros of income from savings obtained by an individual, at 21% for income between 6,000.01 Euros and 50,000 Euros, and at 23% for income exceeding 50,000 Euros.

Capital gains derived from the transfer of the New Shares are not subject to withholdings. Lastly, certain losses derived from the transfers of the New Shares will not be considered as capital losses when equal securities have been acquired within two months before or after the transfer date that originated the stated loss. In these cases, capital losses will be recorded to the extent in which the transfer is carried out regarding the securities that still remain part of the taxpayer's assets.

(a.1.3) Pre-emptive subscription rights

Transfers of pre-emptive subscription rights in respect of Company shares or subscription of New Shares do not generate income for the purposes of personal income tax.

As of 1 January 2017, the amount obtained from the sale of the pre-emptive subscription rights over the Company shares will be considered as capital gains for the transferor in the tax period in which the transfer takes place, and will be subject to a personal income tax withholding at a rate of 19% for the depositary institution and, failing this, the financial intermediary or notary public who have intervened in the transfer.

This capital gain, when brought to light through the transfer of pre-emptive subscription rights which correspond to New Shares, will be integrated and set-off in the tax base of the savings, taxed during the 2017 tax period at a fixed rate of 19% for the first 6,000 Euros of income from savings obtained by an individual, at 21% for income between 6,000.01 Euros and 50,000 Euros, and at 23% for income exceeding 50,000 Euros.

(a.2) Wealth Tax

The shareholders who are individuals and residents in Spanish territory are subject to Wealth Tax ("**WT**") for the total net assets who are holders at 31 December, regardless of the place where their assets are located or where their rights may be exercised.

The taxation will be required in accordance with the provisions of Law 19/1991, of 6 June, of the Wealth Tax ("**WT Law**") which, to this effect, sets a minimum amount of 700,000 Euros which is exempt, in accordance with a taxation scale whose marginal types range from 0.2% and 2.5%, all this without prejudice of the specific regulation approved, where appropriate, by each Autonomous Community.

Those individuals who are residents for tax purposes in Spain and acquire New Shares and are obliged to submit WT return, must declare the New Shares they own on 31 December of each year, which will be calculated based on the average trading value for the fourth quarter of said year. Every year, the Ministry of Finance and the Civil Service publishes the average trading value for the purposes of the tax.

In accordance with Article 4 of Royal Decree-Law 3/2016 of 2 December 2016 adopting measures in the tax domain to reinforce public finances and other urgent measures in the social domain ("**RDL 3/2016**"), from 1 January 2018 onward this tax will be eligible for a 100% rebate. There will be no duty to file tax returns or self-assessments, unless an extension to the term of the effect of the tax is approved.

(a.3) Inheritance and Gift Tax

Transfers of shares for value (by reason of death or as a gift) to natural persons who are resident in Spain are subject to Inheritance and Gift Tax (*Impuesto sobre Sucesiones,* **"ISD"**) under Law 29/1987 of 18 December. The taxable person is the acquirer of the securities, subject to any specific laws and regulations adopted by each Autonomous Community. The tax rate applicable to the taxable amount ranges from 7.65% to 34%. Once the full charge has been calculated, multipliers are applied on the basis of the taxpayer's pre-existing wealth and his or her degree of kinship with the deceased or the donor. The effective tax rate as finally calculated can range from 0% to 81.6% of the taxable amount.

(b) Corporations

(b.1) Corporate income tax

(b.1.1) Dividends

The persons liable to Corporate Income Tax (*Impuesto sobre Sociedades*, **"IS"**), or persons who are chargeable to Non-Resident Income Tax and act for these purposes in Spain through a permanent establishment, must include within their taxable income the full amount of dividends or profit-sharing received by virtue of ownership of securities, and the costs inherent in such ownership, in the manner provided in Article 10 *et seq* of the Corporate Income Tax Law (*Ley del Impuesto sobre Sociedades*, **"LIS"**). The general tax rate is 25%.

If the share premium account is distributed, the amount received by corporate income taxpayers will reduce (as far as zero) the value for tax purposes of the affected securities, and only the excess over that value becomes part of taxable income.

However, dividends and profit-sharing may be eligible for an exemption from Corporate Income Tax under Article 21 LIS if the direct or indirect percent holding in the capital or equity of the entity is at least 5% or the acquisition value of such holding exceeds 20 million euros. For an exemption to apply, the holding must be held uninterruptedly for one year before the day on which the distribution falls due or, failing this, the holding must be held subsequently for as long as necessary for that period to be completed.

If the Company receives dividends, shares in profit or income from the transfer of securities representing the capital or equity of entities in a proportion of more than 70% of its revenue, the exemption is subject to complex requirements, which in essence call for the shareholder to have an indirect holding in such entities of at least 5% of share capital, unless those subsidiaries satisfy the requirements under Article 42 of the Commercial Code for forming part of the same company group as the directly held investee and report consolidated financial statements. Investors are advised to consult their lawyers to ascertain whether or not the requirements of this exemption are satisfied in their specific case.

Moreover, in the 2017 tax period, taxable persons for corporate tax will be subject to a withholding of 19% of the full amount of distributed profit, unless they attract any of the exclusions from withholding tax under prevailing laws and regulations, in which event no withholdings shall apply. Distribution of the share premium account is not subject to corporate income tax withholdings.

Withholdings are deductible from the corporate income tax charge and, if greater than the final charge, will give rise to a refund under Article 127 LIS.

(b.1.2) Pre-emptive subscription rights

Transfers of pre-emptive subscription rights in respect of Company shares or subscription of New Shares do not generate income for the purposes of corporate income tax.

The proceeds of sale of pre-emptive subscription rights are not subject to withholdings. The accounting gain or loss on the sale becomes part of taxable income in accordance with the general rules of corporate income tax.

(b.1.3) Income from transfer of New Shares

Any gain or loss on a transfer for value of New Shares or any other economic change in connection with them will form part of the taxable income of persons liable to corporate income tax, or to non-resident income tax and acting for these purposes through a permanent establishment in Spain, in the manner set out in Article 10 et seq LIS. The general tax rate is 25%. However, the deductibility of any loss on transfer of New Shares may be subject to temporary or permanent restrictions. Investors are advised to consult their lawyers as to whether or not such restrictions apply to their specific case.

Income from transfers of New Shares is not subject to withholdings.

Gains on transfers of holdings in entities generally may be eligible for an exemption from Corporate Income Tax under Article 21 LIS if the direct or indirect percent holding in the capital or equity of the entity is at least 5% or the acquisition value of such holding exceeds 20 million euros. For the exemption to apply, the holding must be held uninterruptedly for one year before the day on which the transfer occurs.

If the Company receives dividends, shares in profit or income from the transfer of securities representing the capital or equity of entities in a proportion of more than 70% of its revenue, the exemption is subject to complex requirements, which in essence call for the shareholder to have an indirect holding in such entities of at least 5% of share capital, unless those subsidiaries satisfy the requirements under Article 42 of the Commercial Code for forming part of the same company group as the directly held investee and report consolidated financial statements. Investors are advised to consult their lawyers to ascertain whether or not the requirements of this exemption are satisfied in their specific case.

(b.2) Wealth Tax

Persons liable to corporate income tax are not liable to wealth tax.

(b.3) Inheritance and Gift Tax

Persons liable to corporate income tax are not liable to inheritance and gift tax, and any income obtained for value will be taxed under the rules of corporate income tax.

(ii) NON-SPANISH-RESIDENT SHAREHOLDERS

This section discusses the tax treatment applicable to shareholders who are not resident in Spain and are the beneficial owners of New Shares. However, this section does not apply to persons who operate in Spain by means of a permanent establishment, the tax system for which is described in the section on shareholders who are liable to corporate income tax. A non-resident shareholder is a natural person who is not liable to Spanish personal income tax or an entity that is not resident in Spain in accordance with Article 6 of the restated Non-Resident Income Tax Law (TRLIRnR).

The tax system is described in outline. The special features of each taxpayer must be taken into account, including any rules that may apply under the DTAs between third countries and Spain.

(a.1) Non-Resident Income Tax

(a.1.1) Income from capital

Dividends and other returns from holdings in the equity of an entity obtained by natural persons or entities that are non-resident in Spain and act for these purposes without a permanent establishment in Spain are subject to non-resident income tax for the 2017 tax period at the general rate of 19% of the full received amount.

The proceeds of distribution of the share premium account in respect of shares admitted to trading on any regulated securities market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (such as the New Shares) will reduce (as far as zero) the acquisition value of the affected securities, and only such excess as there may remain will be subject to non-resident income tax as income from capital.

However, profits distributed by Spanish-resident subsidiaries to their parent companies resident in other Member States of the European Union or to their permanent establishments situated in other Member States are exempt if the following conditions are met:

1. Both companies are subject to and not exempt from any tax on corporate profits in the Member States of the European Union within the meaning of Article 2 (c) of Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, and the permanent establishments are subject to and not exempt from taxation in the State in which they are based.
2. The distribution of profit is not a consequence of liquidation of the subsidiary.
3. Both companies are in one of the legal forms provided for in the Annex to Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States.

A parent company is an entity that holds a direct or indirect interest of at least 5% in the capital of another company, or an interest having an acquisition value exceeding 20 million euros. The latter is deemed to be a subsidiary. The holding must have been held uninterruptedly for one year before the day on which the profit distribution falls due or, failing this, must be held for such time as may be required to complete one year.

The exemption also applies to profit distributed by Spanish-resident subsidiaries to their parent companies resident in the Member States of the European Economic Area or to the permanent establishments of such parent companies located in other Member States, provided that the requirements of the Non-Resident Income Tax Law (LIRnR) are satisfied.

The exemption does not apply if the dividend is obtained through a territory listed as a tax haven. The exemption does not apply either if a majority of voting rights at the parent company are directly or indirectly held by individuals or corporations that are not resident in

Member States of the European Union or of the European Economic Area with whom effective information exchange on tax matters is in place within the meaning of additional provision 1 (4) of Law 36/2006, of 29 November (Tax Evasion Prevention Law), except if the structure and operations of such parent company are consistent with valid economic motives and substantive business reasons.

As a rule, on payment of the dividend the Company will deduct non-resident income tax withholdings at a rate of 19%. Distribution of the share premium account is not subject to non-resident income tax withholdings.

However, if the recipient's tax residence attracts the application of a DTA entered into by Spain or an internal exemption, the reduced tax rate prescribed by the DTA for such income will apply, or the internal exemption will apply, subject to proof of the shareholder's tax residence in the manner required by prevailing laws and regulations. A special procedure is in effect for these purposes under the Order of the Ministry of Economy and Finance of 13 April 2000 to apply withholdings to non-resident shareholders at the correct rate in each specific case or forgo withholdings if the payment procedure involves banks that are domiciled, resident or represented in Spain and are the depositories or manage the collection of income from such securities.

Under this statutory instrument, on distribution of the dividend the Company must apply a withholding on the full amount of the dividend at a rate of 19% in 2017 and transfer the net amount to the depositories. Depositories that prove, in the manner prescribed by the Order, that they are entitled to apply reduced withholdings to their customers, or none at all, will immediately receive, for payment to such customers, any excess withheld amount. For their part, shareholders must submit to the depositary before the 10th day of the month following the month in which the dividend was distributed a certificate of tax residence issued by the relevant tax authority of their country of residence. If applicable, the certificate must state expressly that the investor is tax-resident within the meaning of the applicable DTA; or, if a taxation ceiling is applied under a DTA implemented by an Order that prescribes the use of a specific form, then that form must be submitted instead of a certificate. The tax-residence certificate referred to above is usually valid for these purposes for one year from its issue date, and must refer to the tax period in which the dividend was distributed.

If an exemption applies or, under a DTA, the withholding tax rate should be lower than the statutory rate, and the shareholder has been unable to prove his/her/its residence for tax purposes within the prescribed period, he/she/it may apply to the Spanish revenue agency for a refund of any excess withholdings, subject to the procedure and the statement template under Order EHA/3316/2010 of 17 December 2010.

At all events, after non-resident income tax withholdings have been applied or the applicability of an exemption has been acknowledged, non-resident shareholders need not file any non-resident income tax return in Spain.

Investors are advised to consult with their lawyers on the steps to take in each case to seek the refund from Spain's revenue agency.

(a.1.2) <u>Capital gains and losses</u>

Under the restated Non-Resident Income Tax Law (TRLIRnR), capital gains obtained by non-resident individuals or entities with no permanent establishment in Spain by reason of transfer of the New Shares, or any other capital gain related to New Shares, are subject to non-resident income tax, and are generally quantified in accordance with the rules set out in the Personal Income Tax Law (LIRPF). Specifically, capital gains on transfer of shares are chargeable to non-resident income tax in the 2017 tax period at a rate of 19%, unless an internal exemption or a DTA entered into by Spain applies, in which event the provisions of the DTA prevail.

Under Spain's national law, the following capital gains are exempt:

(i) Gains on transfer of New Shares on Spanish organised securities exchanges obtained without a permanent establishment in Spain by individuals or entities resident in a State that has in place with Spain a DTA that includes an information exchange clause, provided that such gains are not obtained through countries or territories listed in regulations as tax havens.

(ii) Gains on transfer of New Shares obtained without a permanent establishment in Spain by individuals or entities who are tax-resident in other Member States of the European Union, or by the permanent establishments of such residents in other Member States of the European Union, provided that they have not been obtained through countries or territories listed in regulations as tax havens. The exemption does not extend to capital gains on transfers of shares or rights of an entity if (i) the assets of such entity directly or indirectly consist mainly of real estate in Spain or (ii), in the case of a non-resident transferor who is an individual, at any time in the 12 months before the transfer the transferor has directly or indirectly held 25% or more of the company's capital or equity, and (iii), for transferors that are non-resident entities, the transfer falls short of satisfying the requirements for application of the exemption under Article 21 LIS.

The capital gain or loss is calculated and taxed separately for each transfer. Gains and losses on several transfers cannot be offset as among themselves. The amounts are quantified in accordance with the rules under Article 24 of the Non-Resident Income Tax Law.

Under the Non-Resident Income Tax Law, capital gains obtained by non-residents having no permanent establishment are not subject to non-resident income tax withholdings or prepayments.

Non-resident shareholders must file tax returns and pay in any resulting tax debt. Returns may be filed and payments made by a shareholder’s tax representative in Spain or by the depository or manager of the shares subject to the procedure and tax return template under Order EHA/3316/2010 of 17 December 2010.

If an exemption applies under Spanish law or a DTA, the non-resident investor concerned must prove his/her/its entitlement by submitting a tax-residence certificate issued by the relevant tax authority of his/her/its country of residence (which must, as applicable, expressly state that the investor is resident in that country within the meaning defined in the applicable DTA), or the form prescribed by the Order implementing the applicable DTA. The tax-residence certificate is usually valid for these purposes for one year from its issue date, and must refer to the tax period in which the capital gain was made.

(a.1.3) Pre-emptive subscription rights

Transfers of pre-emptive subscription rights in respect of Company shares or subscription of New Shares do not generate income for the purposes of non-resident income tax.

From 1 January 2017 onward, the proceeds of sale of pre-emptive subscription rights over New Shares will be deemed to be capital gains for the transferor in the tax period in which the transfer occurs, and will be taxable in accordance with the criteria set out in the foregoing section.

(a.2) Wealth Tax

Individuals who are not resident in Spain in accordance with Article 9 of the Personal Income Tax Act (LIRPF), and who at 31 December own assets located in Spain or rights that are to be exercised or honoured in Spain. Such rights are chargeable to wealth tax (*Impuesto sobre el Patrimonio*, "IP"), but persons liable may apply the reduction resulting from the exempt minimum of 700,000 euros under the general assessment scale of the tax, the marginal rates of which range from 0.2% to 2.5% for 2017.

The Spanish authorities have so far taken the view that the shares of a Spanish company are to be regarded as assets located in Spain for tax purposes at all events.

If they are in the event chargeable to wealth tax, the New Shares owned by non-resident individuals and admitted to trading on a Spanish organised securities exchange will be measured at their average quoted price for the fourth quarter of each year. The Ministry of Finance and the Civil Service annually publishes the average quoted price for the purposes of the tax.

In accordance with Article 4 of Royal Decree-Law 3/2016 of 2 December 2016, from 1 January 2018 onward this tax will be eligible for a 100% rebate (unless an extension to the term of the effect of the tax is decided). There will be no duty to file tax returns or self-assessments.

Individuals who are resident in a Member State of the European Union or of the European Economic Area are entitled to application of the laws and regulations specific to the Autonomous Community where the majority, by value, of their assets and rights are based and for which the tax is chargeable, by reason of their being located in Spain, or to be exercised or honoured in Spain. Investors are advised to consult their lawyers or tax advisers.

Finally, entities that are not resident in Spain are not liable to this tax.

(a.3) Inheritance and Gift Tax

Without prejudice to the provisions of DTAs entered into by Spain, acquisitions for value by non-Spanish-resident individuals, whatever the tax residence of the transferor, are subject to Inheritance and Gift Tax ("ISD") if the acquisition concerns assets in Spain or rights to be exercised or honoured in Spain. The Spanish tax authorities have so far taken the view that the shares of a Spanish company are to be regarded as assets located in Spain for tax purposes at all events.

Where assets or rights are acquired by inheritance, legacy or any other form of succession, provided that the deceased was resident in a Member State of the European Union or of the European Economic Area other than Spain, persons liable will be entitled to application of the laws and regulations specific to the Autonomous Community where the majority, by value, of the assets and rights in Spain of the inheritance are situated. Investors are advised to consult their lawyers or tax advisers.

Similarly, on acquisition of personal property by gift or any other legal act that is gratuitous and *inter vivos*, non-resident persons liable who are resident in a Member State of the European Union or of the European Economic Area are entitled to application of the laws and regulations specific to the Autonomous Community where such personal property was situated for the largest number of days, counted from date to date, within the period of five years immediately preceding the end of the day before the accrual of the tax. Investors are advised to consult their lawyers or tax advisers.

Companies that are non-resident in Spain and not liable to the tax, and any income they obtain for value, are generally taxed as capital gains in accordance with the rules of non-resident income tax described above, subject to any applicable provisions of DTAs.

Non-resident shareholders are advised to consult their tax advisors on the terms on which inheritance and gift tax might apply in each specific case.

4.11.2 Indication of whether the issuer assumes responsibility for tax withholdings at source.

The Company, as issuer and payer of any income that may arise from ownership of the New Shares, assumes responsibility for applying relevant tax withholdings in Spain in accordance with prevailing laws and regulations.

4.11.3 Potential withholdings under the Foreign Account Tax Compliance Act

Under the US Internal Revenue Code of 1986 provisions known as the Foreign Account Tax Compliance Act – FATCA ("**FATCA Rules**"), non-US financial institutions (i.e., including Spanish financial institutions) may be under a duty in some cases to deduct tax withholdings of 30% from payments deemed to be from a US source and directed to a non-US financial institution that is not compliant with the FATCA Rules ("**Non-Reporting Financial Institution**"). Non-US financial institutions involved in payments made for New Shares may be compelled to deduct tax withholdings of 30% from payments under the New Shares deemed to come from a US source and directed to any Non-Reporting Financial Institution (including any financial intermediary acting for any holder of New Shares), and to holders of financial accounts that fail to report the information required by financial institutions with which they operate to fulfil the latter's duties and obligations under FATCA.

Leaving this aside, in future, payments under the New Shares may be deemed for the purposes of the FATCA Rules to be "foreign passthru payments" (payments from a non-US source to the extent that they are attributable to a payment from a US source that is subject to FATCA withholdings). Such payments are subject to the 30% withholdings under FATCA if made to a Non-Reporting Financial Institution or to the holder of a financial account who fails to report the information required under FATCA. For these purposes, the duty to deduct withholdings from foreign passthru payments does not apply before 1 January 2019 or the date of publication of the statutory instrument defining the concept of "foreign passthru payments", if this were later.

FATCA is an especially complex set of regulations. Hence prospective subscribers for the New Shares should consult their lawyers on how those rules might bear upon their specific situation.

The concepts and terms referred to in this section carry the meaning set out in the applicable FATCA rules.

4.11.4 Information on tax on income from the securities withheld at source in countries other than Spain where the offer is being made or admission to trading is being sought

N/A

5. TERMS AND CONDITIONS OF THE OFFERING

5.1 Conditions, offering statistics, expected timetable and action required to apply for the offering

5.1.1 Conditions to which the offering is subject.

The Capital Increase is not subject to any conditions.

5.1.2 Total amount of the issue/offering, distinguishing between securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offering.

Although the offering may not be fully subscribed, the Capital Increase will be effected at a nominal amount of 441,189,130.66 euros, and a total cash amount of 563,220,166.80 euros, taking the form of the issue and placing in circulation of 469,350,139 newly issued common shares, each with a nominal value of 0.94 euros, all being of the same class and series as the shares now outstanding. The New Shares will be issued with an issue premium of 0.26 euros per share, making for a total share premium account of 122,031,036.14 euros, and an issue price (nominal plus premium) of 1.20 euros per New Share (the "**Subscription Price**"). The Subscription Price represents a discount of 51.61% with respect to the quoted price of the Company's shares at the market close of 24 January 2018 (Euros 2.480) and a discount of 14.51% with respect to the value resulting from deducting from that quoted price the theoretical ex-rights price (or “TERP”) (see section 5.1.3(B) of this Share Securities Note).

The capital increase resolutions determining the issue of the New Shares, referred to in section 4.6 of this Share Securities Note, expressly made provision for the possibility of incomplete subscription. Therefore, if the Capital Increase were not fully subscribed within the respective time limits, capital shall be increased only in the amount of the subscriptions actually made. Notwithstanding the foregoing, as described in section 5.4.3 of this Share securities note, dated 24 January 2018, Prisa has entered into an Underwriting Agreement with Insurance Companies.

At the expiry of the subscription period, the Board of Directors (or, as the case may be, the delegated commission, the chairman of the board or the CEO) will determine the effective amount of the Capital Increase, which will be made public as soon as practicable by filing an appropriate price-sensitive information report with the Spanish securities market regulator, CNMV.

If the New Shares were fully subscribed for, they would account for approximately 528.38% of the Company's share capital before the Capital Increase, and approximately 84.09% after the Capital Increase.

5.1.3 The time period, including any possible amendments, during which the offering will be open and description of the application process.

A. Planned timetable for the Capital Increase

The Company expects that the Capital Increase will take place in accordance with the following estimated timetable:

Action	**Estimated date**
Board resolution setting terms and conditions of the Capital Increase	22 January 2018
Material event announcing the Capital Increase	23 January 2018
Signature of the Underwriting Agreement	24 January 2018
Approval and registration of the Prospectus at the CNMV	25 January 2018
Material event reporting the registration of the Prospectus at the CNMV, the formalisation of the Underwriting Commitment and the Pre-emptive Suscription Period.	25 January 2018
Publication of the announcement in the Official Journal of the Mercantile Registry ("**BORME**") and last listing date of the shares "with rights" ("*Last trading Date*")	26 January 2018
Start of the Pre-emptive Subscription Period (1st round) and application for Additional Shares	27 January 2018
First listing date of the shares of the Company "without rights" ("*Ex-Date*") and beginning of the listing of pre-emptive subscription rights	29 January 2018
Cut-off date on which Iberclear will determine the positions for the allocation of pre-emptive rights ("*Record Date*")	30 January 2018
Date of payment ("*Payment Date*") of the pre-emptive subscription rights by Iberclear	31 January 2018
Completion of the listing of pre-emptive subscription rights	9 February 2018
End of the Pre-emptive Subscription Period and application for Additional Shares	10 February 2018
As applicable, Allocation Period of Additional Shares (2nd round)	15 February 2018
Material event, communicating the New Shares subscribed during the Pre-emptive Subscription Period and, as the case may be, during the Allocation Period of Additional Shares and, if applicable, the initiation of the Discretionary Allocation Period.	15 February 2018
Start, if applicable, of the Discretionary Allocation Period (3rd round)	15 February 2018
If applicable, the final date for the end of the Discretionary Allocation Period. In the event of the opening of the Discretionary Allocation Period, a material event communicating the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period.	16 February 2018
Disbursement by the Participating Entities in Iberclear to Banco Santander, S.A. (as the Agent Entity) of the New Shares subscribed during the Pre-emptive Subscription Period and, as applicable, the Allocation Period of Additional	16 February 2018

Action	Estimated date
Shares.	
Where applicable, disbursement by the Global Coordinators (who are the Underwriters), acting in turn on behalf of the final beneficiaries, of the New Shares that would have been placed during the Period of Discretionary Allocation ("pre-financing") or whose subscription corresponds to the Insurers in compliance with their respective underwriting commitments.	16 February 2018
Agreement to execute the Capital Increase (“Execution Date”)	16 February 2018
Granting of the public deed of Capital Increase	16 February 2018
Registration of the public deed of Capital Increase with the Mercantile Registry	19 February 2018
Material event reporting the execution of the increase agreement, granting and inscription of the deed in the date envisaged for the start of listing of New Shares	19 February 2018
Registration of New Shares in Iberclear (registration of shares)	19 February 2018
Admission to listing of the New Shares by the CNMV and the Spanish Stock Exchanges	19 February 2018
Execution, as the case may be, of the special stock exchange transaction for the transfer of the Discretional Allocation Shares by the Global Coordinators to the final recipients (the "**Special Stock Market Transaction**").	19 February 2018
Material event reporting the admission to listing of the New Shares	19 February 2018
Estimated start date for the listing of the New Shares	20 February 2018
Settlement, as the case may be, of the Special Stock Market Transaction	21 February 2018

The Company has established the above schedule according to the most probable dates on which each of the milestones described therein is expected to take place. The dates indicated are merely estimates and there is no certainty that the actions described will take place on such dates.

If there is a delay in the envisaged calendar, the Company will inform the market and the CNMV as soon as possible by means of the corresponding material event.

As soon as the approval and registration of the Share Securities Note is verified by the CNMV, Banco Santander, S.A., in its capacity as Agent Entity, in the instructions sent to all Participating Entities through Iberclear, will inform them of the deadlines and phases for processing the Capital Increase.

B. Pre-emptive Subscription Period and, if applicable, request for Additional Shares (first round)

The shareholders of the Company are acknowledged to have a pre-emptive right to the New Shares in accordance with the following terms:

(i) Assignment of pre-emptive rights

Shareholders of the Company shall have a right to pre-emptive subscription when they have acquired their shares up to 26 January 2018 (publication date of the announcement in the BORME —“Last trading Date”—) and which are registered as shareholders in Iberclear at

23:59 hours of 30 January 2018 (cut-off date or "Record Date") (the "**Legitimate Shareholders**").

(ii) Pre-emptive subscription rights

In accordance with the provisions of Art. 304 of the Spanish Corporate Enterprises Act, the Legitimate Shareholders may exercise, within the Pre-emptive Subscription Period (as this term is defined later), the right to subscribe a number of New Shares proportional to the par value of their holdings.

With regards to the direct and indirect treasury stock, it is hereby stated that the Company has 270,725 own shares in direct treasury stock, representing approximately 0.30% of its share capital, at the date of this Prospectus. In accordance with the provisions of Art. 148 of the Spanish Corporate Enterprises Act, shares in direct treasury stock will not receive pre-emptive subscription rights. The rights that would have corresponded to this treasury stock will accrue directly to the remaining shareholders. To avoid altering the calculation of the pre-emptive subscription rights necessary to subscribe New Shares, Prisa will have, at 23:59 hours of the day of the publication of the announcement of the Capital Increase in the BORME, the same number of shares in direct treasury stock . The Company has no shares in indirect treasury stock.

The calculations made to determine the number of subscription rights that are necessary for the subscription of New Shares are included below:

- Total number of shares of the Company: 88.827.363
- Number of shares owned by Prisa in direct treasury stock at the registration date of this Share Securities Note: 270.725
- Number of shares with pre-emptive subscription rights: 88.556.638
- Number of shares of shareholders that have waived their pre-emptive subscription right: 8
- Number of shares with pre-emptive subscription rights that have not been waived: 88.556.630
- Number of New Shares: 469.350.139
- New Shares / Number of shares with pre-emptive subscription rights that have not been waived = 469,350,139 / 88,556,630 = 5.3

Each Legitimate Shareholder shall have a pre-emptive subscription right for each share they hold. For each 10 pre-emptive subscription rights, 53 New Shares may be subscribed. Thus, to subscribe 53 New Shares in execution of the pre-emptive subscription right, and at the Subscription Price, it will be necessary to hold at least 10 pre-emptive subscription rights.

Each New Share subscribed in execution of the pre-emptive subscription right must be subscribed and paid at the Subscription Price; that is 1.20 Euros.

(iii) Transferability of rights

The pre-emptive subscription rights will be transferable under the same conditions as the shares from which they are derived, in accordance with the provisions of Art. 306.2 of the Spanish Corporate Enterprises Act, and will be tradable on Spanish Stock Exchanges.

(iv) Exercise of rights

The pre-emptive subscription period will last fifteen calendar days, and will begin on the day following the publication of the announcement of the Capital Increase in the BORME (the "**Pre-emptive Subscription Period**"). It is envisaged that the Pre-emptive Subscription Period will commence on 27 January 2018 and end on 10 February 2018, both inclusive. The pre-emptive subscription rights will be traded during stock-market sessions falling between said dates, the first being that of 29 January 2018 and the final one that of 9 February 2018. The Legitimate Shareholders holding at least 10 pre-emptive subscription rights at the end of said period, as well as third-party investors that acquire such rights in the market during the Pre-emptive Subscription Period (the "**Investors**"), may exercise their rights in the proportion necessary to subscribe New Shares.

Pre-emptive subscription rights not exercised will be automatically terminated at the end of the Pre-emptive Subscription Period.

To exercise pre-emptive rights, Legitimate Shareholders and Investors may contact the office of the Participating Entity in whose books pre-emptive subscription rights have been registered (which in the case of the Legitimated Shareholders will be the Participating Entity in which the shares conferring rights are deposited), indicating their willingness to exercise the aforementioned subscription right.

The orders that are processed referring to the exercise of the pre-emptive subscription right will be understood as made with a definitive, irrevocable, and unconditional character; they may not be revoked or modified by the holders of the pre-emptive subscription rights, except in the case that a supplement to the Prospectus is published prior to the close of the public offering.

(v) Application for Additional Shares.

During the Pre-emptive Subscription Period, the Legitimate Shareholders who have exercised all of the pre-emptive subscription rights that they have deposited at that moment in the Participating Entity in question, and the Investors that acquire pre-emptive subscription rights and exercise them in full, may request, at the time of exercising said rights, through the Participating Entity in which they have deposited them, the subscription of additional New Shares (the "**Additional Shares**") in the event that at the end of the Pre-emptive Subscription Period there remain New Shares not subscribed in the exercise of the pre-emptive subscription right (the "**Surplus shares**") and, therefore, the maximum amount to be subscribed in this Capital Increase would not have been covered.

Orders related to the application for Additional Shares must be formulated for a number of shares or for a specific amount and will not have a quantitative limit. Orders made for a specific amount shall be deemed as made for the number of Additional Shares resulting from dividing the amount requested in Euros by the Subscription Price, and rounded down to the nearest whole number of Additional Shares.

The Participating Entities will be responsible for verifying that the Legitimate Shareholders and the Investors requesting Additional Shares have exercised all of the pre-emptive subscription rights that they have deposited at that moment in the Participating Entity in question.

Without prejudice to the possibility of only partial processing, the orders relating to the application for Additional Shares shall be deemed to be made with a definitive, irrevocable and unconditional nature. They cannot be revoked or changed, unless a supplement to this Prospectus is published before the public offering is closed.

(vi) Communications from the Participating Entities to the Agent Entity.

During the Pre-emptive Subscription Period, the Participating Entities will communicate daily to Banco Santander, S.A., which will act as the agent entity of the Capital Increase (the "**Agent Entity**"), and no later than 5 p.m., by email, the total number of New Shares subscribed in the exercise of the pre-emptive subscription right and the total number of Additional Shares requested, in all cases in accumulated terms from the beginning of the Pre-emptive Subscription Period.

The Participating Entities must communicate to the Agent Entity, on behalf of their principals and, if applicable, in their own name, the total volume of subscriptions of new Shares made before them in execution of the pre-emptive subscription right and, separately, the total volume of subscription applications for Additional Shares made to them, no later than 9:00 a.m. on the fourth trading day following the end of the Pre-emotive Subscription Period (that is, foreseeably, on 15 February 2018), following the operating instructions established for this purpose by the Agent Entity.

Finally, the Participating Entities must send the Agent Entity the relevant swift messages containing the information on the New Shares subscribed in the Pre-emptive Subscription Period and the Additional Shares requested, which must comply with the specifications of the Practical Guide for Communication between Depositary Entities and the Agent Entity for the Processing of Corporate Events Produced by AEB-CECA on 1 September 2017, no later than 9:00 a.m. Madrid time on the fourth business day following the end of the Pre-emptive Subscription Period (that is, foreseeably, 15 February 2018). The messages must be received by the Agent Entity in accordance with the aforementioned Practical Guide, without it under any circumstances being the responsibility of the Agent Entity to verify the integrity and accuracy of the data provided by the Participating Entities. Errors or omissions in the information provided by the Participating Entities, defects in the messages sent and, in general, breach of the provisions of this section by the Participating Entities will be the sole responsibility of the Participating Entities, without the Agent Entity assuming any liability in this respect.

The Agent Entity may not decline those communications from the Participating Entities that have been transmitted after the date or time indicated, or those that do not meet any of the requirements or instructions required for such communications in this Share Securities Note, or in current legislation, without any liability on their part and without prejudice to any liability that the infringing Participating Entity could incur in respect of the holders of orders presented to said Entity within the deadline.

The full disbursement of the Subscription Price of the New Shares subscribed during the Pre-emptive Subscription Period must be carried out in accordance with the provisions of section 5.1.8 (A) below.

C. Allocation Period of Additional Shares (second round)

If, upon termination of the Pre-emptive Subscription Period, there are Surplus Shares, a process of allocation of Additional Shares will be initiated, in which Surplus Shares will be distributed among the Legitimate Shareholders and Investors that have requested the subscription of Additional Shares in the manner indicated below.

The allocation of Additional Shares will take place on the fourth trading day following the end date of the Pre-emptive Subscription Period (the "Additional Share Allocation Period"). The allocation of Additional Shares is envisaged to take place on 15 February 2018.

On that date, the Agent Entity will determine the number of Surplus Shares and assign them to those Legitimate Shareholders or Investors that have requested the granting of Additional Shares in accordance with that mentioned in section 5.1.3.B) (v) above. In no case will the Legitimate Shareholders and/or Investors be granted more shares than they have requested. The allocation of Additional Shares is subject to the existence of Surplus Shares after the Pre-emptive Subscription Period.

In the event that the number of Additional Shares requested for subscription in the Allocation Period of Additional Shares is equal to or fewer than the number of Surplus Shares, these will be assigned to the applicants until their applications are fully covered.

If the number of Additional Shares requested is greater than the Surplus Shares, the Agent Entity shall pro rata them in accordance with the following rules:

– The Surplus Shares will be allocated proportionally to the volume of Additional Shares requested, using for that purpose the percentage that the Additional Shares requested by each subscriber represent with respect to the total of Additional Shares requested. That percentage to be used for the proportional allocation will be rounded down to three decimal places (i.e., for example, 0.788974 will be equal to 0.789).

– As a general rule, in the event of fractions in the allotment, it will be rounded down to the nearest whole number such as to bring about an exact number of Additional Shares to be awarded to each applicant.

– If, after the application of the preceding paragraphs, there are surplus shares not granted due to the effect of rounding down, these will be distributed one by one, from larger to smaller amount of the request and, if equal, in alphabetical order of the Legitimate Shareholders or Investors according to the first position (and, if equal, the following one/s) of the field "Names and Surnames or Business Name", whatever their content, that appears in the communications sent by the Participating Entities, from letter "A".

The Agent Entity shall notify the Participating Entities through which the respective requests for Additional Shares were made of the number of Surplus Shares allocated to applicants for Additional Shares during the fourth trading day after the end date of the Pre-emptive

Subscription Period. It is expected that the aforementioned communication from the Agent Entity to the Participating Entities will take place on 15 February 2018.

The Surplus Shares assigned to applicants for Additional Shares will be deemed subscribed during the Allocation Period of Additional Shares.

The full disbursement of the Subscription Price of the Surplus Shares allocated during the Allocation Period of Additional Shares must be made in accordance with the provisions of section 5.1.8 (A) below.

D. Discretionary Allocation Period (third round)

In the event that, at the end of the Additional Share Allocation Period, the shares subscribed during the Pre-emptive Subscription Period, together with the Additional Shares requested by the subscribers, should not be sufficient to cover all of the New Shares constituting the object of this Capital Increase (the shares resulting from the difference between the total of New Shares and those subscribed during the Pre-emptive Subscription Period and during the Additional Share Allocation Period will be called the "**Discretionary Allocation Shares**"), the Agent Entity will inform the Company and the Global Coordinators, as entities in charge of book-keeping, no later than 17:00 Madrid time on the fourth trading day following the end of the Pre-emptive Subscription Period (that is, foreseeably, 15 February 2018.

The discretionary allocation period is scheduled to start, if applicable, at any time after the end of the Additional Share Allocation Period and that ends no later than 9 a.m. Madrid time on 16 February 2018 (the "**Discretionary Allocation Period**"). If the Discretionary Allocation Period is initiated, the Company will notify the CNMV by reporting a material event.

If, during the Pre-emptive Subscription Period and the Allocation Period of Additional Shares all the New Shares have been subscribed, the Discretionary Allocation Period shall not commence, and the Agent Entity will notify the Participating Entities no later than 6:00 p.m. Madrid time on 15 February 2018.

During the Pre-emptive Subscription Period, the Allocation Period of Additional Shares and the Discretionary Allocation Period, the Insurers will carry out active promotion and dissemination activities with the purpose of obtaining from potential qualified investors, national or foreign (in those countries where local regulations allow it), and where applicable, subscription proposals concerning the Underwritten Shares (as defined below).

During the Discretional Allocation Period, those persons who qualify as qualified investors in Spain, as this term is defined in Art. 39 of Royal Decree 1310/2005, of 4 November, and who qualify as qualified investors outside of Spain in accordance with the regulations applicable in each country, such that, pursuant to the applicable regulations, the subscription and disbursement of the New Shares does not require registration or approval or is not restricted by the regulations of the securities market of the respective jurisdiction, may submit proposals for the subscription of Discretional Allocation Shares with any of the Insurers.

Nevertheless, the pre-emptive subscription rights or the New Shares have not been nor will they be registered in accordance with the U.S. Securities Act, and they cannot be offered, sold or exercised, whether directly or indirectly, without prior registration or in accordance with a registration exemption under said legislation. This Prospectus, and its component parts, will not be distributed in the United States. The offers and sales of New Shares are being made only outside the United States in an Offshore transaction, as this term is defined in Regulation S of the U.S. Securities Market Act. This document does not constitute an offer or an invitation to buy securities in the United States. No copy of this Prospectus may be sent, communicated or distributed in the United States or to persons who are residents of or physically present in the United States, by any media. It will be considered that each investor that acquires pre-emptive subscription rights or new shares in the Capital Increase according to this Prospectus has declared and guaranteed that they acquired said pre-emptive subscription rights or New Shares, where applicable, in an Offshore Transaction, pursuant to its definition in Regulation S of the U.S. Securities Act. Moreover, until the expiration of a period of 40 days from the beginning of the Capital Increase, any offer or sale of New Shares in the United States by a dealer (regardless of whether or not they are participating in the Capital Increase) could represent a violation of registration requirements under the U.S. Securities Market Act, to the extent that such offer of sale may be made in a way other than in accordance with the preceding restrictions.

The subscription proposals will be final and irrevocable and will include the number of Discretionary Allocation Shares that each investor is willing to subscribe at the Subscription Price, without prejudice to their loss of effect in the event of termination of the Underwriting Agreement.

The Insurers must inform the Company before 8:30 a.m. on the day corresponding to the end of the Discretionary Allocation Period of the subscription proposals concerning Discretionary Allocation Shares that they receive on behalf of their principals, and the total volume of Discretionary Allocation Share subscription proposals made to them.

Should there be excess demand for Discretionary Allocation Shares, the Global Coordinators, as soon as possible and having consulted the Company, will determine the final allocation of said shares amongst the applicants. Subscription proposals may not be rejected if this means that the Insurers must meet their respective underwriting commitments.

Once the allocation of Discretionary Allocation Shares has been communicated to investors, their proposals will be automatically converted into definitive subscription orders, unless the Underwriting Agreement is terminated, in which case they will be revoked.

As described in section 5.4.3 of this Share Securities Note, on 24 January 2018, Prisa, as issuer, signed an Underwriting Agreement with the Underwriters in relation to the underwriting of the "**Underwritten Shares**", as described in section 5.2.2 (the "**Underwriting Agreement**"). As a result, the Underwritten Shares constitute a total of 237,500,000 New Shares, of a maximum of 469,350,139 shares that would be issued within the framework of the Capital Increase.

The percentage of Underwritten Shares underwritten by the Underwriters represents 50.60% of the Capital Increase wilst the shares subject to subscription commitments on the part of significant shareholders represent 53,47% of the Capital Increase. The Company has kept the percentage of Underwritten Shares above the percentage of shares not committed to by significant shareholders in light of the fact that such commitments are subject to a condition pending verification as at the date of registration of the Prospectus.

In addition, under the Underwriting Agreement, the Global Coordinators have agreed to pre-finance the number of Discretionary Allocation Shares that do not exceed the number of Insured Shares and that would have been placed during the Discretionary Allocation Period.

Consequently:

(i) The Global Coordinators undertake, in proportion to their underwriting commitment, and acting for and on behalf of the final beneficiaries, to pre-finance the number of Discretional Allocation Shares that do not exceed the number of Insured Shares and that would have been placed during the Discretionary Allocation Period, under the terms set out in section 5.1.8 below.

(ii) In the event that, after the Discretionary Allocation Period, the sum of the New Shares subscribed by Legitimate Shareholders and by Investors in the Pre-emptive Subscription Period and in the Allocation Period of Additional Shares and, as applicable, by the qualified investors, Spanish or foreign, in the Discretionary Allocation Period, is less than the total number of New Shares, the Global Coordinators undertake, acting for and on their own behalf, to subscribe and disburse the Insured Shares whose subscription corresponds to the performance of their respective underwriting commitments.

The full disbursement of the Subscription Price of each New Share subscribed during the Discretionary Allocation Period must be made in accordance with the provisions of section 5.1.8 (A) below.

Notwithstanding the foregoing, if after the Allocation Period of Additional Shares there are any Discretionary Allocation Shares, the Global Coordinators may decide not to initiate, or the early termination of, the Discretionary Allocation Period, in which case the Insurers will subscribe directly and at the Subscription Price, the applicable Insured Shares in proportion to their underwriting commitment.

5.1.4 Indication of when, and in what circumstances, the offering may be revoked or suspended and whether the revocation may occur once the negotiation has begun.

No cause of withdrawal or revocation of the Capital Increase subject to this Share Securities Note has been foreseen, apart from those that could derive from the application of the Law or compliance with a judicial or administrative resolution, or from following provisions.

It is hereby stated that the Underwriting Agreement may be terminated (therefore cancelling the envisaged underwriting and pre-financing obligations) if, at any time from 24 January 2018 and up until the registration of the public deed for the Capital Increase in the Commercial Register, (on 19 February 2018, according to the envisaged schedule) any cause for termination should arise in accordance with the terms and conditions set out in the Underwriting Agreement, and which are described in section 5.4.3 below, with the consequences also described therein. During the period between the execution of the public deed for the Capital Increase and the registration thereof in the Commercial Register, the Underwriters may only terminate the Underwriting Agreement if the event leading to termination should occur or come to light during this period.

Additionally, the underwriting and pre-financing obligations of the Underwriters pursuant to the Underwriting Agreement are subject to the fulfilment of several conditions precedent, which are common in this type of transaction and which must be fulfilled no later than 9:00 a.m. Madrid time (the **"Pre-financing Time**") on the Execution Date, the date on which the execution of the deed for the Capital Increase is scheduled to take place or, if applicable, no later than the registration of the public deed for the Capital Increase in the Commercial Register (on 19 February 2018, according to the envisaged schedule). Otherwise, the underwriting and pre-financing obligations of the Underwriters will not enter into force.

The termination of the Underwriting Agreement or the failure to come into force thereof as a result of failure to comply with any condition precedent between the date of registration of the Share Securities Note in the CNMV and the final closing of the offering to the public (thus rendering void (i) the Discretionary Allocation Share subscription requests made and the acquisition commitment of the Discretionary Allocation Shares by the Underwriters in virtue of compliance with their underwriting commitment, and (ii) in certain cases, the shareholder subscription commitments -described in section 5.2.2 of the Share Securities Note-) would be considered a significant factor requiring the publication of a supplement and the consequent creation of a revocation period for the subscription orders or requests formulated prior to the publication of the supplement in virtue of which, during a period of no less than two working days from the publication thereof, the Legitimate Shareholders and Investors would be able to revoke their subscription orders in accordance with article 16 of Directive 2003/71/EC of the European Parliament and of the Commission, of 4 November 2003, regarding the prospectus that must be published in the event of a public offering or the admission to listing of securities and which amends Directive 2001/34/EC and with article 40 of Royal Decree 1310/2005, of 4 November. To this effect, the moment of registration of the public deed for the Capital Increase in the Commercial Register will be considered the final closure of the offer to the public.

The termination of the Underwriting Agreement will be notified by the Company through a material event as soon as it occurs. In this respect, the provisions of the risk factor related to the issuer (A) (ii) should be taken into consideration regarding the possible consequences of termination of the Underwriting Agreement.

5.1.5 Description of the possibility of reducing subscriptions and how to return the surplus of the amount paid by the applicants.

The possibility of reducing subscriptions in the Pre-emptive Subscription Period has not been provided for. However, the maximum number of Additional Shares that Legitimate Shareholders and Investors may subscribe will depend on the number of Surplus Shares and the allocation rules for Surplus Shares described in section 5.1.3 above.

As indicated in greater detail in section 5.1.8 below, the Participating Entities and the Insurers, as applicable, may ask the subscribers to provide funds for the amount corresponding to the Subscription Price of the Additional Shares and, as applicable, of the Discretionary Allocation Shares requested, respectively. In any event, if the number of Additional Shares finally assigned to each petitioner is fewer than the number of Additional Shares requested by the applicant, or if the subscription proposal for Discretionary Allocation Shares made by the application is not fully or partially addressed, the Participant Entity or the Underwriters, as applicable, shall return to such applicant, free of any expense or commission, the corresponding amount of the provision of funds, or the amount corresponding to the excess of that not granted, according to the procedures applicable to those entities. If there is a delay in the repayment, the Participating Entity or the Underwriting Entity will pay default interest at the current legal interest rate, which will be accrued from the date on which the repayment should have occurred until it actually occurs.

However, investors may revoke their subscription orders in the cases and under the terms indicated in section 5.1.4 above.

5.1.6 Details of the minimum and/or maximum amount of the application (either by the number of the securities or by the total amount of the investment).

The amount of New Shares that Legitimate Shareholders and/or Investors may subscribe during the Pre-emptive Subscription Period will be that which results from applying the ratio of 53 New Shares for every 10 pre-emptive subscription rights, one pre-emptive subscription right corresponding to each existing share of the Company.

In addition, subscribers of New Shares that have made the corresponding application for Additional Shares during the pre-emptive Subscription Period may subscribe Additional Shares in the terms indicated in section 5.1.3 above. The maximum number of Additional Shares that these Shareholders and Investors may subscribe to will depend on the number of Surplus Shares and the allocation rules for Surplus Shares described in section 5.1.3 above.

In the Discretionary Allocation Period there will be no minimum or maximum number for subscription proposals by the investors in question or for subscriptions by the Underwriters in the performance of their underwriting commitment, without prejudice to the number of New Shares for which a subscription commitment has been made. The effective number of Discretionary Allocation Shares that may be subscribed during the Discretionary Allocation Period will depend on the number of New Shares left outstanding after the Additional Allocation Period.

5.1.7 Indication of the period within which applications can be withdrawn, provided that investors are allowed to withdraw.

The share subscription orders made during the Pre-emptive Subscription Period and, if applicable, subscription requests in the Allocation Period of Additional Shares will be considered as definitive subscription orders and will therefore be irrevocable. This is without prejudice to the aforementioned requests for Additional Shares not being not be met in full pursuant to the rules for allocation of Surplus Shares described in section 5.1.3 above.

Likewise, subscription proposals for Discretionary Allocation Shares will equally be definitive and irrevocable, except where the Underwriting Agreement is terminated or does not enter into force due to the failure to meet and conditions precedent to which it is subject. In such cases, Discretionary Allocation Share Subscription proposals will be automatically revoked.

5.1.8 Method and terms for the payment of securities and for the handover thereof.

A. Payment of shares

(i) New Shares subscribed in the Pre-emptive Subscription Period.

The full disbursement of the Subscription Price of each New Share subscribed during the Pre-emptive Subscription Period must be carried out by subscribers upon subscribing the New

Shares (that is, at the time of making the subscription order) and through Participating Entities of Iberclear through which they have made their subscription orders.

According to the anticipated schedule, the Participating Entities with which New Share subscription orders have been placed will pay the amounts corresponding to the disbursement of the New Shares subscribed during the Pre-emptive Subscription Period to the Agent Entity through the resources that lberclear places at their disposal, so that they are received by the Company no later than 08:30 a.m. Madrid time on 16 February 2018, with a value date of this same day.

(ii) New Shares subscribed in the Allocation Period of Additional Shares

The full disbursement of the Subscription Price of each New Share subscribed in the Allocation Period of Additional Shares will be made no later than [08:30] a.m. Madrid time on 16 February 2018 through the Participating Entities through which its Additional Share subscription orders were made. Applications for Additional Shares that are not disbursed under the terms indicated will be deemed not made.

Notwithstanding the foregoing, the Participating Entities may ask subscribers to make a provision of funds for the amount corresponding to the Subscription Price of the Additional Shares requested. In any event, if the number of Additional Shares finally allocated to each applicant is fewer than the number of Additional Shares requested by the applicant, the Participant Entity shall return to such applicant, free of any expense or commission, the corresponding amount of the provision of funds, or the excess of that not granted, with a value date of the business day following the end of the Additional Share Allocation Period, according to the procedures applicable to those entities. If there is a delay in the repayment, the Participating Entity will pay default interest at the current legal interest rate, which will be accrued from the date on which the repayment should have occurred until it actually occurs.

The Participating Entities with which New Share subscription orders have been placed will pay the amounts corresponding to the disbursement of them to the Agent Entity through the resources that lberclear places at their disposal, so that they are received by the Company no later than 08:30 a.m. Madrid time on 16 February 2018, with a value date of that same day.

(iii) New Shares subscribed in the Discretionary Allocation Period

The full disbursement of the Subscription Price of the Discretionary Allocation Shares must be made by the final investors to which they were granted no later than the Settlement Date (as this term is defined below in this section), all without prejudice to the pre-financing provided for in this section.

The Underwriters that receive subscription requests for the Discretionary Allocation Period may ask applicants to make a provision of funds to ensure payment of the price of the Discretionary Allocation Shares that, as applicable, were assigned to them. In the event that the subscription proposal is rejected, they must return to such applicants the corresponding provision of funds, free of any expense or commission, with a value date of the working day following the end of the Discretionary Allocation Period. In the event of partial selection of a subscription proposal, the repayment of the provision of funds will only affect the part of said subscription proposal that has not been selected. If there is a delay in repayment, the

Underwriting Entity will pay default interest at the current legal interest rate, which will be accrued from the date on which the repayment should have occurred until it actually occurs.

For purely operational reasons, and so that the New Shares can be admitted to trading on the Spanish Stock Exchanges in the shortest possible time, prior to the granting and registration of the public deed of capital increase in the Mercantile Registry, the Global Coordinators, acting for and on behalf of the final beneficiaries (or in their own name and right ultimately exercise their underwriting commitments) have committed themselves, with regard to the Company, to advance the disbursement of the amount corresponding to the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period that does not exceed the number of Underwritten Shares (the "**Shares Subject to Pre-financing**") within the limits stipulated in section 5.4.3 below, and to subscribe and disburse said Pre-Financing Shares, for the amount and in the proportion set out in the Underwriting Agreement, also within said limits. The amount subject to pre-financing must be received by the Company, without deducting commissions or expenses, no later than the Pre-financing time (9:00 a.m. Madrid time) on 16 February 2018.

Said disbursement will be made with the same value date and in one instalment through a fund transfer order. The total amount corresponding to the disbursement of the Shares Subject to Pre-financing will be deposited in the bank account opened in the name of the Company.

Assuming the granting of the public deed of Capital Increase and its registration in the Mercantile Registry takes place no later than 19 February 2018, the admission to trading of the New Shares on Spanish Stock Exchanges is anticipated to take place, according to the estimated schedule, on 19 February 2018 through the Spanish Automated Quotation System (Continuous Market), which on the first trading day of the New Shares is the 20 February 2018 and, if necessary, the settlement of the New Shares awarded during the Discretionary Allocation Period (through the Special Stock Exchange Transaction) takes place, according to the estimated schedule, on 21 February 2018 (the “**Settlement Date**”).

B. Delivery of the New Shares

Once the Capital Increase has been disbursed and the certificate or certificates substantiating the payment of the funds corresponding to all the New Shares that have been subscribed have been issued, on the same Execution Date, the Capital Increase will be declared closed and subscribed by the Board of Directors, or by substitution/delegation, by the delegated commission, the CEO or the chairman of the board -or, as the case may be, by the person(s) designated by one of the above- and the Company shall grant the corresponding deed of increase of share capital, for its subsequent registration with the Mercantile Registry of Madrid.

Once said registration has been carried out, which is anticipated to take place on 19 February 2018, the capital increase deed will be delivered to the CNMV, Iberclear and the Stock Markets. Likewise, Prisa undertakes to request the admission to trading of the New Shares on the Spanish Stock Exchanges. The New Shares issued as a result of the exercise of pre-emptive subscription or assignment rights during the Allocation Period of Additional Shares or the Discretionary Allocation Period will be registered in Iberclear as soon as possible after the registration of the Capital Increase deed in the Mercantil Registry of Madrid.

Iberclear will provide the Legitimate Shareholders and the Investors with the references of the book entries corresponding to their respective positions in New Shares subscribed during the Pre-emptive Subscription Period and the Allocation Period of Additional Shares through the members of Iberclear. Likewise, Iberclear will provide the Global Coordinators with the corresponding references of the account entries relating to the Pre-Financing Shares disbursed, as applicable, for each one of them. It is envisaged that, through Special Stock Market Transactions, pursuant to the definition thereof in Royal Decree 1416/1991, of 27 September, on special stock exchange transactions and over-the-counter transfers of listed securities and weighted average changes, the Global Coordinators will transfer the Pre-Financed Shares to the final investors.

The Special Stock Market Transaction described is scheduled to take place on 19 February 2018. In turn, the Underwriters must send HTITUEA files to the Agent Entity with the information of the final grantees of shares corresponding to the Discretionary Allocation Period, which must meet the specifications of the Practical Guide for Communication Between the Depository Entities and the Agent Entity for the Processing of Corporate Events Produced by AEB-CECA on 1 September 2017, no later than 6:00 p.m. Madrid time on the day on which the Special Stock Market Transaction described above should take place.

After the transfer of the New Shares assigned during the Discretionary Allocation Period from the Underwriters to the final investors, the Agent Entity will provide Iberclear, through the Spanish Stock Exchanges, with the information on the entities subject to the allocation of New Shares, such that the registration is made in accordance with the information provided by the Underwriters.

Notwithstanding the foregoing, it is noted that the deadlines previously indicated in this section may not be met and, consequently, may delay the execution of the operations described.

Each of the subscribers of the New Shares will have the right to obtain from the Participating Entity with which the subscription was processed, a signed copy of the subscription slip with the content required by article 309 of the Corporate Enterprises Act.

The New Shares will be registered in the central registry of lberclear once the Capital Increase is registered in the Mercantile Registry. On the same day as the registration in the central registry by lberclear, the corresponding registrations will be made by the Participating Entities in their accounts in favour of those investors who have subscribed to New Shares.

The new shareholders will have the right to obtain from the Participating Entities in which the New Shares are registered the legitimation certificates corresponding to said shares, in accordance with the provisions of Royal Decree 878/2015, of 2 October. The Participating Entities will issue said certificates before the end of the trading day following the one on which they were requested by the subscribers.

5.1.9 Complete description of the manner and date on which the results of the offering must be made public.

The Company will communicate the result of the Pre-emptive Subscription process and the Additional Share Allocation process by publishing the relevant material event on around 15 February 2018, indicating whether or not the Discretionary Allocation Period has commenced. If this has commenced, the result of the Capital Increase will be reported after the end of the Discretionary Allocation Period (that is, on or before 16 February 2018).

5.1.10 Procedure for the exercise of any pre-emptive right to purchase, the negotiation of subscription rights and the processing of subscription rights that have not been exercised.

A. Holders

The Legitimate Shareholders as well as the Investors who, having acquired them during the Pre-emptive Subscription Period, are holders of pre-emptive rights of the New Shares, will have pre-emptive subscription rights.

On the next stock market trading date after the "*Record Date*" (that is to say the "*Payment Date*"), which is anticipated to be 31 January 2018, Iberclear will credit the accounts of its Participating Entities with the pre-emptive subscription rights that correspond to each one of them, making the relevant notifications so that, in turn, they can make payments from the accounts of the Legitimate Shareholders.

B. Negotiability

The pre-emptive subscription rights will be transferable under the same conditions as the New Shares from which they are derived, in accordance with the provisions of Art. 306.2 of the Spanish Corporate Enterprises Act, and will be tradable on Spanish Stock Exchanges.

C. Subscription rights not exercised

Subscription rights not exercised will be automatically terminated at the end of the Pre-emptive Subscription Period.

D. Theoretical value of the pre-emptive subscription right

Taking 2,480 euros per share as the value of a Prisa share prior to the Capital Increase (change in closing price of Prisa shares on the Madrid Stock Exchange corresponding to 24 January 2018), the theoretical value of the pre-emptive subscription right of the New Shares would be 1,077 euros, which is the result of applying the following formula:

$$VTD = \frac{(COT - PRE) \times NAE}{NAP + NAE}$$

Where:

- VTD: Theoretical value of the pre-emptive subscription right.
- COT: Change in closing price of Prisa shares on the Continuous Market corresponding to 24 January 2018 (that is, 2,480 euros per share).
- PRE: Subscription Price (1.20 Euros).
- NAP: Number of shares prior to the Capital Increase (88,827,363 ordinary shares).
- NAE: Maximum number of shares to be issued in the Capital Increase (469,350,139 ordinary shares).

In any case, the pre-emptive subscription rights will be freely tradable without being able to anticipate the valuation that the market will give to those rights.

5.2 Placement and allocation plan.

5.2.1 The various categories of possible investors to which the securities are offered. If the offering is made simultaneously in the markets of two or more countries and if a tranche has been reserved or is going to be reserved for certain countries, indicate the section.

The Capital Increase is directed at the Legitimate Shareholders as well as the Investors and, if there are any New Shares unsubscribed after the Allocation Period of Additional Shares (the Surplus Shares), to any qualified Spanish or foreign investors.

Warning for investors *The information contained in this Prospectus (i) must not be published or distributed to people who are residents of Australia, Canada, the United States of America, Japan, South Africa or any other country in which the distribution of said information is restricted by law; and (ii) does not constitute a sales offer, or a request for security purchase offers in Australia, Canada, the United States of America, Japan, South Africa, nor, under any circumstances, any other country in which it should be illegal to make such an offer or request. The pre-emptive subscription rights and new shares have not been and will not be registered in accordance with the United States Securities Act of 1933 in its current drafting (the "Securities Act") nor according to the regulations of the stock market of any state or other jurisdiction of the United States of America. The pre-emptive subscription rights and new shares may only be offered, sold, exercised or transferred in any other way (i) in the United States of America to people who should be reasonably considered to be qualified institutional buyers (QIBs), as defined in Rule 144A of the Securities Act, and who should send the corresponding letter to Prisa, or (ii) outside of the United States of America in offshore transactions, in accordance with the provisions of Regulation S of the Securities Act.*

Authorised financial intermediaries may not accept the exercising of pre-emptive subscription rights or requests to subscribe new shares in the Capital Increase on the part of clients who have their address in the United States of America. Any envelope containing a subscription request and which is sealed (either physically, via fax or electronically) in the United States of America shall not be accepted and the Subscription Price shall be returned minus interest.

Notwithstanding the foregoing, Prisa reserves the right to make exceptions to said limitations in the event that it should consider all the legal requirements to have been met.

5.2.2 To the extent that the issuer is aware of this, indicate whether the principal shareholders or the members of the administration, management or supervisory bodies of the issuer intend to subscribe to the offering, or if any person intends to subscribe to more than five percent of the offering.

The following significant shareholders have agreed to subscribe the number of New Shares indicated below during the Pre-emptive Subscription Period -through the exercising of pre-emptive subscription rights- under the terms and conditions described, without detriment to the submission thereof to the applicable regulations for the securities market and in particular, the provisions set forth in Royal Decree 1310/2005, of 4 November:

– Amber Capital UK LLP, acting as discretionary investment manager of the investment funds through which it has its holding in Prisa, has agreed to subscribe the number of New Shares resulting from the exercising of all its corresponding pre-emptive subscription rights, that is, approximately, 84,739,467 New Shares, to maintain its shareholding of 18.1% of the share capital, provided this does not entail an obligation to formulate a takeover bid for the shares.

– HSBC Bank PLC has agreed to execute pre-emptive subscription rights to subscribe approximately 37,500,000 New Shares, to maintain a shareholding of approximately 9.0% of the share capital after the Capital Increase (below the 14.4% it currently owns according to the CNMV registration). This commitment is subject to the closure of the Capital Increase being no later than 28 February 2018 and will be rendered void if the Company should announce that it will not execute the Capital Increase or if the Underwriting Agreement should be terminated for any reason (which would determine an obligation to publish a supplement to the Prospectus).

– Rucandio, S.A. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 36,239,904 New Shares, to maintain its shareholding of 7.7% of the share capital.

– Grupo Herradura Occidente, S.A. de C.V. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 33,259,775 New Shares, to maintain its shareholding of 7.1% of the share capital. This commitment is subject to the obtaining of financing on the part of said entity to pay for the New Shares to be subscribed.

– International Media Group, s.à r.l. has agreed to execute pre-emptive subscription rights to subscribe approximately 30,000,000 New Shares, which represent 6.4% of the total New Shares (below the 7.2% it currently owns according to the CNMV registration).

– Banco Santander, S.A. has agreed to subscribe the number of New Shares resulting from the exercising of all pre-emptive rights corresponding thereto, that is, approximately 22,437,665 New Shares, to maintain its shareholding of 4.8% of the share capital. This commitment is subject to there being no adverse material changes to Prisa's situation, the Refinancing, Banco Santander, S.A., the overall financial environment, the capital markets or the general circumstances relevant to Prisa and its business, provided that such circumstances should take place before the exercising of the pre-emptive subscription rights needed to fulfil its commitment or, if it were after that moment, only if a supplement leading to the opening of a revocation period should be published.

– Okavango Pensiones FP, Okavango Delta FI, Kalahari FI, and Spanish Opportunities Fund (funds linked to Abante Asesores Gestión SGIIC, S.A.) have agreed to subscribe approximately 127,839, 3,871,364, 755,792, and 2,030,103 New Shares, respectively, (in total, 6,785,098 New Shares, which represent 1.4% of the total New Shares, below the 2.9% of the share capital they currently own according to the information provided to the Company).

Consequently, the Company has received subscription commitments -subject to the conditions indicated in this section— for a total of approximately 250,961,909 New Shares, representing 53.47% of the shares constituting the object of the Capital Increase.

In addition, CaixaBank, S.A. has informed the Company that it will take part in the Capital Increase by reinvesting the amount obtained from the sale of the pre-emptive subscription rights corresponding thereto, retaining the number of rights so that the amount obtained from the sale of the remainder can be fully invested in the subscription of New Shares by means of the exercising of the retained rights. The number of new shares subscribed will depend, therefore, on the listing value of the pre-emptive subscription rights (see section 18.1 of the Registration Document for further details of the shareholdings of CaixaBank, S.A. in the Company's capital).

In any case, the aforementioned shareholders shall not receive privileged treatment in relation to the Company's remaining shareholders in the context of the Offering, the subscription of New Shares and the circumstances for revocation.

5.2.3 Preliminary information on the award:

N/A.

5.2.4 Process for notifying applicants of the allocated amount and indicating whether the negotiation can begin before the notification is made.

See section 5.1.3 above of this Share Securities Note.

5.2.5 Excess award and green shoe.

N/A.

5.3 Prices

5.3.1 Indication of the price at which the securities will be offered. When the price is not known or when there is no established and/or liquid market for the securities, indicate the method for determining the bidding price, including a statement about who has established the criteria or is formally responsible for its determination. Indication of the amount of all expenses and taxes charged specifically to the subscriber or buyer.

The shareholders at Prisa's General Shareholders' Meeting held on 15 November 2017 and the directors at the Board of Directors meeting held on 22 January 2018 determined the Subscription Price of the New Shares by determining the type or price of issuance of the New Shares, in particular establishing the amount of the issue premium at 0.26 Euros per share and a unit issue price of 1.20 Euros per New Share.

The Company will not pass on any expense to the subscribers of the New Shares. The expenses incurred by the first inscription of the New Shares in the accounting records of Iberclear or its Participating Entities will not be accrued by the investors who participate in the Capital Increase. However, the Participating Entities that keep the books of the holders of Prisa shares may establish, in accordance with prevailing legislation and the rates published in their rates books and reported to the Bank of Spain and the CNMV, the fees and expenses that may be passed on for management matters as freely determined thereby, for the management of the securities kept on their books.

Likewise, Prisa and the other Participating Entities through which the subscription is made may establish, in accordance with legislation in force, the commissions and expenses applicable to the processing of subscription orders for securities and the buying and selling of pre-emptive subscription rights that they freely determine.

The foregoing is understood without prejudice to any special arrangements that may exist in other jurisdictions depending on the provisions of their respective legal systems.

5.3.2 Process for the publication of the offering price.

See section 5.3.1. above.

5.3.3 If the holders of shares of the issuer have pre-emptive acquisition rights and this right is limited or abolished, indicate the basis of the issue price if it is in cash, together with the reasons and beneficiaries of that limitation or abolition.

No specific mention need be made for failing to exclude the pre-emptive subscription right in relation to the New Shares that are the object of the Capital Increase.

5.3.4 In cases where there is or may be a significant disparity between the price of the public offering and the actual cost in cash for the members of the administrative, management or supervisory bodies, or senior managers or related persons, of the securities acquired for them in transactions carried out during the last year, or that they have the right to acquire, a comparison of the public contribution in the proposed public offering and the actual cash contributions of those persons must be included.

Members of the Company's Board of Directors, management or supervisory bodies or senior managers of the Company or persons closely related to them who should subscribe to New Shares will do so at the Subscription Price.

In relation to the subscription of Prisa shares on the part of certain companies of the groups the parent companies of which are Santander, S.A., Caixabank, S.A. and HSBC Holdings PLC, respectively, in the context of the capital increase through the conversion of the necessarily convertible Prisa bonds issued in 2016 (for more information, see section 5.1.5 of the Registration Document), it is recorded that the subscription price of this capital increase was 10 euros per share.

Company shares acquired over the last year by members of the Company's Board of Directors, management or supervisory bodies or senior executives of the Company or persons closely related to them have been acquired under market conditions or in accordance with remuneration plans the application of which has been authorised during the Company's general meeting.

5.4 Placement and underwriting

5.4.1 Name and address of the coordinator or coordinators of the global offering and of certain parts thereof and, to the extent that the issuer or the offeror is aware of it, investors in the various countries where the offering takes place.

Banco Santander, S.A., with address in Paseo de Pereda, 9-12, 39004 Santander (Cantabria), Spain, and Morgan Stanley & CO. International PLC, with address at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom, will act as Global Coordinators for the Capital Increase.

5.4.2 Name and address of any paying agent and the depositary institutions in each country.

Banco Santander, S.A. acts as the Agent Entity for the Capital Increase.

New Shares shall be represented by book entries. The entities in charge of the book entries will be Iberclear and its Participating Entities.

5.4.3 Name and address of the entities that agree to secure the issue with a firm commitment, and details of the entities that agree to place the issue without a firm commitment or with an agreement of "best efforts". Indication of the important characteristics of the agreements, including quotas. In cases where the entire issue is not subscribed, declaration of the part not covered. Indication of the overall amount of the subscription fee and the placement fee.

The entities identified in section 5.4.1 above act as Underwriters in relation to the Capital Increase.

On 24 January 2018, an Underwriting Agreement was signed between the Company, as the issuer, and the Underwriters. As already mentioned above, the Underwriters have underwritten a total of 237,500,000 New Shares.

In the event that the underwriting commitment assumed with the Company by the Underwriters (whose terms are described below) lack or cease to have effect and all of the New Shares are not fully subscribed during the Pre-emptive Subscription Period and during the Allocation Period of Additional Shares, the capital stock of the Company would be increased only by the amount of the subscriptions made and, consequently, there would be an incomplete subscription as provided for in article 311 of the Spanish Corporate Enterprises Act.

The main terms of the Underwriting Agreement are the following:

A. Underwriting Commitment

All of the Underwritten Shares, that is, a total of 237,500,000 New Shares, are subject to underwriting by the Underwriters under the Underwriting Agreement, which therefore includes the commitment of the Underwriters to directly subscribe and pay up the Underwritten Shares in their own name and on their own behalf in accordance with the provisions of sections 5.1.3, D and 5.1.8(iii), above. The total number of Underwritten Shares, which corresponds to 50.60% of the New Shares, will be referred to as the "**Total Underwriting Commitment**". The number of Shares Insured by each Underwriter and their participation in the Total Underwriting Commitment are the following:

	New Shares insured	
Underwriter	**(in number)**	**(in %)**
Banco Santander, S.A.	125.000.000	52,63%
Morgan Stanley & CO. International PLC	112.500.000	47,37%
Total Insurance Commitment	**237.500.000**	**100%**

The underwriting commitment of each Underwriter, within the proportion of its participation in the Total Underwriting Commitment, will be reduced by the number of Underwritten Shares that would have been subscribed and paid in the Pre-emptive Subscription Period, in the Allocation Period for Additional Actions and in the Discretionary Allocation Period. This is without prejudice to the pre-financing obligations of the Pre-Financed Shares assumed by the Global Coordinators.

Therefore, in the event that 100% of the Underwritten Shares should be subscribed and paid up within the three periods mentioned, the Underwriters will be released from their underwriting commitments.

Also, under the Underwriting Agreement, the Global Coordinators have committed to pre-finance 100% of the Shares Subject to Pre-financing.

Consequently:

a. The Global Coordinators undertake, acting for and on behalf of the final beneficiaries and in proportion to their underwriting commitment, to pre-finance the number of Discretional Allocation Shares that do not exceed the number of Insured Shares and that would have been placed during the Discretionary Allocation Period.

b. In the event that, after the Discretionary Allocation Period, the sum of the New Shares subscribed by Legitimate Shareholders and by Investors in the Pre-emptive Subscription Period and in the Allocation Period of Additional Shares and, as applicable, by the qualified investors, Spanish or foreign, in the Discretionary Allocation Period, is less than the total number of New Shares, the Global Coordinators undertake, acting for and on their own behalf, to subscribe and disburse the Insured Shares whose subscription corresponds to the performance of their respective underwriting commitments.

If it has been determined that the Discretionary Allocation Period has not commenced, the Underwriters will directly subscribe the corresponding Underwritten Shares in their own name and in proportion to their respective underwriting commitments at the Subscription Price. The disbursement of said Discretionary Allocation Shares will be made in accordance with section 5.1.8 above.

The underwriting obligations assumed by the Underwriters are joint in nature. Notwithstanding the foregoing, in the event of any breach on the part of either Underwriter of its underwriting obligation, the other Underwriter shall be required to assume the underwriting of the Underwritten Shares corresponding to the non-compliant Underwriter, with a limit of 10% of the total underwriting. The non-compliant Underwriter shall not receive any underwriting commission whatsoever with respect to the Underwritten Shares affected by the non-compliance. In the event that the breach by the Underwriter in question should represent an amount greater than the aforementioned 10%, this shall not entail the termination of the Underwriting Agreement, although the other Underwriter shall not be required to assume the excess over and above the indicated 10% of the underwriting total.

Subject to the company’s consent (which shall not be denied nor withheld without justification in such a way that should compromise the capacity of the Underwriters to carry out this assignment), the Underwriters may fully or partially assign their underwriting commitments to other entities without detriment to the fact that they would remain liable to Prisa for the Underwritten Shares according to the terms of the Underwriting Agreement.

B. Fees

Prisa will pay, in remuneration for the services provided under the Underwriting Agreement, provided it is not terminated by any of the causes provided for in section C) below, the following fees:

(a) To the Underwriting Entities, an underwriting commission of 3.5% applied to the result of multiplying the Total Underwriting Commitment by the Subscription Price. This underwriting fee will be distributed among the Underwriters in proportion to their participation in the Total Underwriting Commitment.

(b) To the Underwriters, a commission that Prisa may decide to pay, at its discretion, of up to 0.5% applied to the result of multiplying the Total Underwriting Commitment by the Subscription Price. Prisa shall have complete discretion to decide whether or not to pay this commission and, if applicable, to what extent, and to decide upon the manner in which this should be distributed amongst the Underwriters, if applicable.

C. Termination causes and conditions precedent

The Underwriting Agreement may be terminated by a unanimous decision of the Global Coordinators if, at any time following the signing thereof and up to the moment of the registration of the public deed for the Capital Increase in the Commercial Register (on 19 February 2018, according to the envisaged calendar) any of the following events should occur:

(a) nonfeasance of the declarations and guarantees given by the Company in the Underwriting Agreement or material nonfeasance by the Company of its obligations under the Underwriting Agreement; or

(b) suspension or revocation by the CNMV or other authority of any approval necessary for the Capital Increase; or

(c) occurrence of a material adverse change for the Company; or

(d) trading of the Company's shares in the Madrid, Barcelona, Bilbao and Valencia Stock Markets suspended for (i) more than 24 consecutive hours during the first 13 calendar days of the Pre-emptive Subscription Period, or (ii) more than six consecutive hours from the penultimate calendar day of the Pre-emptive Subscription Period up until the Execution Date; or

(e) general suspension of the commercial banking activity declared by the competent authorities in the European Union, Spain, United Kingdom, United States or the State of New York, or a substantial alteration of the commercial banking activities, or the liquidation or securities clearing activities of the European Union, Spain, United Kingdom, United States or the State of New York; or

(f) suspension or substantial limitation in the general negotiation of securities in any of the Spanish Stock Markets, the London Stock Market or the New York Stock Market, change or any incident that could give rise to a potential change in the national or international financial, political or economic conditions, any financial markets or exchange rates or controls or an unleashing or exacerbation of hostilities or of any conflict of a similar nature, in each case, which means that, either on its own or together with any other circumstance, in the opinion of the Global Coordinators, the Capital Increase cannot or should not be performed under the terms and conditions set forth in this Prospectus and in the Underwriting Agreement;

If the Discretionary Allotment Period is already open when the Underwriting Agreement is terminated, the expressions of interest or subscription orders for Discretional Allotment Shares will automatically be revoked and the procedure below will be followed:

(i) If the Underwriting Agreement should be terminated on or before 9:00 a.m. Madrid time on the publication date of the announcement of the Capital Increase in the BORME (which is scheduled to take place on 26 January 2018), Prisa may decide not to carry out the Capital Increase or, alternatively, to proceed therewith without underwriting.

(ii) If the Underwriting Agreement should be terminated after 9:00 a.m. Madrid time on the day of publication of the announcement of the Capital Increase in the BORME (which is scheduled to take place on 26 January 2018) and before the Underwriters should pay up the Amount corresponding to the Pre-financed Shares, any subscription offers submitted, if applicable, by qualified investors during the Discretionary Allocation Period, regardless of whether or not they have been allocated New Shares (either themselves or through any of the Underwriters in fulfilment of their underwriting commitment), shall be understood to have been revoked and terminated and Prisa may decide not to carry out the Capital Increase or, alternatively, proceed therewith without underwriting. In the first case, the Company will return the price of any New Shares paid up to the Legitimate Shareholders and Investors, through the Agent Entity. In the event that the Capital Increase should go ahead without underwriting -and without detriment to the creation of a revocation period as a result of the publication of a supplement leading to the termination of the Underwriting Agreement-, if the amount of New Shares subscribed by the Legitimate Shareholders and Investors during the Pre-emptive Subscription Period and the Additional Share Allocation Period are not sufficient to cover the entirety of the New Shares, Prisa will declare the subscription incomplete and the Company's share capital will be increased by the amount of the subscriptions made.

(iii) Should the Underwriting Agreement be terminated once the Underwriters have paid up the amount corresponding to the Pre-Financed Shares, on the date on which said termination should take place, the Company shall instruct the Agent Entity to immediately return the aforementioned amount to the Underwriters. In this event, Prisa may decide not to carry out the Capital Increase or, alternatively, proceed therewith without underwriting. In the first case, the Company will return the price of any New Shares paid up by the Legitimate Shareholders and Investors, through the Agent Entity. In the event that the Capital Increase should go ahead without underwriting -and without detriment to the creation of a revocation period as a result of the publication of a supplement leading to the termination of the Underwriting Agreement-, if the amount of New Shares subscribed by the Legitimate Shareholders and Investors during the Pre-emptive Subscription Period and the Additional Share Allocation Period are not sufficient to cover the entirety of the New Shares, Prisa will declare the subscription incomplete and the Company's share capital will be increased by the amount of the subscriptions made.

Furthermore, the underwriting and pre-financing obligations of the Underwriters are subject to the fulfilment, prior to the Pre-financing Time (that is, 9:00 a.m. Madrid time) on the Date of Execution (scheduled for 16 February 2018), or, if applicable, no later than the registration of the public deed for the Capital Increase in the Commercial Register (on 19 February 2018, according to the envisaged schedule), of various conditions precedent basically consisting of (i) none of the subscription commitments signed by the Company's shareholders referred to in section 5.2.2 of the Share Securities Note having not been terminated -without detriment to the conditions to which some of these are subject-; (ii) the Lock-up Agreement not having been terminated; in addition to other conditions that are common in this type of transaction such as, for example, submission to the Global Coordinators of the legal opinions of the legal advisors for the transaction, submission to the Global Coordinators of *comfort letters* from the Company's auditors with regards to certain financial data in the Prospectus; submission to the Global Coordinators of certificates issued by the Company relating to the fulfilment of the Underwriting Agreement and the respecting of certain financial data in the Prospectus, the Prospectus having been approved, all of the authorisations necessary to perform the Capital Increase having been granted and no supplement to the Prospectus having been published.

D. Restrictions applicable to the Underwriters

The Underwriters have undertaken to comply with the regulations applicable to the placement, respecting the legal restrictions referred to in the Underwriting Agreement.

5.4.4 When the underwriting agreement has been reached or will be reached.

See section 5.4.3 above.

6. AGREEMENTS FOR ADMISSION TO TRADING AND NEGOTIATION

6.1 Indication of whether the securities offered are or will be subject to application for admission to listing, with a view to their distribution on a regulated market or on other equivalent markets, indicating the markets in question. This circumstance must be mentioned, without creating the impression that admission to listing will necessarily be approved. If they are known, the earliest dates on which the securities will be admitted to listing should be given.

Both the shareholders at Prisa's General Shareholders' Meeting of 15 November 2017 and the directors at the Board of Directors meeting of 22 January 2018 -as delegated by the shareholders at the Shareholders' Meeting- agreed to seek admission to trading of all the New Shares on the Spanish Stock Exchanges through the Spanish Automated Quotation System (Continuous Market), as well as to carry out the necessary procedures and actions and submit the required documents to the competent bodies of the Stock Exchanges or foreign regulated or non-regulated markets in which the shares of the Company are listed (including through ADSs (*American Depository Shares*)) for admission to trading of the New Shares issued as a result of the agreed Capital Increase, expressly stating the Company's submission to existing or future rules concerning the Stock Exchange and, especially, the contracting, continued presence on, and exclusion from the official listing.

Once the deed for the capital increase under which the New Shares will be issued is registered in the Mercantile Registry of Madrid, the Company will request verification of compliance with the requirements for admission to trading of the New Shares by the CNMV and their admission to trading by the Spanish Stock Exchanges, provided that, barring unforeseen events, the New Shares are admitted to trading on the Spanish Stock Exchanges on the same trading day as being recorded as book entries in the lberclear account, that is, on 19 February 2018, and their effective contracting commences on 20 February 2018. In the event of delays in the admission to trading, the Company undertakes to immediately publicise the reasons for the delay in the Listing Bulletins of the Spanish Stock Exchanges, and to notify this circumstance to the CNMV.

Prisa is aware of the requirements and conditions required for the admission, continued presence on, and exclusion of shares representing its share capital from the Spanish Stock Exchanges.

6.2 All regulated markets or equivalent markets in which, as far as the issuer knows, the securities listed in the same class as the securities to be offered or admitted to trading are already admitted to listing.

The New Shares are of the same class and series as the ordinary Prisa shares currently in circulation, which are admitted to trading on the Stock Exchanges of {Madrid, Barcelona, Bilbao and Valencia through the Spanish Automated Quotation System (Continuous Market).

6.3 If, simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is sought, securities of the same class are subscribed or placed privately, or if securities of other classes are created for public or private placement, details should be given about the nature of those transactions and the number and characteristics of the securities to which they refer.

The Company's Extraordinary Shareholders' Meeting of 15 November 2017 approved a capital increase through the offsetting of credit for an amount of 47 million euros, through the issue and entry into circulation of 50 million new ordinary shares, as described in section 5.1.5 - *2017 and 2018* of the Registration Document.

The Company has not received any debt swap commitment within the framework of the capital increase through the offset of credits. Additionally, in this respect, it must be taken into account that the conditions agreed with the creditor entities for the refinancing of the Company's financial debt do not consider the capitalisation of any amount of debt, for which reason this capital increase through the offsetting of credit will be rendered null and void.

6.4 Details of entities that have a firm commitment to act as intermediaries in secondary trading, providing liquidity through supply and demand orders and a description of the main terms of their commitment.

N/A.

6.5 Stabilisation: in cases where an issuer or a vendor shareholder has granted a greenshoe option or it is anticipated that price stabilisation activities may be carried out in relation to the offering

The Issuer has not granted a greenshoe option nor is it expected to perform price stabilisation activities in relation to the Offering.

7. HOLDERS SELLING SECURITIES

7.1 Name and professional address of the person or entity that offers to sell the securities, nature of any position or other important relationship that the sellers

have held in the last three years with the issuer or any of its predecessors or related persons.

N/A.

7.2 Number and class of securities offered by each of the sellers of securities.

N/A.

7.3 Lock-up agreements

In the Underwriting Agreement, Prisa has made undertakings to the Global Coordinators for the period between the date of signing of the Underwriting Agreement and the date 180 days after the admission to trading of the New Shares, except with advance authorisation in writing from the Global Coordinators: (i) not to directly or indirectly issue, offer, pledge, sell, undertake to sell or grant purchase options, rights, warrants or purchase commitments in relation to, exercise sale options, buy options or sale commitments or lend, transfer or dispose of Prisa shares or securities convertible into, or swappable for Prisa shares; (ii) not to subscribe to swaps or other agreements or operations involving the transfer, in full or in part, directly or indirectly, of the economic consequences of ownership of Prisa shares; and (iii) not to subscribe to other operations with the same economic effects or agree, announce or publish its intention to perform any of the above actions. The above does not apply to (a) treasury stock operations carried out in accordance with the applicable regulations once 90 days have elapsed after the admission to trading of the New Shares; (b) the granting or exercising of stock options or any other rights to purchase Prisa shares or instruments related thereto under option plans in force for managers or directors of the Company; and/or (c) common share transfers carried out by Prisa in favour of Group companies.

8. COSTS OF THE ISSUE/ OFFERING

8.1 Total net income and calculation of the total costs of the issue/offering.

In the event that the New Shares should be fully subscribed at the Subscription Price, Prisa would obtain gross revenue (that is, before deduction of the costs referenced below) of 563,220,166.80 euros. This amount will vary depending on the number of New Shares that are eventually subscribed in the Capital Increase. The Capital Increase costs (excluding VAT) are those indicated below for information purposes only, given the difficulty of specifying their final amount as of the date of this Share Securities Note:

Item	Euros (estimated amount)[1]
Rates and fees of the Spanish Stock Exchanges and Iberclear rates	85.000
CNMV fees (admission + registration of Prospectus)	67.000
Global Coordinator commissions[2]	9.975.000
Other expenses (notary, Commercial Registry, legal and financial advisory expenses, services related to auditing, advertising, printing, etc.)	5.785.000
TOTAL	**15.912.000**

(1) Estimate calculated for the maximum amount of 563,220,166.80 euros.

(2) The Underwriting Agreement also foresees a discretional commission payable, if applicable, by Prisa to the Global Coordinators in the amount of up to 0.5% of the amount underwritten by the banks, that is, up to 1,425,000 euros.

According to the above estimates, the expenses of the Capital Increase would represent, approximately, 2.83% of the gross amount that Prisa would obtain in the event of maximum subscription, Prisa obtaining estimated revenue net of costs of 547,308,166.80 euros.

9. DILUTION

9.1 Quantity and percentage of the immediate dilution resulting from the offering.

As mentioned in section 5.1.3 of this Share Securities Note, the shareholders of the Company have pre-emptive rights to the New Shares subject to the Capital Increase and, therefore, if they exercise the aforementioned right, they shall not suffer any dilution to their holding in the share capital of the Company.

9.2 In the case of a subscription offer to the current holders, amount and percentage of the immediate dilution if they do not subscribe to the new offering.

In the event that none of the current shareholders of the Company should subscribe New Shares in the percentage corresponding to them in respect of their pre-emptive subscription rights, and the New Shares should be fully subscribed by third parties (i.e. issuance of a total of 469,350,139 New Shares), the holding of the current shareholders of the Company would represent 15.91% of the total number of Company shares that would result if the Capital Increase should be fully subscribed, which would imply the dilution of 84.09% of the capital prior to the Capital Increase.

10. ADDITIONAL INFORMATION

10.1 If in the share securities note the advisors related to an issue are mentioned, a statement of the capacity in which the advisers have acted.

Notwithstanding the provisions of section 5.4 above, the following entities have provided advisory services in relation to the Capital Increase that is the subject of this Share Securities Note:

- Uría Menéndez Abogados, S.L.P. has intervened as legal adviser in Spanish law of Prisa for the Capital Increase;
- Mayer Brown International LLP participated as a legal adviser in English, US federal and New York State law for Prisa for the Capital Increase;
- Linklaters, S.L.P. has intervened as a legal advisor in Spanish, English and US federal law of the Underwriters of the Capital Increase.
- Nomura International plc participated as a financial adviser for the Company in relation to the Capital Increase.

10.2 Indication of other information in the share securities note that has been audited or reviewed by the auditors and whether the auditors have submitted a report. Reproduction of the report or, with the permission of the competent authority, a summary thereof.

N/A.

10.3 When a statement or report attributed to a person as an expert is included in the Share Securities Note, provide the name of those persons, professional address, qualifications and significant interest in the issuer, as appropriate. If the report is presented at the request of the issuer, a statement that said statement or report is included, the form and context in which it is included, and with the consent of the person who has authorised the content of that part of the Share Securities Note.

N/A.

10.4 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the issuer shall identify the source(s) of the information.

N/A.

On behalf and in representation of the Company, every page of this document has been approved and this Registration Document is signed, in Madrid on 25 January 2018.

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Mr. Manuel Polanco Moreno

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