



**REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ("Prisa" or the "Company") REQUESTED BY THE SHAREHOLDER PROMOTORA DE PUBLICACIONES, S.L. REGARDING THE PROPOSED RESOLUTION TO BE INCLUDED UNDER THE TENTH POINT OF THE AGENDA FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS CALLED TO BE HELD ON 29 JUNE 2012, ON FIRST CALL, AND ON 30 JUNE 2012 ON SECOND CALL.**

## **1. INTRODUCTION**

Pursuant to article 519.1 of the Capital Companies Law, the last 2 June 2012 Promotora de Publicaciones, S.L., shareholder of Prisa, holding over 5% of the share capital of the Company (the "**Applicant Shareholder**") requested to be included, among other, a proposed resolution related to issue of bonds mandatorily convertible into Class A common shares of Prisa in two tranches, Tranche A in an amount of €334,000,000 and Tranche B in an amount of €100,000,000 (the "**Bonds**") with exclusion of pre-emption rights and subscription the Tranche A by way of exchange of loans and the Tranche B by cash payment (the "**Issue**").

The aforesaid resolution proposal will be submitted for approval under point tenth of the agenda for the Ordinary General Meeting of Shareholders called for **29 June 2012**, at **12:30**, on first call, or if a sufficient quorum is not achieved on that call, on **30 June 2012**, at **12:30** and the same place, on second call.

This report is prepared by the Board of Directors of Prisa at the request of the Applicant Shareholder in compliance with the provisions of article 519.1 of the Capital Companies Law in connection with the following articles of the same regulations:

- article 414.2, regarding the bases for and forms of conversion into shares;
- article 417.2.a), as it relates to exclusion of pre-emption rights;
- article 286, regarding the corresponding articles amendment in connection with article 297.1.a), regarding the delegation to the Board of Directors of the authority to determine the date and condition of the capital increase approved; and
- article 301, applicable by analogy for purposes of subscription of Bonds by way of exchange of loans.

In order to be in a position to cover conversions of the Bonds, the proposed resolution submitted to the Ordinary General Meeting under point Tenth of the Agenda also includes a proposed capital increase, in the necessary amount, with delegation of implementation to the Board of Directors.

It is believed that point Tenth of the Agenda regarding issue of mandatorily convertible bonds with exclusion of pre-emption rights to be made in two tranches, to be subscribed by way of

exchange of credits in the Tranche A and by cash payment in the Tranche B, is strictly related to points Seventh, Eighth and Ninth of the Agenda, in respect of which the Applicant Shareholder has requested the Board of Directors to issue corresponding reports. In summary, the purpose thereof is the amendment of the system for payment of the preferred dividend of Class B shares in a manner allowing that dividend to be paid in cash, in Class A shares or using a combination of both, the payment of the Class B shares minimum annual dividend corresponding to the year 2011, payment of the dividend that may accrue by reason of voluntary conversion of Class B shares into Class A shares during the 12 months following the General Meeting and the amendment of the Bylaws to modify article 15 bis on the required majority to approve certain matters by the General Shareholders Meeting.

The aforesaid interrelationship is the result of the mentioned resolutions are included within an overall transaction the purpose of which is to strengthen the Company's net worth and cash position, thereby improving its capital structure and financial ratios. Therefore, the corporate resolutions in question have been made interdependent on each other, since the viability of each of them depends on the approval and implementation of the others.

Based on the interdependence of the aforesaid resolutions, it has decided to submit the effectiveness of each of the resolutions to approval of each and every of them. For the same reason, it is recommended that this report be read together with the reports prepared by the Board of Directors at request of the Applicant Shareholder regarding the aforesaid points.

An explanation of the transaction proposed to the General Meeting and the reasons justifying the Issue is first set forth below for the shareholders. Thereafter the reports contemplated in the Capital Companies Law for purposes of articles 414.2, 417.2.a), 286, 297.1.a) and 301 are issued jointly, albeit stated in separate sections. Finally, the final section sets forth the proposed resolution for the Issue that will be submitted for approval of the Ordinary General Meeting.

## **2. DESCRIPTION, CONTEXT OF THE ISSUE AND REASONS FOR THE TRANSACTION**

As explained in the report of point Seventh of the Agenda, last 19 April 2010 Prisa entered into a Refinancing Master Agreement for its financial indebtedness that allowed the Company to strengthen its own funds and improve the terms of the indebtedness. On 26 December 2011, the Company signed a new amendment of the financing agreements subject to the Refinancing Master Agreement, in accordance with which the financial structure included in the Notes to the Annual Accounts (*Memoria*) for 2011 business year.

After the appropriate analysis of the financial structure of the Company, it has been deemed appropriate that measures must be adopted to improve Prisa's solvency and strengthen its economic stability, and to that end it is necessary to adopt resolutions that make it possible to:

- (i) Reduce the cash needs for debt service and improve the ratio of indebtedness to net worth.
- (ii) Strengthen net worth.

- (iii) Improve the schedule for principal and interest payments on financial indebtedness.
- (iv) Facilitate the entry of new investors.

In this regard, in view of the interest shown by certain creditors of the Company and institutional investors in subscribing the Bonds, and ultimately, becoming shareholders, it is believed that it is appropriate to propose the approval of the Issue to the General Shareholders' Meeting.

In particular, the Company has received from HSBC Bank Plc, Office in Spain, CaixaBank, S.A. and Banco Santander, S.A. commitments to subscribe the Bonds included in the Tranche A of the Issue for the entire amount of the Issue subject to the conditions included in Section 3.6. below. Likewise, the Company has received from the Investor, as defined below, the commitment to subscribe the Tranche B of the Issue, also subject to the conditions explained on Section 3.6. below.

Moreover, as explained in detail in section 4 of this Report, the Issue proposed to be made requires suppression of the pre-emption rights of shareholders, in order to allow the Bonds to be subscribed exclusively by certain creditor financial institutions and other subscribers, the exclusion thus being an essential condition of the Issue.

Finally, the Board of Directors believes that the aforesaid transaction is consistent with the corporate interest of the Company, and ensures achieving the objectives pursued, for the following reasons:

- (i) In the first place, given the fact that the Bonds are convertible at any time by request of its holders until the Final Maturity Date (as defined in Section 3.7. below) and mandatorily convertible on the Final Maturity Date, they will result in a reduction of indebtedness in the amount of the credits exchanged and improvement of the ratio of indebtedness to net worth.
- (ii) In the second place, by contrast with the scheme for the credits exchanged, during the 2012 and 2013 financial years it will be not necessary to repay the principal of the Bonds.
- (iii) In the third place, it makes the transaction contemplated in point Seventh on the Agenda possible, since the conditions are better for Class B shareholders to accept amendment of the system for payment of their preferred dividend, in a manner permitting that dividend to be paid in cash, in Class A shares or using a combination of both.

### **3. REPORT FOR PURPOSES OF ARTICLE 414.2 OF THE CAPITAL COMPANIES LAW**

To achieve the stated objectives, an agreement to issue the Bonds with certain creditor financial institutions and other subscribers has been negotiated, the essential terms of which, including the bases for and forms of conversion of the Bonds, are set forth below:

- 3.1 Information of the issuer entity. The issuer company is Promotora de Información, S.A.; of Spanish nationality and with registered at Madrid, calle de Gran Vía, number 32.

The share capital amounts to 92,287,086.20 Euros fully subscribed and paid-up. The share capital is divided into 546,026,333 Class A common shares, with a face value of 0.10 Euros each, and numbered from 1 to 546,026,333; and into 376,844,436 Class B convertible non-voting shares, with a face value of 0.10 Euros each and numbered from 1 to 376,844,436.

Prisa's corporate purpose consists in:

- a) Management and operating all types of owned or third-party news and social communications media, regardless of format, including the publication of printed newspapers, among others.
- b) Promoting, planning and executing, on behalf of the Company or for other entities, either directly or through third parties, of all types of communications media, industrial, commercial or of services projects, transactions or business.
- c) Incorporating business or companies, participating in already existing companies, even with a controlling interest, and enter into association with third parties in transactions and business through collaboration arrangements.
- d) Acquisition, holding either direct or indirectly, leasing or any otherwise exploiting and disposing of all types of real property or rights therein.
- e) Contracting and providing advisory, acquisition and management services, either though intermediation, representation or any other type of collaboration method on the Company's behalf or for third parties.
- f) Involvement in capital and money markets though the management, purchase and sale of fix-income or equity securities or any other type of securities on behalf of the Company.

- 3.2 Amount of the Issue. The Issue is proposed to be made in two tranches:

- a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue will total 334,000,000 Euros and could be subscribed by Creditor Institutions as defined in section 6.1.b) above.
- b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue will total 100,000,000 Euros and could be subscribed by the Investor as defined below.

According article 510 of the Capital Companies Law, the limit established by article 405 of the Capital Companies Law does not apply to the proposed issue.

The issue will be governed by the provisions of the Capital Companies Law and the Bylaws of the Company.

According to the article 407 of the Companies Capital Law, the issue of Bonds shall be in public deed with the following provisions:

- ✓ Name, capital, purpose and address of Prisa.
- ✓ The conditions of the Issue, dates and deadlines in which the subscription is possible.
- ✓ Face value, interest, maturity dates, premiums and costs of the Bonds, if applicable.
- ✓ Total amount and series number of the securities to be launched into the market.
- ✓ Securities for the Issue.
- ✓ Fundamental rules governing the relationships between the Company and the Syndicate of Bondholders and its characteristics.

### 3.3 Subscription and payment.

- a) Subscription and payment of the Tranche A of the Issue. It is proposed that the Bonds included in the Tranche A of the Issue could be subscribed by the Creditor Institutions as defined in section 6.1.b) above.

The subscription of the Bonds included in the Tranche A of the issue will take place when of the conditions of the Section 3.6. below have been accomplished, the public deed have been granted and registered with the Commercial Registry and the relevant notice in the Madrid Commercial Registry Gazette (Boletín Oficial del Registro Mercantil) has been published (“**Closing Date**”).

As previously explained, the Company has received from HSBC, CaixaBank, S.A. and Banco Santander, S.A. commitments to subscribe the Bonds for the entire amount of Tranche A subject to the conditions included in Section 3.6. below.

The amount of the Tranche A of the Issue will be allocated by the Company among the Creditor Institutions that approve the subscription of the Bonds *via* credits exchange.

- b) Subscription and payment of the Tranche B of the Issue. It is proposed that the Bonds included in the Tranche B of the Issue could be subscribed and paid in cash by Telefónica, S.A. (or other Company of the group of Telefónica) (the “**Investor**”) in the Closing Date.

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As previously explained, the Company has received the commitment to subscribe the Bonds included in the Tranche B of the Issue for the entire amount of the Issue from the Investor subject to the conditions detailed in Section 3.6. below.

It is proposed to expressly provide for the possibility of incomplete subscription of both tranches of the Issue. As a result, the Issue will be limited to the amount corresponding to the face value of the Bonds effectively subscribed and paid for by the investors to which it is addressed, being of no effect as regards the remainder.

3.4 Issue price, face value and representation. It is proposed that the Bonds to be issued at par, be in registered form, and have a unit face value of 100,000 Euros.

3.5 Interest rate It is proposed that the Bonds accrue monthly interest from their issue, calculated by reference to the face amount and payable at the end of each year equal to Euribor + 415 basic points, which corresponds with the interest rate applicable under the subordinated lending agreement executed by the Company and HSBC Bank Plc, Office in Spain (HSBC) on 20 December 2007.

3.6. Conditions for the Issue. It is proposed that the Issue is subject to the following conditions:

- (i). The Issue must be authorised by the financial institutions that are parties to the Company's financing agreements, with the majorities applicable.
- (ii). The approval of the Seventh, Eighth and Tenth points of the Agenda, as well as its authorisation, if applicable, by the Creditor Institutions of the Company.
- (iii).Compliance with all the conditions for the subscription of the bonds provided in the "Indicative mandatory convertible term sheet", including the issue and subscription in full and simultaneously of Tranche A and Tranche B.

3.7. Final Maturity Date. It is proposed that the Bonds have a term of 2 years, for which reason they will mature on the second anniversary of the Closing Date (the "Final Maturity Date").

On the Final Maturity Date, the Bonds that have not been converted before will be necessarily converted into Class A common shares.

3.8. Security. It is proposed that the Issue be secured by the property of the Company, not being specially secured by any third party guarantee.

3.9. Rules governing priority. It is proposed that the Bonds be direct and unconditional obligations, contractually subordinated to the Company's syndicated bank indebtedness, and otherwise unsubordinated and ranking pari passu and pro rata, without any preference among them or as regards the other existing or future unsecured and unsubordinated debts of the Company except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.

- 3.10 **Transferability and admission to trading.** It is proposed that The Bonds will be freely transferable. Admission to trading of the Bonds will not be sought on any secondary market.
- 3.11. **Change of control.** It is proposed the Bonds are subject to the same resolutions regarding to the change of control provided in the *Senior Financial Agreement* of 19 March 2006, amended on 26 December 2011, amendment that was notarized through a deed issued by the Notary Public of Madrid, Rodrigo Tena Arregui, with protocol number 2631.
- 3.12. **Syndicate of Bondholders and Commissioner.** A Syndicate of Bondholders will be formed under the name "**Syndicate of Bondholders for the 2012 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its regulations and the Capital Companies Law. It is proposed to appoint Matilde Casado Moreno as temporary Commissioner. The Regulations of the Syndicate of Bondholders is substantially as set forth in Annex 1 of the proposed resolutions, notwithstanding what is provided in the article 421 of Spanish Capital Companies Law.
- 3.13. **Basis for and forms of conversion of the Bonds:** The basis for and forms of conversion of the Bonds are explained below:
- a) **Conversion of the Bonds.** It is proposed that the Bondholders may request their conversion into Class A common shares at any time before the Final Maturity Date. In this event, the Company will issue Class A shares resulting from the Price Conversion within the month following in which the early conversion is requested. It is proposed that the Bonds will be mandatorily convertibles into Class A common shares on the Final Maturity Date. The interest accrued and not paid until the conversion date will be paid in cash.
  - b) **Conversion Price.** It is proposed that the price of the Prisa shares for purposes of conversion will be 1.03 Euros.

It is proposed that the Conversion Price be adjusted in the following circumstances according to procedures commonly used in similar issues and also to the economic effect that such circumstances may have to the value of the Bonds:

    - (i) Transactions granting pre-emption rights, warrants or equivalent instruments to the shareholders.
    - (ii) Capital increases by way of capitalisation of reserves, profits or issue premium and by way of distribution of shares or split or reverse split transactions.

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- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.
- (iv) Distribution of reserves or issue premium.
- (v) Award to shareholders of financial asset instruments other than shares.
- (vi) Absorption, merger, spinoff or split-up.
- (vii) Acquisition of own shares at a premium above the market price of the share.
- (viii) A change in the allocation of dividends by way of issuing preferred or non-voting shares or other preferred equity instruments.

In addition, in the case the payment of dividends for Class A shares before the conversion of Bonds, the Conversion Price of the Bonds will be adjusted likewise taking into account the amount paid.

Likewise, in the event that, from 5 June 2012 and until the Final Maturity Date, the Company issues or undertakes to issue Class A shares, or securities or bonds convertible into Class A Shares, to be subscribed for by means of contributions in cash (including debt capitalization), at an issue price below the Conversion Price applicable from time to time, such Conversion Price is automatically adjusted to the issue price of the new Class A shares, or the conversion price of the securities or bonds, as the case may be.

For the purposes of this provision, Prisa shall be deemed to have undertaken such issuance when it is either approved by the company's shareholders meeting or by its board of directors, or it is committed by any other person with capacity to bind Prisa, and such resolution or binding commitment incorporates such lower price or the parameters to determine it.

On the other hand, it is proposed that in no case will there be an adjustment of the Conversion Price as a result of the issue of Class A common shares upon the Conversion of Class B shares into Class A shares, according to the conditions established in the Prisa's Bylaws at the date of adoption of this resolution.

Likewise, there will be no adjustment of the Conversion Price as a result of the payment of the dividend of Class B shares currently in circulation, in Class A common shares, in cash, or a combination of both, provided that the issue ratio of the Class A common shares is not a discount to Conversion Price applicable at any time over 5%.

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For clarification purposes, it will not be applicable the adjust neither in relation to the resolutions adopted in the General Meeting of Shareholders.

- c) **Conversion Rate.** It is proposed that the number of Class A common shares that will be delivered to the Bondholders will be determined by dividing the face amount of the corresponding Bonds by the Conversion Price in effect on the pertinent conversion date. Thus, the initial conversion rate will be 97,087.37 Class A shares per Bond and the amount of capital that initially would be necessary to cover conversion of all of the Bonds, assuming that all are converted into new Class A shares, is 434,00,000 Euros including face value and share premium.

It is noted that no important changes have occur after the closing of the Company's consolidated annual accounts for the business year finished 31 December 2011.

Finally, it is noted that, in accordance with the provisions of articles 414.2 and 417.2.b), the Madrid Commercial Registry has been asked to appoint an auditor other than the Prisa's auditor, to issue a report by an auditor other than the Company's auditor in which, on the basis of this report, an opinion is expressed related to the matters stated in the aforesaid rules.

The Madrid Commercial Registry appointed KPMG Auditores, S.L. as the auditor responsible for preparation of the aforesaid report. This document will be provided to the aforesaid auditor in order for it to issue its required opinion, which together herewith will be made available to the shareholders upon the publication of the addendum to the General Meeting.

### **4. REPORT FOR PURPOSES OF ARTICLE 417.2.a) OF THE CAPITAL COMPANIES LAW**

The Issue will be addressed exclusively to the Investor and those credit entities that have agreed to subscribe the Bonds and, thus, convert the credits they hold against the Company to capital. Thus the Issue, as has been agreed with the creditor banks and the Investor, is not compatible with a transaction in which the pre-emption right of the shareholders is maintained.

Therefore, the exclusion of pre-emption rights that is proposed is appropriate and necessary under the current circumstances, because (i) it allows entering into a transaction that is highly favourable from the point of view of the corporate interest, (ii) it is necessary to achieve the end sought, and (iii) there is a relationship of proportionality between the objective sought and the means chosen.

KPMG Auditores, S.L. as the auditor other than the Company's auditor appointed by the Madrid Commercial Registry will issue a Special Report which will contain a technical opinion regarding the reasonableness of the information contained in this report, and regarding the appropriateness of the conversion ratio.

Based on all of the foregoing, it is believed that the Issue referred to in this Report is fully justified by reasons in the corporate interest. Thus, given the fact that the structuring

characteristics of the proposed transaction imply the impossibility of maintaining the pre-emption right of the shareholders, it is proposed to adopt the Issue resolution covered by this report with exclusion of the pre-emption right, in the belief, as has been stated and explained, that the Prisa corporate interest so requires.

**5. REPORT OF THE BOARD OF DIRECTORS FOR PURPOSES OF ARTICLE 286 OF THE CAPITAL COMPANIES LAW**

In order to cover conversion of the Bonds, it is proposed that the Ordinary General Meeting of Shareholders approve an increase of the capital of the Company in the amount necessary to cover conversion of the Bonds.

In accordance with the provisions of the preceding sections, unless there is any dilution event between the date of issue of the Bonds and the Final Maturity Date, 421,359,223 new Class A common shares will be issued, at par value (0.10 Euros per share), plus an issue premium of 0.93 Euros per share, with capital being increased by a total amount of 434,000,000 Euros, with total issue premium of 391,864,077.39 Euros.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, the Delegated Committee, the President and the Chief Executive Officer on the Final Maturity Date. Consistently with the foregoing, it is proposed that the General Meeting delegate the implementation of the capital increase resolution necessary to cover conversion of the Bonds on the Final Maturity Date or on the early conversion date to the Board of Directors (under article 297.1.a) of the Capital Companies Law) with express authority to subdelegate. In addition, it is proposed to delegate the amendment of the text of article 6 of the bylaws to adapt it to the new capital figure resulting from implementation of the capital increase to cover conversion of the Bonds to the Board of Directors, with express authority to subdelegate.

**6. REPORT FOR PURPOSES OF ARTICLE 301 OF THE CAPITAL COMPANIES LAW IN RELATION TO THE TRANCHE A OF THE ISSUE**

The credits susceptible of exchange to subscribe the Bonds included in the Tranche A of the Issue, the approval of which is proposed, are those referred to below, expressly indicating the creditors, the amounts and the dates granted, as this information appears in the company's accounting:

**6.1. Nature of the credits to be exchanged, identity of the subscribers, number of bonds to be issued**

a) Credits to be exchanged

The Bonds included in the Tranche A of the Issue may be paid for and subscribed by exchange of the following credits:

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- Syndicated credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that a syndicate of accrediting entities, acting HSBC as agent, lent to the Company on 19 May 2006 for an amount of 1.600.000.000 euros (after, increased to 2.050.000.000 Euros).
- Bridging credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that a syndicate of accrediting entities, acting HSBC as agent, lent to the Company on 20 December 2007 for an amount of 4.230.000.000.
- Subordinated credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that HSBC lent to the Company on 20 December 2007 for an amount of 200.000.000.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Bilbao Vizcaya Argentaria , S.A. lent to the Company on 29 July 2002 for an amount of 20.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that CaixaBank, S.A. (before Caixa D'Estalvis i Pensions de Barcelona) lent to the Company on 1 June 2009 for an amount of 25.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Santander, S.A lent to the Company on 27 November 2008 for an amount of 20.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Español de Crédito, S.A. lent to the Company on 17 October 2002 for an amount of 25.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Bankia, S.A. (before Caja de Ahorros y Monte de Piedad de Madrid) lent to the Company on 7 October 2002 for an amount of 25.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Sabadell, S.A. lent to the Company on 1 June 2007 for an amount of 15.000.000 Euros.
- Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Bankinter, S.A. lent to the Company on 21 November 2002 for an amount of 15.000.000 Euros.

b) Identity of subscribers of the bonds and number of bonds to be issued

The Bonds included in the Tranche A of the Issue may be exclusively subscribed by the following creditor financial institutions or any other creditor financial institution which is a lender under any of the credits described above (“**Creditor Institutions**”):

- Alie Street Investments 12 Limited.
- Banca March, S.A.
- Banco Bilbao Vizcaya Argentaria, S.A.
- Kutxabank, S.A.

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- Banca Monte dei Paschi di Siena SPA, Sucursal en Londres.
- Banco BPI, S.A. Sucursal en España.
- Banco Caixa Geral, S.A.
- Banco Cooperativo Español, S.A.
- Banco de Sabadell, S.A.
- Banco Español de Crédito, S.A.
- Banco Espíritu Santo, S.A., Sucursal en España.
- Bank of America Securities.
- Banco Itaú BBA International, S.A. - London Branch.
- Banco Pastor, S.A.
- Banco Popular Español, S.A.
- Banco Santander, S.A.,
- Bank Audi Saradar France.
- Bankia, S.A.
- Bankinter, S.A.
- Bankoa, S.A.
- BNP Paribas, Sucursal en España.
- Caixa Banco de Investimento Sucursal Financiera Exterior
- Caixabank, S.A.
- Citibank International, plc, Sucursal en España
- Crédit Agricole corporate and Investment Bank, Sucursal en España.
- Commerzbank Aktiengesellschaft, Sucursal en España.
- Coöperative Centrale Raiffeisen-Boerenleenbank, B.A., Sucursal en España.
- Fortis Bank, S.A., Sucursal en España.
- Ibercaja Banco, S.A.U.
- Instituto de Crédito Oficial
- Liberbank, S.A.
- Banco Grupo Cajatres, S.A.
- NCG Banco, S.A.
- Société Général, S.A.
- The Royal Bank of Scotland plc
- HSBC Bank plc
- HSBC Bank plc, Sucursal en España.
- Natixis, Sucursal en España.

The subscription of the Bonds has been offered to all the Creditor Institutions. Nonetheless, the Company has received from HSBC, CaixaBank, .S.A and Banco Santnader, S.A. commitments to subscribe the Bonds for the entire amount of the Issue subject to the conditions provided in Section 3.6. above.

In the event of approval of the Issue by the General Shareholders Meeting of the Company, the credits susceptible of exchange that are listed in this section will meet the requirements established, by analogy, in article 301 of the Capital Companies Law and, therefore, will be suitable for capitalisation on the date of implementation of the Issue.

**6.2. Certification of the Company's auditor for purposes of article 301 of the Capital Companies Law**

It has been requested the required certification issued by Deloitte, S.L., in its capacity as the Company's auditor, under the provisions of article 301.3 of the Capital Companies Law.

The aforesaid certification, which will be made available to the shareholders together with this Report, must confirm that:

- (i) having reviewed the company's accounting, the information set forth in this Report regarding the credits susceptible of exchange is accurate; and
- (ii) in accordance with the exchange commitments received from the holders of the credits specified in Section 6.1 above, these credits will satisfy the requirements established in article 301 of the Capital Companies Law for credits capitalisation at the time of approval by the General Meeting of the proposed resolution covered by this Report and, therefore, on the date of execution of the public deed documenting the Issue.

Also, for the execution of the public deed documenting implementation of the Issue, it is contemplated that Deloitte, S.L., in its capacity as the Company's auditor, will issue a new certification to the effect that the full amount of the credits subject to exchange is net, due and payable at that date, and confirming that the maturities of the remaining amounts are not more than five years.

**7. CONDITION PRECEDENT**

The effectiveness of the resolution proposed to the General Shareholders Meeting covered by this Report will be subject to the condition precedent that the resolutions proposed under points Seventh, Eighth and Ninth of the agenda for this Ordinary General Meeting of Shareholders be adopted. Thus, if the General Meeting does not adopt each and every one of the aforesaid resolutions, this resolution will be of no legal effect whatever.

**8. SEPARATE VOTING**

Given its relationship to the Seventh resolution on the Agenda, and in accordance with the requirements imposed for adoption of that resolution under the provisions of articles 103 and 293 of the Capital Companies Law, this proposed resolution also will be submitted for separate voting by the holders of Class A shares, and the holders of Class B shares.

In both cases a qualified attendance quorum will be required (50% on first call and 25% on second call), and the resolution must be approved by a favourable qualified majority of 75% of the shares present or represented (on first or second call), as contemplated in article 15 bis of the Regulations.

**9. DELEGATION OF AUTHORITY**

It is proposed to authorise the Board of Directors, with express authority to subdelegate in the Delegate Commission, the President and the Chief Executive Officer, to freely determine and

confirm if condition precedent to which this resolution is subject has been fulfilled and to set any other condition of the Issue, agree with the Creditor Institutions and the Investor on the final terms and conditions of the Bonds, adapt, if applicable, the Regulations of the Syndicate of Bondholders, implement the capital increase resolution of the Company by issuing and placing in circulation, on one or more occasions, the shares representatives thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into Class A shares with no effect, and to apply for admission to trading of the Class A shares so issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market), and take such other actions as are set forth in the resolution covered by this Report.

## **10. PROPOSED RESOLUTION TO BE SUBMITTED TO GENERAL MEETING**

Based on all of the foregoing, on the request of the Applicant Shareholder, the following proposal is presented to the General Shareholders' Meeting under point Tenth of the Agenda:

***"Issuance of mandatory convertible bonds with exclusion of pre-emption rights. Subscription by exchange of loans and cash contribution. Capital increase for the conversion."***

### **1. Issue of bonds mandatorily convertible into Class A shares**

*It is resolved to issue bonds mandatorily convertible into newly-issued Class A common shares of the Company to be carried out in two tranches (the "Bonds" and the "Issue") in accordance with the terms and conditions and subject to the bases for and forms of conversion indicated below.*

#### **1.1 Issue**

*The Issue will be carried out in two tranches.*

- (a) *Amount of the Tranche A of the Issue.* *The amount of the Tranche A of the Issue amounts to 334,000,000 Euros. This tranche is aimed to the creditor institutions as defined below.*
- (b) *Amount of the Tranche B of the Issue.* *The amount of the Tranche B of the Issue amounts to 100,000,000 Euros. This tranche is aimed to the investor as defined below.*

*It is noted that, in accordance with the provisions of article 510 of the Capital Companies Law, the limit set forth in article 405 of the Capital Companies Law does not apply.*

#### **1.2 Subscription and payment**

## ***LOOSE TRANSLATION***

(a) Subscription and payment of the Tranche A of the Issue: the following creditor financial institutions (the “**Creditor Institutions**”) will be exclusively entitled to subscribe the Bonds included in the Tranche A of the Issue or any other creditor financial institution which is a lender under any of the credits described below at the time of issue:

- *Alie Street Investments 12 Limited.*
- *Banca March, S.A.*
- *Banco Bilbao Vizcaya Argentaria, S.A.*
- *Kutxabank, S.A.*
- *Banca Monte dei Paschi di Siena SPA, Sucursal en Londres.*
- *Banco BPI, S.A. Sucursal en España.*
- *Banco Caixa Geral, S.A.*
- *Banco Cooperativo Español, S.A.*
- *Banco de Sabadell, S.A.*
- *Banco Español de Crédito, S.A.*
- *Banco Espírito Santo, S.A., Sucursal en España.*
- *Bank of America Securities.*
- *Banco Itaú BBA International, S.A. - London Branch.*
- *Banco Pastor, S.A.*
- *Banco Popular Español, S.A.*
- *Banco Santander, S.A.,*
- *Bank Audi Saradar France.*
- *Bankia, S.A.*
- *Bankinter, S.A.*
- *Bankoa, S.A.*
- *BNP Paribas, Sucursal en España.*
- *Caixa Banco de Investimento Sucursal Financiera Exterior.*
- *Caixabank, S.A.*
- *Citibank International, plc, Sucursal en España.*
- *Crédit Agricole corporate and Investment Bank, Sucursal en España.*
- *Commerzbank Aktiengesellschaft, Sucursal en España.*
- *Cooperative Centrale Raiffeisen-Boerenleenbank, B.A., Sucursal en España.*
- *Fortis Bank, S.A., Sucursal en España.*
- *Ibercaja Banco, S.A.U.*
- *Instituto de Crédito Oficial.*
- *Liberbank, S.A.*
- *Banco Grupo Cajatres, S.A.*
- *NCG Banco, S.A.*
- *Société Général, S.A.*
- *The Royal Bank of Scotland plc.*
- *HSBC Bank plc.*
- *HSBC Bank plc, Sucursal en España.*
- *Natixis, Sucursal en España.*

*The subscription of the Bonds included in the Tranche A of the Issue has been offered to all the Creditor Institutions. Nonetheless, the Company has received from HSBC Bank*

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*Plc, Office in Spain ("HSBC"), CaixaBank, .S.A and Banco Santander, S.A. commitments to subscribe the Bonds for the entire amount of the Tranche A of the Issue subject to the following conditions:*

- (i). *the authorization of the exchange of the credits of this agreement of Issue of Bonds by the creditor financial institutions of the Company pursuant to the majorities applicable.*
- (ii).*the approval of the agreements included in the Agenda under points Seventh, Eighth and Tenth of this Shareholders General Meeting, as well as the its authorization, if applicable, by the financial creditors of the Company.*
- (iii).*compliance with all the conditions for the subscription of the Bonds provided in the "Indicative mandatory convertible term sheet", including the issue and subscription in full and simultaneously of Tranche A and Tranche B.*

*Subscription of Bonds included in the Tranche A of the Issue will occur on the date the mentioned conditions are met and the deed regarding the Issue is executed which will be registered with the Commercial Registry and the relevant notice in the Madrid Commercial Registry Gazette (Boletín Oficial del Registro Mercantil) has been published ("Closing Date").*

*The Creditor Institutions may pay for and subscribe the Bonds by exchange of the following loans:*

- *Syndicated credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that a syndicate of accrediting entities, acting HSBC as agent, lent to the Company on 19 May 2006 for an amount of 1,600,00,000 Euros (after, increased to 2,050,000,000 Euros).*
- *Bridging credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that a syndicate of accrediting entities, acting HSBC as agent, lent to the Company on 20 December 2007 for an amount of 4,230,000,000 Euros.*
- *Subordinated credit facility, by exchange, whether it is total or partial, of the net, past-due and claimable credit that HSBC lent to the Company on 20 December 2007 for an amount of 200,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Bilbao Vizcaya Argentaria , S.A. lent to the Company on 29 July 2002 for an amount of 20,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that CaixaBank, S.A. (before Caixa D'Estalvis i Pensions de Barcelona) lent to the Company on 1 June 2009 for an amount of 25,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Santander, S.A lent to the Company on 27 November 2008 for an amount of 20,000,000 Euros.*

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- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Español de Crédito, S.A. lent to the Company on 17 October 2002 for an amount of 25,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Bankia, S.A. (before Caja de Ahorros y Monte de Piedad de Madrid) lent to the Company on 7 October 2002 for an amount of 25,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Banco Sabadell, S.A. lent to the Company on 1 June 2007 for an amount of 15,000,000 Euros.*
- *Bilateral credit policy, by exchange, whether it is total or partial, of the net, past-due and claimable credit that Bankinter, S.A.. lent to the Company on 21 November 2002 for an amount of 15,000,000 Euros.*

*The amount of the Tranche A will be distributed by the Company among the Creditor Institutions which decide to subscribe the Bonds by means of exchange of the credits mentioned above.*

*These credits, in the amounts their holders agree to use for subscription, will satisfy in the moment of their exchange the requirements established in article 301 of the Capital Companies Law, as shown on the report prepared by the Board of Directors at the request of Promotora de Publicaciones, S.L. (hereinafter, “**Applicant Shareholder**”), whom requested the inclusion of this proposed resolution as a point of the agenda of the Ordinary Shareholders Meeting (scheduled for the next 29 June on first call and for the 30 June on second call) through a request of addendum pursuant to article 519 of the Capital Companies Law. The compliance with the requirement of the article 301 for the capitalisation of credits has been confirmed by the certificate issued in the form of a special report on 13 June 2012 by the Company's auditor, Deloitte, S.L., a Spanish entity with registered office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469.*

*The report made by the Board of Directors has been issued at the request of the Applicant Shareholder and in compliance with the provisions of both article 286 of the Capital Companies Law, regarding proposals for amendments of the regulations, and, by way of analogy, article 301 for capital increases by way of capitalization of credits.*

*(b) Subscription and payment of the Tranche B of the Issue: the Bonds included in the Tranche B of the Issue will be subscribed and paid in cash by Telefónica, S.A. (or other Company of the group of Telefónica) (the “**Investor**”) on the Closing Date.*

*The Company has received from the Investor the commitment to subscribe the Bonds for the total amount of the Tranche B of the Issue, subject to the same terms and conditions as the commitment of subscription of Tranche A.*

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*Notwithstanding, it is provided the uncomplet subscription of both tranches. Consequently, the Issue will be limited to the amount corresponding with the face value of the bonds effectively subscribed and paid by the investors, having no effects for the rest.*

- 1.3 *Issue price, face value and representation: The Bonds are issued at par, are in registered form, and have a unit face value of 100,000 Euros. The Bonds are of a single series and will be represented by registered certificates.*
- 1.4 *Interest rate. The Bonds accrue monthly interest from their issue by reference to the face amount and payable at the end of each year equal to Euribor + 415 basic points, which corresponds to the current interest rate payable under the subordinated lending agreement executed by the Company and HSBC Bank Plc, Office in Spain on 20 December 2007.*
- 1.5 *Maturity date. The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“Final Closing Date”).*

*When the final maturity date arrives, the Bonds which had not been converted before will be converted mandatorily into Class A common shares.*

### ***1.6 Conversion. Bases for and forms of conversion***

- a) *Conversion of the Bonds. The bondholders may request their conversion into Class A shares at any time before the Final Maturity Date. In this case, the Company shall issue Class A shares resulting from the Conversion Price within the month following the request of early conversion. The Bonds shall be mandatorily converted into Class A common shares on the Final Maturity Date. The interest accrued and not paid until the Conversion Date will be paid in cash.*
- b) *Conversion Price. The price of the Prisa shares for purposes of conversion will be 1.03 Euros.*

*The Conversion Price will be adjusted in the following circumstances according to market standards and also to the economic effect that such circumstances may have to the value of the Bonds:*

- *Transactions granting pre-emption rights, warrants or equivalent instruments to the shareholders.*
- *Capital increases by way of capitalisation of reserves, profits or issue premium and by way of distribution of shares or split or reverse split transactions.*
- *Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.*

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- *Distribution of reserves or issue premium.*
- *Award to shareholders of financial asset instruments other than shares.*
- *Absorption, merger, spinoff or split-up.*
- *Acquisition of own shares at a premium above the market price of the share.*
- *A change in the allocation of dividends by way of issuing preferred or nonvoting shares or other preferred equity instruments.*

*In addition, in the case the payment of dividends for Class A shares before the conversion of Bonds takes places, the Conversion Price of the Bonds will be adjusted likewise taking into account the amount paid.*

*Likewise, in the event that, from 5 June 2012 and until the Final Maturity Date, the Company issues or undertakes to issue Class A shares, or securities or bonds convertible into Class A Shares, to be subscribed by means of contributions in cash (including debt capitalization), at an issue price below the Conversion Price applicable from time to time, such Conversion Price will be automatically adjusted to the issue price of the new Class A shares, or the conversion price of the securities or bonds, as the case may be.*

*For the purposes of this provision, Prisa shall be deemed to have undertaken such issue when it is either approved by the company's shareholders meeting or by its board of directors, or it is committed by any other person with capacity to bind Prisa, and such resolution or binding commitment incorporates such lower price or the parameters to determine it.*

*In no case will there be an adjustment of the Conversion Price as a result of the issue of Class A common shares upon the Conversion of Class B shares, according to the conditions established in the Prisa's Bylaws at the date of adoption of this resolution.*

*Likewise, there will be no adjustment of the Conversion Price as a result of the payment of the dividend of Class B shares in Class A common shares, in cash, or in the form of a combination of both, provided that the issue ratio of the Class A common shares is not a discount to Conversion Price applicable at any time over the 5%.*

*For clarification purposes, it will not be applicable the adjust neither in relation to the resolutions adopted in the General Meeting of Shareholders.*

- c) *Conversion Rate. The number of common Class A shares that will be delivered to the bondholders will be determined by dividing the face amount of the corresponding Bonds by the Conversion Price in the maturity date. Thus, the conversion rate will be 97,087.37 Class A shares per Bond and the amount of capital that would be necessary to cover conversion of all of the Bonds at the*

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*initial moment, assuming that all are converted into new Class A shares at the Conversion Price, is 434,000,000 Euros, including face value and share premium.*

### ***1.7 Other terms and conditions***

- (a) *Security. The Issue is secured by the property of the Company, not being specially secured by any third party guarantee.*
- (b) *Rules governing priority. The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness, and otherwise unsubordinated and ranking pari-passu and pro-rata, without any preference among them or as regards the other existing or future unsecured and unsubordinated debts of the Company except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.*
- (c) *Transferability and admission to trading: The Bonds will be freely transferable. Admission to trading of the Bonds will not be sought on any secondary market.*
- (d) *Change of control: The Bonds will be subject to the resolutions regarding the change of control provided in the Senior Financial Agreement of 19 March 2006, amended on 26 December 2011, amendment that was notarized through a deed issued by the Notary Public of Madrid, Rodrigo Tena Aguerri, with protocol number 2631.*

### ***1.8 Syndicate of Bondholders and Commissioner***

*A Syndicate of Bondholders is formed under the name "**Syndicate of Bondholders for the 2012 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its Regulations and the Capital Companies Law. Matilde Casado Moreno is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as Annex 1, notwithstanding what provided in the article 421 of Spanish Companies Law.*

### ***2. Resolution to exclude pre-emption rights***

*It is resolved to exclude the pre-emption rights of the Company's shareholders regarding the issue of Bonds, in accordance with article 417 of the Capital Companies Law.*

*Suppression of the pre-emptive rights of shareholders of the Company has been duly explained based on the requirements of the corporate interest and the reasons set forth by the administrators in the corresponding report requested by the Applicant Shareholder and which has been made available to the shareholders from the time of publication of the addendum to the General Meeting. Also, KPMG Auditores, S.L. as an auditor other than the Company's auditor appointed by the Madrid Commercial Registry has issued a Special Report which contains a technical opinion regarding the reasonableness of the information included in this report, as well as the appropriateness of the conversion ratio and, if applicable, the*

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*adjustment formulas therefor, to compensate for possible dilution of the economic interests of the shareholders, under the provisions of articles 414, regarding the bases for and forms of conversion, and 417, regarding exclusion of pre-emption rights, of the Capital Companies Law, which also has been made available to the shareholders from the time of the publication of the addendum to the General Meeting. The aforesaid report is attached to these resolutions as Annex 2.*

### **3. Resolution to increase capital as necessary to cover conversion of the Bonds**

*In accordance with the provisions of article 414 of the Capital Companies Law, it is resolved to increase the Company's capital by the amount necessary to cover such conversion of Bonds up to an initially contemplated maximum of 421,359,223 Class A shares, corresponding to the maximum number of Class A shares to be issued by the Company based on the Conversion Price, but subject to such possible changes as may occur as a result of adjustments of the Conversion Price as set forth in this agreement.*

*The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, Delegate Commission, the President and the Chief Executive Officer, by issuing new Class A common shares having the same par value and the same rights as the Class A common shares outstanding on the date of implementation of the corresponding resolution increasing capital. When the Board of Directors so implements this resolution it will redraft the article of the Bylaws related to capital.*

*The final number of new Class A common shares that will be issued upon exercise of the conversion right will be determined by dividing the face amount of the corresponding Bonds by the Conversion Price in effect on the pertinent conversion date.*

*In accordance with the provisions of article 304.2. of the Capital Companies Law, the shareholders of the Company will have no pre-emption right as regards the capital increases resulting from conversion of the Bonds into Class A shares.*

*It is resolved to apply for admission to trading of the newly-issued Class A shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Exchange Interconnection System (Continuous Market). The Board of Directors is authorised in turn to delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may make the corresponding applications, prepare and present all appropriate documents on the terms they deem to be appropriate and take such actions as may be necessary to that end.*

### **4. Reports and Terms and Conditions**

*From the time of the publication of the addendum to the General Meeting the corresponding proposed text of the resolution has been made available to the Company's shareholders, as have, for the purposes contemplated in article 519.1 in relation to the articles 297.1. a), 414 and 417 and 286 of the Capital Companies Law, the explanatory report of the proposed resolution issued by the Board of Directors at the request of the Applicant Shareholder, the*

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*certification issued as special report by the Company's auditor for the purposes of the article 301 of the Capital Companies Law and the required report of the Auditor other than the Company's auditor appointed by the Commercial Registry.*

### ***5. Delegation of authority***

*Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to subdelegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may implement this resolution, in particular, by way of illustration and not limitation, being authorised:*

- (a) *to determine and confirm if condition precedent to which this resolution is subject has been fulfilled;*
- (b) *to determine the date or dates of issue; the subscription procedure; to develop the bases for and forms of conversion and, in general, to set any other condition of the Issue, specifying all issues non covered herein (in particular, agree with the Creditor Institutions and the Investor on the final terms and conditions of the Bonds and adapt, if applicable, the Regulations of Syndicate of Bondholders); to adopt the decisions to be made by the Company pursuant to the Issue over the terms thereof;*
- (c) *to implement the resolution to increase the Company's capital by issuing and placing in circulation, on one or more occasions, the Class A shares representative thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into Class A shares with no effect, and to apply for admission to trading of the Class A shares so issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market);*
- (d) *to publish the notices related to the Issue, to appear before a notary and execute the corresponding public deed of issue of the Bonds covered by this resolution, as well as the notarial certification of subscription and closing of the Issue, if the subscription is documented separately, and to request registration of the aforesaid public deed and notarial certification, if any, in the Commercial Registry. Also, to draft and file any notice or documentation that is necessary or required in respect of the Bonds with any agency, management centre or authority;*
- (e) *to negotiate and sign or, if applicable, countersign or acknowledge, on the terms it deems to be most appropriate, such contracts as may be required with the financial institutions, if any, participating in the issue and placement of the Bonds;*
- (f) *on behalf of Prisa to execute such public or private documents as may be necessary or appropriate for the issue of the Bonds covered by this resolution and, in general, to take such actions as may be necessary for implementation of this resolution and effective placement of the Bonds; and*
- (g) *to correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the*

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*Commercial Registry, Official Registries of the National Securities Market Commission, or any others.*

6. *Condition precedent*

*The effectiveness of this resolution is subject to adoption of the resolutions constituting points Seventh, Eighth and Ninth of the Agenda for this Ordinary General Meeting of Shareholders. Thus, if the General Meeting does not adopt each and every one of the aforesaid resolutions, this resolution will be of no legal effect whatever.*

7. *Separate voting*

*Given its relationship to the Seventh resolution on the Agenda, and in accordance with the requirements imposed for adoption of that resolution under the provisions of articles 103 and 293 of the Capital Companies Law, this proposed resolution also will be submitted for separate voting by the holders of Class A shares, and the holders of Class B shares.*

*In both cases a qualified attendance quorum will be required (50% on first call and 25% on second call), and the resolution must be approved by a favourable qualified majority of 75% of the shares present or represented (on first or second call), as contemplated in article 15 bis of the Bylaws.*

## **ANNEXES**

*Annex 1: Regulations of the syndicate of bondholders*

*Annex 2: Report of KPMG Auditores, S.L. the auditor appointed by the Commercial Registry regarding article 417 of the Capital Companies Law (exclusion of pre-emption rights)*

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## **LOOSE TRANSLATION**

### **REGULATIONS OF THE SYNDICATE OF BONDHOLDERS**

#### **ISSUE OF MANDATORILY CONVERTIBLE BONDS**

##### **TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION OF THE SYNDICATE OF BONDHOLDERS**

Article 1.- Incorporation. The syndicate of Bondholders of the issue of mandatorily convertible bonds of Promotora de Informaciones, S.A. (hereinafter, the “**Bonds**”) shall be incorporated, once the Public Deed of the Issue has been filed with the Commercial Registry as corresponding entries are practiced.

The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

Article 2.- Name. The syndicate shall be named “Syndicate of Bondholders of the Issue of Convertibles and/or Exchangeable Bonds of Promotora de Informaciones, S.A. 2012”.

Article 3. Purposes. The Syndicate of Bondholders is formed for the purpose of protecting the lawful interest of Bondholders vis-à-vis the Company, by means of the exercise of the rights granted by the applicable laws and the present Regulations.

Article 4.- Address. The address of the Syndicated shall be located at Gran Vía 32, 28013, Madrid.

Article 5.- Duration. The Syndicate of Bondholders will last until the maturity date of the Bonds, i.e. 2 years since the subscription date, unless if the early conversion of all the bonds takes place, in such case the Syndicate will expire at the date it took place.

Article 6.- Syndicate management bodies. The management bodies of the Syndicate are:

- a) The General Meeting of Bondholders; and
- b) The Commissary.

##### **TITLE II.- THE GENERAL MEETING OF BONDHOLDERS**

Article 7.- Legal nature. The General Meeting of Bondholders, duly called and constituted, is the body of expression of the Bondholders’ will and its resolutions are binding for all the Bondholders in the way legally stated.

Article 8.- Calling. The General Meeting shall be convened by the Board of Directors of the Company or by the Commissary, when they may deem it convenient.

Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.

Article 9.- Procedure for convening meetings. The General Meeting of Bondholders shall be convened by an individual written communication to each of the Bondholders, at least one month before the date set for the meeting and by notice published, likewise, at least a month before the date set for the meeting, in the web site of the Company. The notice shall state the

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*place and the date for the meeting, the agenda for the meeting and the way in which ownership of Bonds shall be proved in order to have the right to attend the meeting.*

*In the cases provided in article 423.2 of the Capital Companies Act, the General Meeting of Bondholders shall be convened in accordance with the requirements established in such article and the manner established in this Act for the general meeting of shareholders.*

**Article 10.- Right to attend meetings.** Bondholders who have acquired this condition not less than 5 trading days prior to the date of the general meeting shall be entitled to attend such meeting. The members of the Board of Directors of the Company shall have the right to attend the meeting even if they have not been requested to attend.

**Article 11.- Proxies.** All Bondholders with a right to attend General Meetings shall be entitled to delegate their representation to any third party at the meeting. The right to represent shall be conferred in writing for each meeting.

**Article 12.- Quorum for meeting and to pass resolutions.** Unless otherwise provided in the Bylaws, the General Meeting shall be entitled to pass resolutions if attending Bondholders represent at least 80% of the entire amount of the Bonds in circulation. These resolutions shall be approved by, at least, the 80% of the Bondholders calculated from the votes corresponding for the attendees. When not achieved the concurrence of at least 80% of the bonds in circulation, the general meeting may be convened, one month after the first meeting, and may then approve resolutions with a majority of 80% calculated from the votes corresponding the attendees. Notwithstanding the above, the general meeting shall be deemed convened and validly constituted to deal with any matter, as long as all Bondholders are present or dully represented and attendees unanimously agree to hold the general meeting.

**Article 13.- Voting rights.** In the meetings of the General Meeting, each Bond shall confer the right to one vote.

**Article 14.- President of the General Meeting.** The Commissary shall be the president of the General Meeting and shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put matters to the vote.

**Article 15.- Attendance list.** Before entering the agenda for the meeting, the Commissary shall form the attendance list, stating the representation of each of them and, if applicable, the number of Bonds at the meeting both directly owned and/or represented.

**Article 16.- Powers of the General Meeting.** The General Meeting may pass resolutions necessary:

- a) For the best protection of Bondholders' lawful interest vis-à-vis the Company;
- b) To dismiss or appoint the Commissary and, if applicable, the deputy Commissary;
- c) To exercise, when appropriate, the corresponding legal claims; and
- d) To approve the expenses caused by the defense of the Bondholder's interest.

**Article 17.- Minutes.** The minutes of the General Meeting of Bondholders may be approved by the general meeting after the meeting has been held, or, failing this, and within a fifteen

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*days term, by the Commissary and two Bondholders appointed for such purpose by the general meeting.*

*Article 18.- Certificates.* *The certificates of the minutes shall be issued by the Commissary or its substitute.*

*Article 19.- Individual exercise of actions.* *The Bondholders will only be entitled to individually exercise judicial or extrajudicial claims when such claims do not contradict the resolutions adopted by the Syndicate within its powers and are compatible with the faculties conferred upon the Syndicate.*

*Article 20.- Collective exercise of actions.* *The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.*

*Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based.*

*If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.*

### **TITLE III.- COMMISSARY**

*Article 21.- Nature of the Commissary.* *The Commissary has the legal representation of the Syndicate and shall be the body for liaison between the Syndicate and the Company.*

*Article 22.- Appointment and duration of the office.* *Notwithstanding the appointment in the resolution for the issue approved by the Board of Directors, which will require the ratification of the General Meeting, this latter shall have the faculty to appoint him and he shall exercise his office while he is not dismissed by the general meeting.*

*Article 23.- Faculties.* *The Commissary shall have the following faculties:*

- (a) *To attend the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;*
- (b) *To convene and chair the General Meeting of Bondholders;*
- (c) *To inform the Company of the resolutions passed by the Syndicate;*
- (d) *To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;*
- (e) *To execute the resolutions of the General Meeting of Bondholders;*
- (f) *To exercise the actions corresponding to the Syndicate; and*
- (g) *In general, the ones granted to him in the Law and the present Regulations.*

*Article 24.- Deputy Commissary.* *The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.*

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*The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.*

**TITLE IV.- JURISDICTION**

*Article 25.- Jurisdiction. For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.*

*Free translation of our report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails*

## **Promotora de Informaciones, S.A.**

Special report on the issue of bonds convertible into  
and/or exchangeable for shares without pre-emptive  
subscription rights pursuant to articles 414 and 417  
of the Spanish Companies Act

KPMG Auditores, S.L.  
*This report contains 6 pages*  
*This report contains 1 appendix*

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

In accordance with articles 414 and 417 of Royal Legislative Decree 1 of 2 July 2010, which approves the revised Spanish Corporations Act (hereinafter the “LSC”) and with the engagement commissioned by Promotora de Informaciones, S.A. (hereinafter “Prisa” or “the Company”), and having been appointed on 19 April 2012 by Mr. José Antonio Calvo y González de Lara, Mercantile Registrar number IX of Madrid in relation to case number 193/2012, we issue this Special report on the proposed issue of bonds for compulsory conversion into Company shares without pre-emptive subscription rights.

## **1 Background and objective of our engagement**

According to the information received, pursuant to article 519 of the LSC, the last 2 June 2012 Promotora de Publicaciones, S.L., shareholder of Prisa, holding over 5% of the share capital of the Company requested to be included, among other, a proposed resolution related to issue of bonds mandatorily convertible into Class A common shares of Prisa in two tranches, Tranche A in an amount of 334 million Euros and Tranche B in an amount of 100 million Euros with exclusion of pre-emption rights and subscription the Tranche A by way of exchange of loans and the Tranche B by cash payment (hereinafter “Issue of Prisa’s Convertible Bonds”). The aforesaid resolution proposal will be submitted for approval under point tenth of the agenda for the Ordinary General Meeting of Shareholders called for 29 June 2012, on first call, or if a sufficient quorum is not achieved on that call, on 30 June 2012, on second call.

In particular, the Company has received from HSBC Bank Plc, Office in Spain, CaixaBank, S.A. and Banco Santander, S.A. commitments to subscribe the Bonds included in the Tranche A for the entire amount of the Issue of Prisa’s Convertible Bonds. Likewise, the Company has received from the Investor the commitment to subscribe the Tranche B of the Issue of Prisa’s Convertible Bonds. Both commitments are subject to the conditions explained on Section 3.6. of the Report and appendices prepared by the Board of Directors of the Company.

In accordance with articles 414 and 417 of LSC, on 19 April 2012 we were appointed by Mr. José Antonio Calvo y González de Lara, Mercantile Registrar number IX of Madrid in relation to case number 193/2012, to issue this Special report.

The purpose of our work was not to certify the bond issue or conversion price. The scope of our work included the following:

- To state, after applying the procedures established in the technical standard on the preparation of special reports on the convertible bond issues pursuant to article 292 of the Revised Spanish Companies Act (replaced by article 414 of the LSC), whether the report drawn up by the Directors of the Company contains the required information specified in the aforementioned standard, which includes an explanation of conversion terms and conditions.

- To issue a professional judgement on the reasonableness of the information in the report prepared by the Board of Directors and on the appropriateness of the conversion ratio and, where relevant, on the adjustment factors used to offset potential dilution of shareholders' interests, pursuant to article 417 of the LSC.

## **2 Procedures carried out in our engagement**

The procedures carried out, which were aimed solely at fulfilling the described objectives, were as follows:

- Procurement of the following information:
  - Document submitted to Madrid Mercantile Registry number IX by Prisa on 15 March 2012 requesting the appointment of an auditor to prepare the Special report.
  - Appointment by Madrid Mercantile Registry number IX of KPMG Auditores, S.L. on 19 April 2012 to draw up the aforementioned Special report.
  - Consolidated annual accounts of the Company for the year ended 31 December 2011 and unqualified audit report thereon issued by Deloitte, S.L. on 26 April 2012.
  - Pursuant to Article 519.1 of the LSC, reason for the request dated 2 June 2012 for an addendum to the announcement of Prisa's annual General Meeting relating to point tenth of the proposed agenda.
  - Report and appendices prepared by the Board of Directors of the Company and dated 13 June 2012 setting out the terms and conditions for the conversion which is attached, as mentioned earlier, as an appendix to this report (hereinafter "Report of the Board of Directors").
  - Minutes of the Board of Directors for the period from 1 January 2011 to the date of this report.
  - Minutes of the annual general meeting of shareholders for the period from 1 January 2011 to the date of this report.
  - Information and explanations by Company management regarding subsequent events, mainly in relation to the following matters:
    - Contingent liabilities or significant commitments at the date of the latest audited annual accounts and, if applicable, existence of any contingent liabilities and significant commitments at the date of our report.
    - Changes in share capital or significant changes in non-current debt or working capital that might have occurred between the date of the last audited annual accounts and the date of our report, if applicable.

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*Special report on the issue of bonds convertible into and/or exchangeable for shares without pre-emptive subscription rights pursuant to articles 414 and 417 of the Spanish Companies Act.*

- Any changes in accounting principles to date.
  - Any events that could significantly affect the Company's financial statements.
  - Explanations provided by Company management on the reasons given by the Directors in their report regarding the Company's interest in justifying the proposal of a convertible bond issue and the total suppression of pre-emptive subscription rights, and on the investors who are to receive the convertible bonds.
  - Any other information considered useful for our work.
  - We have verified that the report issued by the Board of Directors contains the information considered necessary and sufficient to Issue of Prisa's Convertible Bonds, in accordance with the aforementioned technical standard, for an adequate interpretation and comprehension by the recipients of the report. This report should set out the following information:
    - Explanation of the terms and conditions of the conversion.
    - Identification of the deadline for conversion.
    - Audit report on the latest approved consolidated balance sheet.
    - Confirmation that the total amount of the issue does not exceed the paid-in share capital plus reserves as disclosed in the latest approved consolidated balance sheet and the balance sheet adjustment accounts, once these have been accepted by the Ministry of Economy and Finance.
- According to the aforementioned report, pursuant to article 510 of the LSC the limit contemplated in article 405.1 of the LSC does not apply to this issue.
- Indication of the amount of share capital needed for the conversion, based on the number of existing convertible bonds outstanding and the issuer's own shares or shares in a wholly-controlled subsidiary, provided the terms of the conversion allow this amount to be determined.
  - Submission of the issue conditions and of the Company's capacity to formalise them, when they are governed by law, in accordance with the clauses contained in the articles of association.
  - Detail of guarantees issued in favour of current and future issue holders and coverage provided by them as a proportion of the issue amount. In this case, it does not apply given that the bonds with compulsory conversion being issued are not subject to a special guarantee.
  - Specification of the priority rules pursuant to article 410 of the LSC.

- Confirmation that, in accordance with article 407 of the LSC, the bond issue shall be raised to public deed which shall set forth the following information:
  - Name, share capital, purpose and address of the issuer.
  - Issue terms and conditions and the date and deadlines for the subscription period.
  - The nominal amount, interest, maturities, issue premiums and costs for the bonds, if any.
  - Total amount and series of the securities to be placed on the market.
  - Issue guarantees.
  - Fundamental rules that shall govern the legal relationship between the Company and the syndicate of bondholders, and characteristics of this syndicate.
- Information on significant subsequent events.
- Reasons for the suppression of shareholders' pre-emptive subscription rights when subscribing the convertible bonds.
- We have verified the valuation method calculations used by the Directors to determine the conversion terms and conditions.
- We have verified that the issue price of the convertible bonds is not below their nominal value.
- We have verified that the price for conversion of the bonds into new shares, set at Euros 1.03 per share, is not below the nominal amount of the shares into which they would be converted, although the issue price is below the underlying net book value disclosed in the Company's audited consolidated annual accounts at 31 December 2011 (latest audited financial statements).

In accordance with the information contained in Prisa's consolidated annual accounts as at 31 December 2011, the nominal amount of the shares is Euros 0.10 per share and their underlying net book value totals Euros 1.92.

- We have verified that the accounting information contained in the report issued by the Directors is consistent with the accounting data of the entity used as a basis to prepare the consolidated audited annual accounts for the year ended 31 December 2011.
- We have verified that the report of the Board of Directors sets forth the most significant events, if any, occurring subsequent to approval of the latest audited consolidated accounts, and that they have been confirmed by a member of the board invested with sufficient powers to represent the Company's Board of Directors by means of the representations letter received prior to issuing our final report.

- We have read the available minutes to the general shareholders' meetings and Board of Directors' meetings held in the last year and up to the date of this report.
- We have evaluated the reasonableness of the information contained in the report of the Board of Directors to support the proposal for the Issue of Prisa's Convertible Bonds without pre-emptive subscription rights arising from the application of the conversion ratio.
- We have analysed the appropriateness of the conversion ratio and, where relevant, the adjustment factors used to offset potential dilution of shareholders' interests.
- We have procured a letter signed by a board member invested with sufficient powers to represent the Company's Board of Directors confirming that we have been provided with all relevant assumptions, data and information, and with all the information necessary to prepare our report, and that no subsequent events that could have a significant effect on the results of our work have occurred up to the date of this Special report and not been notified to us.

### **3 Relevant issues to consider when interpreting the results of our engagement**

Both our interpretation of the requirements set forth in articles 414 and 417 of the LSC and the opinions expressed in this report imply, in addition to objective factors, other subjective factors that require judgement. Consequently, it is not possible to ensure that third parties will necessarily agree with the interpretation and judgements expressed herein.

The information required for our work was provided to us by Management of Prisa or obtained from other public information sources.

Our work has not included a comparison of the information obtained from public sources with evidence from outside Prisa. Nonetheless, to the extent possible, we have verified that the information presented is consistent with other data obtained during the course of our work.

We are not obliged to update our report to reflect any events which may arise subsequent to the date of issue thereof. The content of this report should be considered to refer to all information received on events occurring prior to the date of the report.

We have assumed that all authorisations and registrations required, for the purposes of the foreseen transaction, in Spain and other jurisdictions in which Prisa is present, and which have a significant impact on our analyses, will be obtained with no adverse effect for either of the Company or the benefits expected to be generated on the transaction.

Finally, our work is of an independent nature and will not, therefore, constitute a recommendation to Management of Prisa, shareholders thereof or third parties regarding the position they should adopt in relation to the foreseen Issue of Prisa's Convertible Bonds.

*Free translation of our report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails*

*Promotora de Informaciones, S.A.*

*Special report on the issue of bonds convertible into and/or exchangeable for shares without pre-emptive subscription rights pursuant to articles 414 and 417 of the Spanish Companies Act.*

## 4 Conclusion

In accordance with the work carried out, the scope described in the preceding paragraphs and subject to the relevant aspects to consider when interpreting the results of our work, which was performed for the sole purpose of fulfilling the requirements set forth in articles 414 and 417 of the LSC, it is our professional judgement that:

- the accompanying report drawn up by the Board of Directors of Promotora de Informaciones, S.A. on the proposed issue of bonds convertible into Company shares without pre-emptive subscription rights, contains the required information specified in the technical standard for the preparation of special reports on convertible bond issues in accordance with article 292 of the Revised Spanish Companies Act (replaced by article 414 of the LSC),
- the information contained in the aforementioned report drawn up by the Board of Directors of the Company is reasonable as it is adequately documented and expressed,
- the ratio for the conversion of convertible bonds into Company shares without pre-emptive subscription rights and, where relevant, the adjustment factors used to offset potential dilution of shareholders' interests are appropriate given the context for the transaction and the special circumstances surrounding the Company.

\* \* \* \* \*

This Special report and the information contained herein have been prepared solely for the purposes set forth in articles 414 and 417 of the LSC and should not, therefore, be used for any other purpose.

*[Spanish report signed]*

Ana Martínez Ramón  
*Partner*

KPMG Auditores, S.L.

13 June 2012

***LOOSE TRANSLATION***

Based on the foregoing, the shareholders are asked to approve the proposal made.

Madrid, 13 June 2012

**ANNEX I**

**AUDIT REPORT ON THE PRISA'S ANNUAL ACCOUNTS AND ITS  
SUBSIDIARIES FOR THE BUSINESS YEAR ENDED 31 DECEMBER 2011**

The Audit Report on the annual accounts of Prisa and its subsidiaries for the year ended 31 December 2011 has been sent to the CNMV, as part of the Annual Report 2011. It is accessible through the website of the CNMV, [www.cnmv.es](http://www.cnmv.es), and the website of the Society [www.prisa.com](http://www.prisa.com) (Shareholders and Investors).