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**REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. CONCERNING THE PROPOSAL OF DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL INCLUDED IN ITEM EIGHT ON THE AGENDA OF THE GENERAL ORDINARY SHAREHOLDERS MEETING TO BE HELD ON 25 AND 26 APRIL, 2018, IN AN INITIAL AND SECOND QUORUM CALL, RESPECTIVELY.**

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**I. Purpose of the report**

This report is prepared in relation to the proposed delegation of authority to the Board of Directors to increase the share capital of Promotora de Informaciones, S.A. (hereinafter “Prisa” or the “Company”), with the power to exclude, where appropriate, the pre-emption right on subscription, which will be submitted for approval under item eight on the Agenda for the Ordinary General Meeting of Shareholders to be held on April 25, 2018 on the initial call or, in the event that a sufficient quorum is not obtained, on April 26, 2018, in the same place on the second call.

The report is issued in compliance with the provisions of articles 286, 297.1.b) and 506 of the Capital Companies Act [*Ley de Sociedades de Capital*].

**II. Reason and justification for the proposal**

The purpose of the resolution proposed by the Board of Directors to the General Meeting of Shareholders is to delegate to the Board the power to resolve on one or more occasions to increase the share capital in the terms of article 297.1.b) of the Capital Companies Act, with the inclusion of the power to exclude the pre-emption right in the terms of article 506 in conjunction with article 308 of the same Act.

The volume of funds needed by Prisa in order to be able to make investments and/or to undertake the current process of restructuring its liabilities means that it needs to be able to access whatever sources of financing may be available in the market, using the ones that are most appropriate for the Company at any given point in time. Access to the debt markets is sometimes subject to constraints deriving from economic policy measures which, at certain times, may reduce or slow down the growth of the monetary and credit variables and the very evolution of the financial markets. It is therefore helpful for Prisa, through its Board of Directors, to have the routes of capital increases open to it so that it can use them if the market conditions make this advisable.

In addition, and independently of the above points, Prisa’s Board of Directors thinks that it is advisable to have available an instrument that the current legislation authorises and that enables it at any time and without needing to call and hold a new General Meeting of Shareholders, to resolve to make such capital increases as it thinks advisable for the Company’s interests within the limits, terms and time periods and on the conditions that the General Meeting decides.

The dynamic of every company, particularly large companies, demands that its management and governing bodies have available at all times the instruments that are most suitable for giving an adequate response to the needs of the Company in each case in light of market circumstances. These circumstances may include providing the Company with new funding via new capital contributions.

In general, it is not possible to predict in advance what the Company's requirements will be in terms of capital provision and, in addition, the natural recourse to the General Meeting in order to increase the capital, with the consequent delay and increase in costs that this involves, may make it more difficult in certain circumstances for the Company to be able to respond rapidly and effectively to market requirements. This mechanism for delegating the power to increase the capital means that the Company can take advantage of a market opportunity that it may identify from time to time, eliminating the uncertainty about whether this opportunity will remain open during the hypothetical period required to convene the General Meeting. That being the case, the power of delegation provided for in article 297.1.b) of the Capital Companies Act means that these difficulties can largely be avoided, at the same time as giving the Board of Directors a sufficient degree of flexibility to meet the Company's needs, according to the circumstances.

During the past years the Company has used the delegations resolved by the Ordinary General Meeting of Shareholders held on 22 June 2013 and 20 April 2015, which has enabled it to raise funds on very favourable terms, given the current situation of the financial markets, and to reduce debt, improving its leverage and helping it to fulfil the execution of its refinancing plan.

With the aim of keeping the possibility of raising funds on very favourable terms, the proposal is put to the General Meeting of Shareholders to delegate to the Board of Directors the power to resolve to increase the Company's capital by a maximum amount of the equivalent of half of the share capital at the time when the increase is authorised, which includes the revocation of the unused part of the authorisation granted to the Board of Directors to increase the capital in accordance with the resolution adopted under item seven on the Agenda of the Ordinary General Meeting of Shareholders held on 20 April 2015.

The authorisation may also be used to cover any remuneration scheme or agreement by means of the delivery of shares and share options for members of the Board of Directors and Company executives that may be in force from time to time.

By virtue of the proposed resolution the corresponding capital increase will be carried out, where appropriate, within a period of no more than five years from the date of the resolution of the General Meeting of Shareholders, without the need to hold a General Meeting or have a resolution adopted by it, on one or more occasions, if and to the extent that the needs of the Company so require, up to the maximum amount of the equivalent of half of the share capital at the time when the increase is authorised, by means of the issue of new shares, both ordinary shares and shares of any other kind and/or class permitted by the Act, ordinary or preference shares, including redeemable shares, with or without voting rights, with or without issue premium. The consideration must consist of cash contributions and the Board of Directors may fix the terms and conditions of the increase, all in accordance with the provisions of article 297.1.b) of the Capital Companies Act. The proposal expressly provides for the possibility of an incomplete subscription of the shares issued, pursuant to the provisions of article 311.1 of the same Act.

The powers which it is proposed to confer on the Board include the power to fix the terms and conditions of each capital increase and the characteristics of the shares, along with the power freely to offer the new shares not subscribed in the pre-emption period or periods, to redraft

the article of the Bylaws dealing with capital, to take all necessary steps to enable the new shares that are the subject of the capital increase to be admitted for trading on the stock exchanges on which the Company's shares are quoted, in accordance with the procedures of each of the said exchanges, and to request 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. (Iberclear).

It is also proposed that the Board should be authorised to delegate in turn such of the powers received from the Board as may be delegated to the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Board.

In addition, and as permitted by article 506.1 of the Capital Companies Act in the case of listed companies, if the General Meeting delegates the power to increase the share capital to the directors, it may also give them the power to exclude the pre-emption right in relation to share issues made pursuant to the delegation if the Company's interests demand this. To that end that proposed exclusion must appear in the notice of the General Meeting and a report from the directors justifying the proposal will be made available to the shareholders.

In this sense we report that the delegation to the Board of Directors of the power to increase the capital that is contained in the proposal to which this report refers also includes, as permitted by article 506.1 of the Capital Companies Act, the grant to the directors of the power to exclude all or part of the pre-emption right of the shareholders and holders of debentures or other convertible securities if the Company's interests demand this, all in accordance with the terms of article 506.1 itself in conjunction with article 308 of the same Act, although this power to exclude the pre-emption rights shall be limited to capital increases carried out under this delegation and those that have to be carried out to pay for the conversion of convertible bonds and other similar securities issued under authorisations granted by this General Meeting up to a maximum of 20% of the Company's share capital, counting from the adoption of this resolution by the General Shareholders' Meeting, in accordance with the good corporate governance recommendations.

The Board of Directors takes the view that this additional possibility, which considerably increases the room for manoeuvre and ability to respond offered by the simple delegation of the power to increase the share capital in the terms of article 297.1.b) of the Capital Companies Act, is justified by the flexibility and agility with which on occasions it is necessary to act on the current financial markets in order to be able to take advantage of the times when the market conditions are at their most favourable. In addition, the exclusion of the pre-emption right, with the abovementioned limitation in its amount, normally enables a relative reduction in the costs associated with the operation (including in particular the fees of the financial institutions participating in the issue) in comparison with an issue with pre-emption rights, and at the same time it has less of a distorting effect on the trading of the Company's shares during the issue period, which tends to be shorter than in the case of an issue with rights. The exclusion may also be necessary if the intention is to raise funds on the international markets or via the use of bookbuilding techniques.

In any event it is noted for the record that the total or partial exclusion of the pre-emption right is only a power that the General Meeting confers on the Board and the exercise of that power will depend on the Board of Directors itself deciding to use it, by reference to the circumstances existing in each case and with respect for the legal requirements. If, in using the aforementioned powers and with the limitation of a maximum of 20% of the Company's share capital counting on the date of this resolution, the Board of Directors should decide to exclude the pre-emption right in respect of a particular capital increase that it may decide to make pursuant to the authorisation granted by the General Meeting of Shareholders, at the time it resolves to make

the increase it will issue a report detailing the specific reasons why the Company's interests justify that measure, which will be the subject of the corresponding report from the auditors referred to in article 506.3 of the Capital Companies Act. Both reports will be made available to the shareholders and communicated to the first General Meeting held after the resolution to increase the capital is adopted, in accordance with the provisions of article 506.4 of the said Act.

By virtue of everything that is said above, the proposed resolution set out below is presented to the Ordinary General Meeting of Shareholders:

**III. Proposed resolution that is submitted to the General Meeting of Shareholders for approval:**

*"1. To revoke in the unused part the resolution passed under point seven of the Agenda for the Extraordinary General Meeting of shareholders held on 20 April 2015, regarding the delegation to the Board of Directors of authority to increase capital in accordance with the provisions of article 153(1)(b) of the former Public Limited Companies Act, currently article 297(1)(b) of the Capital Companies Act.*

*2. To authorise the Board of Directors, as broadly and effectively as permitted by law, in accordance with the provisions of article 297(1)(b) of the Capital Companies Act, so that within the maximum term of five years from the date of this resolution of the General Meeting, and without need of call or resolution thereafter, it may resolve, on one or more occasions, when and as the needs of the Company so require in the judgment of the Board, to increase its capital in a maximum amount equivalent to half of the share capital at the time of this authorization, issuing and distributing the corresponding new ordinary shares or any other kind of shares permitted by law, ordinary or privileged, including redeemable shares, with or without voting rights, with or without premium, consisting the consideration for the new shares to be issued of cash contributions, and expressly contemplating the possibility of incomplete subscription of the shares that are issued, in accordance with the provisions of article 311(1) of the Capital Companies Act.*

*The authority here granted to the Board of Directors includes authority to fix the terms and conditions of each capital increase and the features of the shares, and to freely offer the new shares not subscribed within the pre-emption term or terms, to redraft the article of the Articles of Association related to capital, and to take all actions necessary in order for the new shares covered by the capital increase to be admitted to trading on the stock exchanges on which the shares of the Company are traded, in accordance with the procedures contemplated by each of those stock exchanges, and to request the inclusion of the new shares in the accounting records of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear).*

*This authorisation may be used to cover any compensation plan or agreement by way of delivery of shares or options on shares for members of the Board of Directors and to the managers of the Company in force at any given time.*

*In addition, the Board is authorised to exclude pre-emption rights, in whole or in part, on the terms of articles 506 and 308 of the Capital Companies Act, although this power to exclude pre-emption rights shall be limited to capital increases carried out under this delegation and those that have to be carried out to pay for the conversion of convertible bonds and other similar securities issued under authorisations granted by this General Meeting up to a maximum of 20% of the Company's share capital, counting from the adoption of this resolution by the General Shareholders' Meeting.*

*The Board of Directors is also authorised to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favour of the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Board."*

Madrid, 22 March 2018