

**REPORT BY THE BOARD OF DIRECTORS, PREPARED IN ACCORDANCE  
WITH THE PROVISIONS OF THE PUBLIC LIMITED COMPANIES ACT,  
REGARDING THE SEVENTH POINT ON THE AGENDA OF THE GENERAL  
SHAREHOLDERS' MEETING WHICH IS TO BE HELD ON 15TH APRIL  
2004.**

**1. Amendment of Article 1 of the Articles of Association**

The Board of Directors proposes the Amendment of Article 1 of the Articles of Association, regarding company name and legal status, so that the general reference made to the Law is understood as referring not only to the Public Limited Companies Act of 22<sup>nd</sup> December 1989 but also the Stock Market Law of 28<sup>th</sup> July 1988, as appropriate in each case.

Thus, the Board of Directors proposes the following phrasing for Article 1 of the Articles of Association:

***“Article 1. Name and Legal regime.***

*The name of the Company is Promotora de Informaciones, S.A., and is governed by the Public Limited Companies Act of December 22, 1989, the applicable legal or regulatory provisions and these Articles. The reference that is made therein to the Act shall be understood as being made to the Public Limited Companies Act of December 22, 1989 and to the Stock Market Act of July 28, 1988, as appropriate.”*

**2. Amendment of Article 12 of the Articles of Association**

The Board of Directors proposes the Amendment of Article 12 of the Articles of Association with the sole aim of extending the fields of competence of the General Meeting to include the approval and reform of the Regulations for General Meetings, which is now obligatory for listed corporations by virtue of the new Article 113 of the Stock Market Law, introduced by the Law 26/2003 of 17<sup>th</sup> July.

Thus, the Board of Directors proposes the following phrasing for Article 12 of the Articles of Association:

***“Article 12. Competition.***

*The Shareholders' General Meeting is the supreme body of corporate sovereignty.*

*It is responsible for:*

- a) *The interpretation, modification or reform of these Articles, of its particular resolutions and those of the directors.*
- b) *An increase or decrease of capital.*
- c) *The appointment of the Board of Directors, dismissal of the same or of any of its members, together with any other appointed proxies or agents and their replacements.*
- d) *To provide the management, administration and representation of the Company when necessary.*
- e) *The inspection and approval of inventories and balance sheets, distribution of profits and preparation of reserve funds of any class.*
- f) *The approval and reform of the Regulations of the General Meeting, which will complement and set out the regulations established in these Articles, with respect to the organisation and functioning of the General Meeting.*
- g) *All those matters of interest to the Company, without prejudice to the faculties conferred on other company organs.”*

### **3. Amendment of Article 15 of the Articles of Association**

The Board of Directors proposes the Amendment of Article 15 of the Articles of Association in order to regulate, in compliance with the legal mandate (Articles 105 and 106 of the Public Limited Companies Act, according to the phrasing given by the Law 26/2003 of 17<sup>th</sup> July), the possibility for shareholders to delegate or exercise the right to vote at General Meetings by postal correspondence or long-distance electronic communication.

Thus, the Board of Directors proposes the following phrasing for Article 15 of the Articles of Association:

#### ***“Article 15. The holding of the General Meeting.***

- a) *Place. The place where the Meeting is held shall be designated in the call within the locality of the company registered office, on the day and at the time stated, unless this is a Universal General Meeting.*
- b) *It shall be possible for all of the shareholders who hold at least 60 shares to attend the General Meeting, provided that these are recorded in the corresponding accounting register of book-entry security with five days’ notice of the date of the holding of the Meeting and who carry the corresponding attendance card.*

*The Board of Directors shall attend the General Meeting. The Chairman of the General Meeting shall be able to authorise the attendance of any other person that he deems appropriate; nevertheless, the General Meeting shall be able to revoke said authorisation.*

- c) Representation of the members. The members shall be able to confer their representation in favour of another member. The representation shall be specific for the Meeting concerned. This requirement shall not be demanded when the representative holds a general power of attorney in a public document with faculties to administer all of the capital that the represented party holds in the national territory. The representation shall be made in writing, on the attendance card provided for the call, by means of a letter, or by electronic means of distance communication. In the latter case, they shall meet requirements similar to those established for voting by distance communication electronic means.*
- d) Number of members for its incorporation. Without prejudice to the terms of the Act for special cases, the Shareholders General Meeting shall be constituted at the first call when the shareholders, who are present or represented, hold at least 25% of the subscribed capital with the right to vote; validity at the second call shall be established whatever the capital present at said meeting shall be.*
- e) Positions. The chairman of the Board shall be a member thereof. This person is responsibility for declaring the Meeting to be validly constituted opening the session and directing and organising the discussions, holding the highest level of management over the Assembly. The secretary of the Meeting shall be a board member and be responsible for drafting the minutes and issuing certificates. The session shall be established with the chairman and secretary and members of the Board of Directors.*
- f) Postal voting or voting by distance correspondence electronic means. Voting on the proposals concerning matters contained in the Agenda of any class of General Meeting shall be carried out by the shareholders by postal correspondence or by distance communication means. It shall be necessary to duly guarantee the identify of the individual who is exercising his right to vote, in accordance with the requirements set out in the Regulations of the General Meeting. The shareholders who cast their votes by correspondence shall be counted as being present for the purposes of the establishing of the Meeting. The votes issued by such means shall be kept by the company at its company registered office, at least twenty-four hours prior to the holding of the General Meeting on first call. The Board of Directors shall be able to set out a lesser period of time in the call.*

- g) *Voting. Each one of the wholly paid-up shares provides entitlement to a vote. The chairman shall count the voting, summarise the persons who are in agreement and in disagreement with the resolution concerned, and announce the result.*
- h) *Resolutions. Resolutions shall be adopted by a majority of the votes of the capital in attendance, unless there is a legal provision to the contrary”.*

#### **4. Amendment of Article 17 of the Articles of Association**

The Board of Directors proposes the Amendment of Article 17 of the Articles in order to:

- i) change its title from “*Nature, number of members and positions*” (of the Board of Directors) to “*Functions, composition and organisation*” since the latter is considered to be more appropriate, given the content of Article 17, and
- ii) to mention, in the Articles of Association, the Regulations of the Board of Directors, which is now obligatory for listed corporations by virtue of the new Article 115 of the Stock Market Law, introduced by the Law 26/2003 of 17th July.

Thus, the Board of Directors proposes the following phrasing for Article 17 of the Articles of Association:

***“Article 17. Functions, composition and organisation.***

*The Board of Directors is entrusted with the management, administration and representation of the Company, without prejudice to the powers set out in the corresponding Articles for the General Meeting in accordance with the Act.*

*The Board shall be made up of minimum of three and a maximum of twenty-one Directors, and the appointment and the determination of the number thereof shall be the responsibility of the Board.*

*It shall appoint a chairman from amongst its members and shall be able to appoint one or several vice-chairmen with the same status. Likewise, it shall be able to appoint an executive committee or one or several managing directors from amongst its members, the latter being entitled to hold a power of attorney on a joint or several basis.*

*It shall further be entitled to appoint a secretary who is not a director, and be entitled to appoint an assistant secretary, who likewise need not be a member of the Board.*

*The Board of Directors shall approve a set of Regulations for regularising its organisation and functioning.”*

#### **5. Amendment of Article 21A of the Articles of Association**

The Board of Directors proposes the Amendment of Article 21B of the Articles of Association as a result of the new regulations regarding the Audit Committee which are established in the additional eighteenth provision of the Stock Market Law, according to the phrasing given by the Law 62/2003 of 30<sup>th</sup> December.

To be precise, the proposal is that a general reference should be made to the functions that legally correspond to this Committee or may be assigned to it by the Board of Directors, instead of listing each one individually.

A general reference to the Law is also proposed regarding the requirements that must be fulfilled by the Committee members.

The Board of Directors proposes the following phrasing for Article 21B of the Articles of Association:

#### ***“Article 21B. Audit and Compliance Committee***

*The Board of Directors shall establish a Compliance and Auditing Committee.*

*The Compliance and Auditing Committee shall have the functions that legally correspond thereto, without prejudice to any other function that may be attributed to the Board of Directors.*

*The Compliance and Auditing Committee shall be made up of the number of Directors that is determined at any time by the Board of Directors, with a minimum of three and a maximum of five members. The members of the Compliance and Auditing Committee shall, at least, consists of a majority of non-executive Directors and shall furthermore fulfil the other requirements laid down in the Act.*

*The Board of Directors shall, on a proposal from the Chairman, appoint its members and these shall be removed from their position when they cease to hold their status as Directors or when this is so agreed by the Board of Directors.*

*The Chairman of the Committee shall be elected by the Board of Directors; from amongst those Committee members that hold the status of being non-executive Directors and that furthermore meet the other demandable legal requirements. The Chairman of the Committee shall be replaced every four years, and it shall be possible for the same individual to be re-elected once one year has passed from his removal.*

*The Secretary of the Board of Directors shall act as the Secretary of this Committee and in the absence thereof, the Assistant Secretary shall fulfil this function. The Secretary shall issue minutes of the meetings of the Committee on the terms established by the Board of Directors.*

*The Committee shall meet on a periodic basis according to its needs and, at least on four occasions per year on call from the Chairman thereof.*

*The Compliance and Auditing Committee shall be responsible for the application of the operational norms set out in the Articles of Association relating to the Board of Directors, provided that these are compatible with the nature and functions of this Committee."*

#### **6. Amendment of Article 26 of the Articles of Association**

The Board of Directors proposes the Amendment of Article 26 of the Articles of Association with the sole aim of correcting a grammatical error, so that the Spanish word "asumir" (the verb 'to assume') is changed to "asumirá" (future tense of the verb).

Thus, the Board of Directors proposes the following phrasing for Article 26 of the Articles of Association:

#### ***"Article 26. Replacement and appointments.***

*In the case of a temporary absence or momentary incapacity of the chairman the Vice-Chairman, should there be one, shall assume the chairmanship and, alternatively this position shall be filled by the Director that the Board itself designates. In the same case of the secretary, the Director that is appointed by the Board shall assume these responsibilities. The position that is being filled shall be recorded in the minutes with the addition of the word "intern" and the reason for the internship.*

*The vacancies that arise in the Board shall be provisionally covered by the members that the Board itself designates until the first General Meeting is held."*

**7. Amendment of Article 39 of the Articles of Association**

The Amendment of Article 39 of the Articles of Association is proposed for two reasons: i) to give it the title of "Reference to the Law" and ii) for the same reason as given for modifying Article 1 of the Articles of Association, regarding reference to the Law.

Thus, the Board of Directors proposes the following phrasing for Article 39 of the Articles of Association:

***"Article 39. Reference to the Law***

*All those matters not covered by these Articles shall be contained and have application in the provisions of the Public Limited Companies Act and Stock Market Act."*