

Grupo Prisa

Explanatory notes to the 2014 financial statements

1. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS FOR 2014

Consolidated financial statements

The Grupo Prisa financial statements for 2014 have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and of the Council, taking into consideration all of the accounting principles and standards and of the mandatory valuation criteria that have a material effect, as well as the Spanish Code of Commerce (Código de Comercio), the mandatory standards and rules approved by the Spanish Institute of Accounting and Auditing (Instituto de Contabilidad y Auditoría de Cuentas — ICAC) and the rest of the applicable Spanish rules.

IFRSs are applied in preparing the Group's consolidated financial information. The financial statements of the individual companies composing the Group are prepared and presented in accordance with the accounting rules and standards of each country.

As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all like transactions, events and items in 2014 and 2013.

In relation to optional early application of other International Financial Reporting Standards already issued but not yet in effect, the Group has not made any such optional application.

There is no accounting principle or policy of material effect on the consolidated financial statements that has not been applied.

Individual financial statements

Promotora de Informaciones, S.A., as parent company of the Group, presents its financial statements in accordance with the General Accounting Plan (Spanish GAAP) set out in Royal Decree 1514/07 of 16 November 2007.

a) Evolution of the financial structure of the Group

In December 2013, the Group signed an agreement to roll over its financial debt, thus extending the maturities, making the reduction process more flexible and enhancing its liquidity profile (*see note 10*).

The liquidity profile improved as a result of an additional credit line of EUR 353 million signed with certain institutional investors and a significant reduction in interest payments in cash.

The refinancing agreement includes a number of commitments to reduce the debt. The Group has several options to meet these objectives such as selling non-core assets, buying back debt at a discount in the market, leveraging operating assets, transferring debt between tranches and carrying out other corporate transactions. The contract has automatic mechanisms that prevent an early termination under certain assumptions if such commitments are not met, thus providing stability to the Group's capital structure.

In 2014 the Group carried out a number of operations to meet its debt reduction commitments.

So, EUR 643,542 thousands of debt was paid off, with the proceeds from the sale of 13.7% of Mediaset España Comunicación, S.A. ("Mediaset España"), with an average discount of 25.7% (*see notes 12 and 10*).

Also, the Board of Directors of Prisa held on July 22, 2014 approved a capital increase for a total value of EUR 100,000 subscribed by Consorcio Transportista Occher, S.A. de C.V. ("Occher"). The proceeds of

this capital increase were used to pay off EUR 133,133 thousand of debt with a discount of 25% (see notes 8a and 10). With these operations, during 2014 the debt of the Group has reduced in EUR 776,675 thousand.

In June 2014, the Group signed an agreement with Telefónica de Contenidos, S.A.U. for the sale of 56% of DTS, Distribuidora de Televisión Digital, S.A. for an amount of EUR 750 million, subject to usual adjustment in this type of transaction until the close of the transaction. Prisa registered, at this time, an accounting loss of EUR 750,383 thousand for this operation.

At June 30, 2014, net equity of Prisa was negative in EUR 593,513 thousand, as a consequence of the transaction of DTS. According to the Corporate Enterprises Act, this situation constitutes a cause for dissolution. In order to reestablish this capital impairment situation, was launched a mechanism of automatic conversion of a portion of Tranche 3 of the Company's debt into equity loans in an amount sufficient to compensate for this capital impairment situation.

During this period the Company undertook the aforementioned operations of buying up debt at a discount using proceeds from the share capital increase and the sales of Mediaset España (10.0%), which reduced the amount of equity loan required to compensate for the capital impairment situation.

The formalization of the process of conversion of debt into equity loan took place last September 15, amounting to EUR 506,834 thousand. This amount included the impact of those operations and also the operating losses until the conversion took place and brought the company's equity to two thirds of share capital (see note 10).

In December 2014, the Group reviewed the value of the sale price of DTS and recorded an additional impairment of EUR 23,789 thousand for the estimated impact of the evolution of the business of DTS until the close of the transaction, which according to company estimates, could occur in the second quarter of 2015 (see note 12- Other significant operations).

At 31 December 2014, as a result of, among other items, a review of the sale price of DTS, the equity of the parent company with regard to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 31,554 thousand. In a bid to restore the equity balance, the automatic mechanism was again deployed to convert Tranche 3 of company debt into participating loans in a sufficient amount to offset the equity imbalance at the conversion date (see note 10).

As occurred with the automatic conversion that took place in the second half of 2014, in accordance with the Corporate Enterprises Act, the date on which the debt will be converted into participating loans will be five business days prior to expiry of the two-month period allowed for taking the necessary measures to restore the company's equity, calculated from the date on which the Directors became aware of the negative equity, i.e. the date on which they authorized the financial statements showing the situation of negative equity.

b) Changes in estimates

In 2014, there were no significant changes in the accounting estimates made at the end of 2013, except in the valuation of the investment of DTS and the recoverability of deferred tax assets (see note 6).

In relation of the valuation of the investment of DTS, as a result of the agreement for the sale of the 56% of DTS in June 2014 (see notes 1a and 12- Other significant operations), Prisa has valued the stake in the company at the value of the transaction, subject to the adjustments corresponding to the effective time of the sale and registered the corresponding impairment.

c) Comparison of the information

In June 2014, Prisa executed with Telefónica de Contenidos, S.A.U. a sale purchase agreement of all the shares of DTS, Distribuidora de Televisión Digital, S.A. (DTS) held by Prisa (see note 12- Other significant operations). Consequently, the Group reclassified the results of DTS as a discontinued operation (under "Net income for the year from discontinued operations net of tax").

In accordance with IFRS 5, for purposes of comparison, the consolidated income statement and consolidated cash flow of 2013 were restated to present DTS as a discontinued operation.

Also, in accordance with IFRS 11, balance sheet, income statement and statement of cash flow at December 31, 2013, have been restated to consolidate Sistema Radiópolis, S.A. de C.V., GLR Costa Rica, S.A. and My Mayor Company Spain, S.L. using the equity method instead of proportionally method.

The main impacts in the financial statement of 2013 were as follows:

	2013
Non- Current Assets-	7,038
Property, plant and equipment	(6,382)
Goodwill	(22,775)
Intangible assets	(370)
Non- current financial assets	(12)
Investments accounted for using the equity method	37,869
Deferred tax assets	(1,292)
Current Assets-	(14,575)
Trade and other receivables	(9,360)
Current financial assets	(5,075)
Cash and cash equivalents	(140)
Total assets	(7,537)
Non- Current Liabilities	(48)
Current Liabilities-	(7,489)
Trade payables	(1,175)
Other non-trade payables	(8)
Payable to public authorities	(4,530)
Other current liabilities	(1,776)
Total liabilities	(7,537)

	2013
Operating income	(19,031)
Operating expenses	12,209
Profit from operations	(6,822)
Financial results	(30)
Result of companies accounted for using the equity method and other investments	4,674
Income tax	2,178
Profit attributable to the parent	-

2. INTANGIBLE ASSETS

GOODWILL

Shown below is the composition and movements in goodwill of the fully and proportionately consolidated Group companies during 2014 by business segments (in thousands of euros):

	Miles de euros				
	Balance at 12/31/2013	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2014
Radio	114,637	(955)	(253)	-	113,429
Education	78,436	892	(6,791)	(3,709)	68,828
Audiovisual	2,265,761	-	(1,848,676)	-	417,085
Other	615	1	-	-	616
Total	2,459,449	(62)	(1,855,720)	(3,709)	599,958

Impairment tests

At December 31, 2014, the Group tested goodwill with indications of impairment to determine whether it suffered any permanent loss in value that reduces its recoverable amount to below its carrying amount.

In the audiovisual segment, regarding DTS, Distribuidora de Televisión Digital, S.A., in June 2014, as a consequence of the agreement for the sale of a 56% of DTS (*see note 12- Other significant operations*), Prisa has valued the stake in the company at the estimate price of the transaction. This valuation has review as of December 2014. As a result of this valuation, an impairment of DTS's goodwill amounting to EUR 1,848,676 thousand has registered in "Net income for the year from discontinued operations net of taxes" in the consolidated income statement.

Regarding the education segment, in June 2014, as a result of valuation of Editora Objetiva, Ltda. at the price of the agreement to sale the business, an impairment of goodwill amounting to EUR 6,791 thousand was registered (*see note 12- Other significant operations*).

OTHER INTANGIBLE ASSETS

The additions recorded in the Group consolidated financial statements under "Other intangible assets" during 2014 totalled EUR 67,197 thousand, and mainly record:

- *“New subscribers – Installation and connection”* amounting to EUR 14,387 thousand which included the costs incurred by DTS, Distribuidora de Televisión Digital, S.A. in connection with the installation of equipment and the connection of subscribers to digital satellite pay TV. This amount corresponds to the additions made by DTS until June 2014, date in which DTS was classified as *“Non-current assets held for sale”* (see notes 12- Other significant operations and 7).
- *“Prototypes,”* amounting to EUR 36,259 thousand, relating to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.
- *“Computer software,”* amounting to EUR 12,374 thousand, relating to the computer software acquired and/or developed by third parties for Group companies.

Grupo Santillana de Ediciones, S.L. derecognized EUR 11,136 thousands of fully depreciated prototypes.

At June 30, 2014, the net intangible assets of DTS, amounting to EUR 109,172 thousands, has been reclassified to *“Non-current assets held for sale”* in the consolidated balance sheet, as a result of the sale of 56% of this company (see notes 12- Other significant operations and 7).

Also, in 2014, the effect of the exit of the scope of consolidation of the companies of the trade publishing business, net amounting to EUR 4,283 thousand (see note 12- Other significant operations) is included.

3. PROPERTY, PLANT AND EQUIPMENT

The additions recorded in the Group consolidated financial statements under “Property, plant and equipment” during 2014 totalled EUR 29,788 thousand, and mainly record:

- *“Digital set-top boxes and cards,”* in the amount of EUR 5,582 thousand, from investments made by DTS, Distribuidora de Televisión Digital, S.A. in iPlus, and digital cards. This amount corresponds to the additions made by DTS until June 2014, date in which DTS was classified as *“Non-current assets held for sale”* (see notes 12- Other significant operations and 7).
- *“Plant and machinery,”* in the amount of EUR 6,831 thousand, primarily from investments made by Group Media Capital, SGPS, S.A. for the acquisition of audiovisual equipment.
- *“Other items of property, plant and equipment,”* in the amount of EUR 14,761 thousand, mainly, from investments made for Santillana in digital developments and learning systems.

At June 30, 2014, net property, plant and equipment of DTS, amounting to EUR 73,960 thousands, has been reclassified to *“Non-current assets held for sale”* in the consolidated balance sheet, as a result of the sale of 56% of this company (see notes 12- Other significant operations and 7).

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The changes in 2014 corresponded to:

- The effect of the exit of the scope of consolidation of Mediaset España Comunicación, S.A. after sales operations described in note 12, due to the lack of significant influence as its stake is below 5%, amounting to EUR 593,653 thousand
- The share in the results of Sistema Radiópolis, S.A. de C.V., amounting to EUR 8,855 thousand.

5. NON-CURRENT FINANCIAL ASSET

The heading *“Loans and receivables”* includes derecognition of a portion of the receivable from the sale of Redprensa, S.L.U. in September 2013, amounting to EUR 4,551 thousand.

It also includes the loan granted to Le Monde Libre Société en Commandite Simple in the net amount of EUR 8,988 thousand, the loan granted by Ediciones El País, S.L. to Ediciones Conelpa, S.L. in the net amount of EUR 2,038 thousand, and the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc and W3 Comm Concesionaria, S.A. de C.V. in the amount of EUR 3,453 thousand.

The heading *“Available-for-sale financial assets”* includes the fair value of the stake in Mediaset (3.66%) at December 31, 2014 (EUR 10.445 per share), amounting to EUR 155,543 thousand.

6. DEFERRED TAX ASSETS

The changes in 2014 corresponded primarily to:

- Transfers amounting to EUR 769,422 thousands, mainly as a consequence of reclassifying DTS deferred tax assets to *“Non-current assets held for sale”*.
- Disposals of tax loss carryforwards arising from previous years amounting to EUR 31,387 thousands, mainly from the reduction of the general corporate income tax rate to 28 % in tax year 2015 and to 25% from January 1st, 2016.
- Disposals of non-deductible financial expenses amounting to EUR 17,628 thousands, mainly as a consequence of the Tax Reform and the regulation of the 2013 tax income. Also an addition of EUR 52,233 thousands has been recorded for the register of the corresponding credit for 2014 for this same concept.
- Disposals of unused tax credits recognized amounting to EUR 63,482 thousands, mainly as a consequence of the Tax Reform and of the analysis of the recoverability of deferred tax assets, according to accounting criteria and rules.

7. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

On December 31, 2014, as a result of the operations described in note 12- Other significant operations, the assets and liabilities of DTS are presented in the consolidated balance sheet as *“Non-current assets*

held for sale” and “*Non- current liabilities held for sale*”. The contribution to the main lines of the consolidated balance sheet was as follows (in thousand euros):

	2014
Non-current assets-	686,924
Deferred tax assets	651,622
Other non-current assets	35,302
Current assets-	431,886
Inventories	55,979
Trade and other receivables	318,942
Current financial assets	52,713
Cash and cash equivalents	4,252
Total assets	1,118,810
Non-current liabilities-	158,557
Non-current bank borrowings	158,263
Other non-current liabilities	294
Current liabilities -	459,921
Trade payables	331,895
Other non- trade payables	14,523
Current bank borrowings	57,658
Payable to public authorities	13,443
Other current liabilities	42,402
Total liabilities	618,478

DTS is valued in the consolidated balance sheet at its fair value, adjusted by the estimated costs of disposal.

8. EQUITY: CAPITAL AND SHARE PREMIUM

a) Share capital

Both the share capital and the number of shares of each class (ordinary Class A shares and no voting Class B shares until their mandatory obligatory conversion), have been amended in 2014, on the occasion of the following transactions:

Conversion of no voting Class B shares

- a) Exercise of the voluntary conversion of 212,048 non- voting Class B shares into the same number of ordinary Class A shares, and increase of capital by issuing 52,460 ordinary Class A shares for the purpose of attending the payment of minimum annual dividend, under the capital increase resolution adopted at the Extraordinary General Meeting of November 27, 2010, in which Class B shares were issued.

- b) Mandatory conversion of 311,789,008 non-voting Class B shares into an equal number of ordinary Class A shares of Prisa, having elapsed 42 months from the date of their issuance, by virtue of the resolutions adopted at the Extraordinary Shareholders Meeting of November 27, 2010 and the Ordinary Shareholders Meeting of April 28, 2014.

Additionally, and in order to meet this mandatory conversion, the following transactions have been carried out:

- Capital increases by issuing 102,890,351 ordinary Class A shares for the purpose of attending the delivery of additional Class A common shares as a result of the modification of the conversion rate and having been fixed the conversion rate in the maximum expected, that is 1.33 ordinary Class A shares for each non-voting convertible Class B shares, in accordance with the provisions of the bylaws.

Thus, the company has classified the financial liability registered in the past to cover that potential obligation into equity.

- Capital increases by issuing 77,011,861 ordinary Class A shares for the purpose of attending the payment of minimum annual dividend of non-voting Class B corresponding to year 2013 (EUR 0.175/per share) and the pro rata part of such dividend accrued in year 2014 up to the mandatory conversion of Class B shares into Class A shares (EUR 0.072/per share)

After the mandatory conversion of the non-voting Class B shares, the share capital of Prisa comprises only ordinary Class A shares.

Exercise of Warrants 2010

Capital increases by issuing 4,490 ordinary Class A shares to attend the exercise of Prisa Warrants 2010, by virtue of the resolution passed at the Extraordinary Shareholders Meeting held on November 27, 2010, at an exercise price of 2 euros/share.

In June 2014 the period for the exercise of Prisa Warrants 2010 has ended, and has been formalized the extinction of all the warrants which had not been exercised.

Exercise of Warrants 2013

Capital increases by issuing 315,420,657 ordinary Class A shares to attend the exercise of 202,291,577 of Prisa Warrants 2013, by virtue of the resolution passed at the Extraordinary Shareholders Meeting held on December 10, 2013.

Mandatory Conversion of Bonds

On July 7, 2014 and in order to meet the mandatory conversion of all the convertible bonds issued pursuant to a resolution of the Ordinary General Shareholders Meeting held on June 30, 2012, Prisa:

- (i) issued 421,359,217 new ordinary Class A shares, whose total aggregate issue price amounts to EUR 433,999,993.51, and
- (ii) paid in cash a total aggregate amount of EUR 6.49 as consideration for the fractions resulting from the calculation of the relevant shares to be delivered to the holders of the Bonds.

Share capital increase subscribed by Consorcio Transportista Occher, S.A. de C.V.:

The Board of Directors of Prisa held on July 22, 2014 today has approved a capital increase for a total value of EUR 100,000 thousand which corresponds to a total amount of the nominal value and share

premium of Euro 0.53 per share. The share capital increase was subscribed by Consorcio Transportista Occher, S.A. de C.V. ("Occher") and fully disbursed by means of a capital contribution at the time of the subscription. The net amount was used for the repurchase of EUR 133,133 thousand of debt, with a discount of €0.25 per euro (see note 10).

The capital increase was formalized through the issuance of a total of 188,679,245 Class A shares, of Euro 0.10 nominal value each with a share premium of Euro 0.43 per share and excluding the pre-emption right for subscription of shares.

Occher is a company related to Roberto Alcántara Rojas, director of Prisa and member of its delegated committee since February 24, 2014. Mr. Alcántara is signatory of Prisa shareholders' agreement published on April 28, 2014.

The share capital of Prisa at December 31, 2014, after the aforementioned capital increases and conversions of Class B shares into Class A shares, amounts EUR 215,808 thousand, represented by 2,158,078,753 Class A ordinary shares of EUR 0.1 par value each.

b) Share premium

The amount of the issue premium reserve at December 31, 2014, and after having attended the commitments arising from the voluntary and mandatory conversions of non-voting Class B shares, is EUR 1,328,671 thousand (December 31, 2013: EUR 781,815 thousand).

9. NON-CURRENT PROVISION

Long term provisions include provisions for taxes, related to the estimated amount of tax debts arising from the tax audit carried out at various Group companies, provisions for processes of regulation of employment and provisions for third-party liabilities, relate to the estimated amount required to meet possible claims and litigation brought against Group companies. Also, it includes the negative net value in companies accounted for using the equity method.

The changes in 2014 in "Non- current provisions" were as follows:

	Thousands of euros						Balance at 12/31/2014
	Balance at 12/31/2013	Translation adjustment	Change in scope of consolidation	Charge for the year	Amounts used /Disposals	Transfers	
For taxes	70,128	19	-	15,434	(293)	(224)	85,064
For third-party liability and other	25,092	(21)	(379)	15,998	(10,884)	(1,094)	30,900
Total	95,220	(2)	(379)	31,432	(11,177)	870	115,964

Charge for year 2014 correspond to interests related to income tax for 1999, 2000 and 2001 procedures, as the Central Economic-Administrative Tribunal (TEAC) dismissed the appeal before the authorization for issuance of the consolidated financial statements for 2014.

Regarding with the provision established in recent years to deal with the processes of regularization of employment, during 2014 the Group booked an additional provision for this item of EUR 10,621 thousand and used EUR 9,130 thousand as a result of indemnity payments and commercial paper issuances, and the provision amount for this item was EUR 15,979 thousand at December 31, 2014.

10. FINANCIAL LIABILITIES

The detail of “Non-current financial liabilities” and “Current financial liabilities” is as follows, in thousands of euros:

	Non-current financial liabilities	Current financial liabilities	Total
	12/31/2014	12/31/2014	12/31/2014
Bank borrowings	2,645,505	108,756	2,754,261
Other financial liabilities	118,364	914	119,278
Total	2,763,869	109,670	2,873,539

Bank borrowings

The most significant balance included under “Financial Liabilities” corresponds to debts to bank borrowings, whose composition as December 31, 2014 were as follows (in thousands of euros):

	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranche 1)	-	371,785
Syndicated loan Prisa (Tranches 2 and 3)	-	1,676,179
Participative loan (PPL)	-	509,931
Subordinated loan	-	31,094
Loans, credit facilities, leasing and others	109,533	164,045
Loan arrangement costs	(777)	(107,529)
Total	108,756	2,645,505

To determine the fair value of the financial debt, and in accordance with IFRS 13, we used the Euribor curve and the discount factor supplied by the bank and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market once the refinancing process is completed (level 2 variables, estimates based on other observable market methods). Therefore, the fair value of the Group's financial debt amounts to EUR 2,195,665 thousand at December 31, 2014.

Syndicated loan (Tranche 1)-

In December 2013, in the context of the financial debt rollover, Prisa signed a syndicated financing agreement with a group of 16 financial investors amounting to a maximum of EUR 353,261 thousand, which has been fully drawn down. This loan falls due in two years, and the terms is automatically extended for a further year, unless a number of conditions are met, and at present the Directors consider these will not arise. Therefore as of December 31, 2014 this loan is classified as a long term loan although this fact does not limit the ability of Prisa to prepay it, as stipulated in the refinancing agreement.

This syndicated loan is tied to Euribor plus a spread negotiated with the lenders and has a fixed capitalizable cost (PIK).

Pursuant to the conditions for capitalisation of the PIK on Tranche 1, a portion of the PIK was capitalised in 2014, increasing debt by EUR 18,524 thousand.

The lenders have agreed that Tranche 1 will have a super senior range compared with the other refinanced debt, as explained in the next section.

Syndicated loan (Tranches 2 and 3)-

In December 2013, in the context of the financial debt rollover, Prisa agreed a novation of its syndicated loan, bridge loan and credit policies amounting to EUR 2,924,732 thousand. The debt novation is structured into two tranches with the following characteristics:

- EUR 646,739 thousand (Tranche 2) with a long-term maturity (5 years) and the cost tied to Euribor plus a spread negotiated with the lenders; and
- EUR 2,277,993 thousand (Tranche 3) with a long-term maturity (6 years) and the cost is a spread negotiated with the lenders plus a capitalizable fixed cost (PIK).

Pursuant to the conditions for capitalization of the PIK on Tranche 3, a portion of the PIK was capitalized in 2014, increasing debt by EUR 34,957 thousand.

The refinancing agreement includes a number of commitments to reduce Tranche 3 debt: EUR 900,000 thousand in the second year and an additional EUR 600,000 thousand in the third year. To meet the agreed redemptions, the agreement has several options such as selling non-core assets, buying back debt at a discount in the market, leveraging assets, transferring debt from Tranche 3 to 2 and carrying out other M&A transactions. The contract has automatic mechanisms that prevent an early termination under certain assumptions if such commitments are not met, thus providing stability to the Group's capital structure.

Pursuant to these commitments to reduce debt, in 2014 the Parent Company bought up debt on the market at a discount for the purposes of partially cancelling Tranche 3 in the amount of EUR 776,675 thousand. Funds for the debt buy-up were obtained from the following operations:

- In April 2014, the placement of a pack of 15 million shares of Mediaset España, generated a cash inflow of EUR 119,397 thousands, net of costs of the transaction and net of the repayment of EUR 1,514 thousands of Santillana credit facilities. This cash inflow was used to buy debt back at a discount for total of EUR 164,959 thousand, at an average discount of 0.2762 euros per euro (i.e., at a price of 72.38%).
- Also in August 2014, with the net proceeds from the sale of 8.5% of Mediaset España, Prisa agreed to repayment an amount of EUR 406,640 thousand of debt at an average discount of EUR 0.2505 per euro (that is, at an average price of 74.95%).
- In September 2014, with the net proceeds from the sale of 1.5% of Mediaset España, EUR 71,943 thousand of debt was repurchased at an average discount of EUR 0.25 per euro (i.e., at price of 75%).
- Also, in September 2014, with the proceeds from the capital increase subscribed by Occher (see *note 8a*) EUR 133,133 thousand of debt was repurchased at an average discount of 25%.

After cancelling debt of EUR 776,675 thousand, the sum remaining to meet the commitment to reduce Tranche 3 debt by EUR 900,000 thousand in 2015 stood at EUR 123,324 thousand. The Parent Company could cancel this sum with the proceeds of the sale of DTS or the sale of non-strategic assets.

In June 2014, as a result of the loss of EUR 750,383 thousand recognized by the Parent Company following the sale of a 56% stake in DTS, its equity was negative in the amount of EUR 593,513 thousand, and therefore the Parent Company qualified for dissolution in accordance with Spain's Corporate Enterprises Act. In order to restore the equity balance, the mechanism was used to automatically convert part of Tranche 3 of the company's debt into participating loans for a sufficient amount to offset the negative equity.

During this period the company bought up debt at a discount using the proceeds of the share capital increase subscribed by Occher and the sale of 10.0% of Mediaset España, described above, which significantly reduced the amount of the participating loan required to restore the balance of equity.

The process to convert debt into the participating loan was carried out on 15 September, in the amount of EUR 506,834 thousand. This amount included the impact of those operations and also the operating losses until the conversion took place, and brought the company's equity to two thirds of share capital.

The financial cost of the participating loan was the same as for Tranche 3. In 2014 the PIK capitalized amounted to EUR 3,097 thousand, and the balance of the participating loan at 31 December 2014 was EUR 509,931 thousand.

Following the movements described above, the sum of Tranche 3 stood at EUR 1,029,440 thousand at 31 December 2014.

At 31 December 2014, as a result of, among other items, a review of the sale price of DTS and recognition of additional impairment of EUR 23,789 thousand, the equity of the Parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 31,554 thousand. In a bid to restore the equity balance, the automatic mechanism was again deployed to convert Tranche 3 of company debt into participating loans in a sufficient amount to offset the equity imbalance at the conversion date.

As occurred with the automatic conversion that took place in the second half of 2014, in accordance with the Corporate Enterprises Act, the date on which the debt will be converted into participating loans will be five business days before expiry of the two-month period allowed for taking the necessary measures to restore the company's equity, calculated from the date on which the Directors became aware of the negative equity, i.e. the date of approval of the financial statements showing the situation of negative equity.

The financial agreements establish that the Prisa Group must comply with certain financial ratios. The Group's directors consider that the financial ratios established in these agreements were met at December 31, 2014.

Likewise, the refinancing agreement includes grounds for acceleration customary in this kind of contracts, which include the acquisition of control of Prisa, understood as meaning the acquisition by one or more people acting in concert of more than 30% of the capital with voting rights.

The guarantee structure for Tranches 1, 2 and 3 is as follows:

Personal guarantees

The new syndicated loan and the novation of the other loans, i.e. Tranches 1, 2 and 3, are jointly and severally guaranteed by the companies of Grupo Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L., Diario El País, S.L., Distribuciones Aliadas, S.A., Grupo Empresarial de Medios Impresos, S.L. and Norprensa, S.A.

Apart from this common guarantee for the debt's three tranches, Prisa Radio, S.A. and Vertex, SGPS, S.A. only guarantee the novation of the syndicated loan, bridge loan and credit policies (Tranches 2 and 3), with the following limits:

- The guarantee granted by Prisa Radio, S.A. is limited to the maximum amount of the lower of the following:
 - EUR 1,314,706 thousand; and
 - 73.49% of its net equity at any given time; y
- The guarantee granted by Vertex SGPS, S.A. is limited to the maximum amount of EUR 600,000 thousand.
- Secured guarantees

In December 2013, as a result of the new syndicated loan and the novation of the other loans, Prisa arranged a new pledge on the shares it owns of Prisa Radio, S.A. (73.49% of share capital), DTS, Distribuidora de Televisión Digital, S.A. (56% of share capital), Grupo Santillana de Ediciones, S.L. (75% of share capital) and some of its stake in Mediaset España Comunicación, S.A. (14.29% of share capital). Nevertheless, as a result of (i) the accelerated bookbuilt offer carried out in April 10, 2014 by means of which Prisa sold 15.000.000 shares of Mediaset España Comunicación, S.A. (see *note 12- Other significant operations*) and (ii) the extension of the pledge arranged in June 3, 2014 on 8,171,376 additional shares of Mediaset previously pledged in favor of Mediaset, (iii) the sale of 34,583,221 shares of Mediaset España Comunicación, S.A. agreed on 24 July 2014 and (iv) sales of Mediaset España Comunicación, S.A. shares in August and September 2014, at December 31, 2014, pledge on the shares of Mediaset in favor of bank entities amounts to a 2.62% of the share capital of Mediaset.

On January 10, 2014, Prisa also arranged a pledge on its stake in Audiovisual Sport, S.L. (80% of share capital).

Prisa also arranged a secure guarantee on part of its stake in Grupo Media Capital SGPS, S.A. (84.69% of share capital), guaranteeing Tranches 2 and 3.

Lastly, Prisa also arranged a guarantee on certain buildings and credit rights in relation to the lenders of the financing to Dédalo Grupo Gráfico, S.L.

Subordinated Debt -

This debt originates from interest, known as "coupons", on the convertible bonds subscribed in 2012 by HSBC, Caixa and Santander, in their capacities as the company's bank lenders, payable in July 2013 and July 2014.

On 10 June 2013, as part of the refinancing process, HSBC, Caixa and Santander agreed that payment of this interest would be made exclusively at the date of mandatory conversion of the bonds, i.e. 7 July 2014. After the agreement, Prisa capitalized this debt in the amount of EUR 29,657 thousand and classified it under "*Current bank borrowings*".

When the convertible bonds and their coupons fell due, Prisa and its bank lenders (HSBC, Caixa and Santander) agreed to convert the sum of the interest capitalized into subordinated debt. On 31 December 2014 the parties subscribed a subordinated loan in the amount of EUR 31,094 thousand.

This debt is contractually subordinated to payment of the remainder of the debt on Prisa's Tranches 1, 2 and 3 (and therefore not subordinated to any other Prisa debt). It falls due at least 12 months after all the sums outstanding pursuant to the refinancing contracts have been repaid in full. Its cost is a margin negotiated with the lenders, and a fixed cost that may be capitalized annually (PIK). It is recognized under "Non-current bank borrowings" in the consolidated balance sheet.

Other financial liabilities

"Other non-current financial liabilities" included the financial liability of EUR 118,206 thousand for the obligation to pay preferential dividends in an annual minimum amount of 25.8 million dollars to DLJSAP Publishing Cööperatief, U.A. for its 25% equity stake in Grupo Santillana de Ediciones, S.L.

11. CONSOLIDATED INCOME STATEMENT

a) Operating income and expenses

The breakdown of income from the Group's main business lines is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
Advertising sales and sponsorship	490,396	496,804
Sales of books and training	673,204	719,112
Newspaper and magazine sales	106,806	122,166
Sales of add-ons and collections	28,196	21,270
Sale of audiovisual rights and programs	24,249	23,011
Intermediation services	8,160	15,447
Other services	77,204	113,065
Revenue	1,408,215	1,510,875
Income from non-current assets	24,958	4,296
Other income	21,555	34,995
Other income	46,513	39,285
Total operating income	1,454,728	1,550,160

Regarding operating expenses, in the heading "Other operating expenses" is included EUR 44,989 thousands registered by Audiovisual Sport, S.L. as a consequence of the register of the judgement of The Supreme Court in relation with the exploitation of the Football League rights.

b) Discontinued operations

On December 31, 2014, as a result of the formalization of the agreement for the sale of 56% of DTS (see note 12- Other significant operations), the result of this transaction is registered in the consolidated income statements as "Net income for the year from discontinued operations net of tax". For purposes of comparison, also the result of DTS for 2013 has been reclassified as a discontinued operation. The detail of this result is as follows:

	12/31/2014	12/31/2013
Operating revenues-		
Revenues	1,160,128	1,156,503
Other income	1,149,890	1,150,506
	10,238	5,997
Operating expenses-		
Cost of materials used	(1,220,098)	(1,219,383)
Staff costs (see note 13)	(871,526)	(850,183)
Depreciation and amortisation charge	(75,993)	(83,376)
Outside services	(69,859)	(80,270)
Variation in operating allowances	(186,738)	(192,323)
Other expenses	(16,187)	(12,971)
	205	(260)
Loss from operation	(59,970)	(62,880)
Financial results	(21,653)	(8,670)
Expense tax	(126,118)	212
Net income for the year from discontinued operations net of taxes	(207,741)	(71,338)

The formalization of the agreement for the sale of 56% of DTS resulted into an accounting loss of EUR 2,088,710 thousand in the consolidated Prisa Group accounts on December 31, 2014, registered under the line "Net income for the year from discontinued operations net of taxes", after the additional impairment of EUR 23,789 thousand recognized in December 2014 as a result of business developments until the close of the transaction (see note 12 - Other significant operations). Also this line included in 2013 an impairment of EUR 844,584 thousand of the goodwill of DTS.

12. CHANGES IN THE COMPOSITION OF THE GROUP

The changes in the composition of the Group are detailed in section 11 of Chapter IV of the Selected Financial Information.

Subsidiaries

In February 2014, Gestión de Medios de Prensa, S.A. is liquidated. Previously it was 52.63% owned by Grupo Empresarial de Medios Impresos, S.L.

In March 2014, Emissões de Radiodifusão, S.A. (Radio Regional de Lisboa) acquired a 100% of Moliceiro Comunicação Social, S.A.

Also in March 2014, Radio Comercial, S.A. (Comercial) acquired a 100% of Sociedade de Imprensa Radio Paralelo, Lda. (Sirpa).

In May 2014, Alaguara Grupo Editorial, S.L.U. was incorporated. It was 100% owned by Santillana Ediciones Generales, S.L. in order to provide the branch of activity engaged in the business of General editions for subsequent sale, as a consequence of the agreement reached with Penguin Random House Group Editorial, S.A. (see section- Other significant operations).

Also, in May 2014, Radio 30, S.A. merges by Radio Murcia, S.A.

In July 2014, Comunicacions Pla, S.L. merges by Radio Lleida, S.L.

Also, in July 2014, Onda Musical, S.A. y Corporación Canaria de Información y Radio, S.A. were merged by Sociedad Española de Radiodifusión, S.L.

In September 2014, As Chile, SPA was incorporated. It was 100% owned by Diario As, S.L.

Also, in September 2014, Frecuencia del Principado, S.A.U. y Radiodifusora Navarra, S.A.U. were merged by Sociedad Española de Radiodifusión, S.L.

In addition, in September 2014, Valdepeñas Comunicación, S.L. and Talavera Visión, S.L. were merged by Ediciones LM, S.L.

In October 2014, Avante Radio, S.A. was merged by Sociedad Española de Radiodifusión, S.L.

Associates

During the first half of 2014, Sistema Radiópolis, S.A. de C.V., GLR Costa Rica, S.A. and My Major Company Spain, S.L. started to be accounted for using the equity method. They were previously integrated using proportional consolidation method.

In February 2014, Multimédios GLP Chile SPA was incorporated. It was 50% owned by Iberoamericana Radio Chile, S.A.

In April 2014, Prisa Noticias, S.L. acquired a 25% of Betmedia Soluciones, S.L.

Mediaset España-

In April 2014, Prisa through a financial institution proceeded to place a pack of 15 million shares of Mediaset España, representing 3.69% of the share capital of said company, at a rate of 8.08 euros per share, which generated a cash inflow of EUR 121,215 thousand, resulting in a negative difference with the "book value" of EUR 4,755 thousand, which is registered under the heading "*Result of companies accounted for using the equity method*" in the consolidated income statements.

Also, in July 2014, Prisa sold 34.583.221 shares of Mediaset España, representing 8.5% of the share capital of said company, at a rate of 8.892 euros per share, which generated a cash inflow of EUR 307,514 thousand, resulting in an income of EUR 14,593 thousand, which is registered under the heading "*Result of companies accounted for using the equity method*" in the consolidated income statements. This shares were sold to the own Mediaset España.

In addition, during August and September, were sold 6,060,000 shares of Mediaset España. This sale resulted in the reduction of shareholding to 3.66%. These operations resulting in an income of EUR 3,538 thousand, which is registered under the heading "*Result of companies accounted for using the equity method*" in the consolidated income statements.

The net proceeds from these sales have been used to buy back a portion of its financial debt at a discount (see note 10).

Since the operations described above, this company is not consolidated anymore due to the lack of significant influence, as its stake is below 5%.

Significant operations

DTS-

In June 2014, the Board of Directors of Prisa executed with Telefónica de Contenidos, S.A.U. a sale purchase agreement of all the shares of DTS held by Prisa, representing a 56% of the share capital of DTS, for an amount of EUR 750 million, which is subject to usual adjustment in this type of transaction until the close of the transaction.

Mediaset España, shareholder of DTS, had an initial period of 15 calendar days from that moment on, and then extended until July 4, 2014, in order to exercise the pre-emptive right or the tag-along right in accordance with the provisions included in the bylaws and the shareholder's agreement. Once that period expired, Mediaset España did not exercise any of the aforementioned rights. Afterwards, in July 4, 2014, Mediaset España signed an agreement to sale its 22% stake in DTS to Telefónica de Contenidos, S.A.

The closing of transaction is subject to the prescriptive authorization of the Spanish antitrust authorities who may impose conditions or commitments for the approval of the operation. In case that as a result of this authorization process, for any reason, the execution of the sale of DTS was not completed, the sale purchase agreement provides a mechanism by means of which Telefónica could, among other options, present an acquirer to Prisa to buy its stake in DTS within six months in the same terms and conditions provided in the sale purchase agreement executed with Telefónica.

In addition, if the sale of DTS to Telefónica or to a third party, in accordance with the sale purchase agreement signed with Telefónica, was not executed, the financial and strategic situation of the Group could be impacted in the long term.

This transaction, net of the estimated costs to sell, has resulted into an accounting loss of EUR 2,064,921 thousand in the consolidated financial statement of Prisa Group in June 2014 and of EUR 750,383 thousand in the individual accounts of Prisa (see note 1a).

At December 31, 2014, the Group reviewed the value of the sale price of DTS and recorded an additional impairment of EUR 23,789 thousand for the estimated impact of the evolution of the business of DTS until the close of the transaction, which according to company estimates, could occur in the second quarter of 2015.

The result of this transaction is presented in the consolidated income statements as "*Net income for the year from discontinued operations net of taxes*" (see note 11b) and the assets and liabilities of this business as "*Non-current assets held for sale*" and "*Non-current liabilities held for sale*" in the consolidated balance sheet (see note 7).

Santillana Ediciones Generales-

At July 1, 2014, Prisa, through its subsidiary Santillana Ediciones Generales, S.L. has executed the sale of its trade publishing business for a price of EUR 55,429 thousand to Penguin Random House Grupo Editorial, S.A. The operation generated a capital gain before taxes of EUR 22,110 thousand and was registered in "*Other income*" of the consolidated income statement.

The transaction consists of the sale of Alfaguara and other Santillana's literary brands in the 22 countries where it operates. It is excluded from the sale the division of publications catering to the education sector. The sale of the trade publishing business in Brazil, Editora Objetiva, Ltda, is also deferred until the particular conditions established in the contract are fulfilled, although the business was valued at its fair value less estimated costs to sale. As a consequence, an impairment of goodwill amounting to EUR 6,791 thousand was registered in the consolidated income statement. Finally the sale took place on October 1, 2014 for a price of EUR 7,921 thousand, having registered an additional loss of EUR 504 thousand.

The main impacts on the balance sheet at December 31, 2014 related to the sale of trade publishing business and Editora Objetiva are summarized as follows:

	Thousand of euros
Non- current assets	(15,128)
Current financial assets and cash and cash equivalents	(2,692)
Other current assets	(50,620)
Non- current and current liabilities	(1,096)
Carrying amount	(37,344)
Total consideration after adjustments	58,950

13. AVERAGE NUMBER OF EMPLOYEES

The breakdown of the average number of employees, by gender, was as follows:

	12/31/2014		12/31/2013	
	Women	Men	Women	Men
Executives	118	294	129	313
Middle management	503	784	548	831
Other employees	4,257	4,637	4,722	4,781
Total	4,878	5,715	5,399	5,925

The previous employee figures included staff at DTS, Distribuidora de Televisión Digital, S.A., and expenditure on personnel is included under “Loss from discontinued operations” in the consolidated income statement (see note 12- Other significant operations and note 11). The breakdown of the average workforce was as follows:

	12/31/2014		12/31/2013	
	Women	Men	Women	Men
Executives	4	20	2	17
Middle management	39	60	41	64
Other employees	1,020	590	1,091	620
Total	1,063	670	1,134	701

14. REMUNERATION RECEIVED BY DIRECTORS AND EXECUTIVES

The remuneration earned by directors and executives is detailed in section 17 of chapter IV of the Selected Financial Information.

Headings 2320 and 2325: The aggregate remuneration of the Prisa Directors and of the Executives corresponded to the accounting provisions made in the income statement by Promotora de Informaciones, S.A. (PRISA) as well as by other companies of the Group, stating the following:

- i) The overall compensation of the Board of Directors includes:
- o The compensation earned by Mr. Nicolás Berggruen until his resignation as a director, in March 2014;
 - o The compensation of Mr. Roberto Alcántara and Mr. John Paton from the time of their appointment as directors, in February 2014;
 - o The compensation of Mr. Fernando Abril-Martorell as an executive director until September 30, 2014 and as an external director from that date and;
 - o The compensation of Mr. Jose Luis Sainz Díaz as an executive director from July 22, 2014 to December 31, 2014. The remuneration received by Mr. Sainz until July 22, 2014 is included in the overall remuneration of the members of the senior management of Prisa Group).

- ii) The amounts reflected in the table of heading 17 correspond to the accounting provisions made in the income statement and therefore do not match, in some respects, with the remuneration that is included in the Annual Remuneration Report of the Directors of 2014, in which is followed the accrual basis (and not an accounting provision basis) as required by the CNMV in the "Circular 4/2013 of the CNMV, whereby the model of annual report remuneration of directors is established", and in the Annual Report on Corporate Governance.

The differences are given by the following:

- Annual variable compensation (bonus): the table of heading 17 includes the reflection of the amount corresponding to theoretical annual variable compensation of the directors if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- Long-term variable remuneration of the executive directors Mr Manuel Polanco Moreno and Mr. Jose Luis Sainz Diaz, corresponding to cycle I (period 2011/2013) of ILP 2011, which was settled by shares in 2014. The accounting expense recorded in the year 2014 amounted to – EUR 64 thousand and is included in the table of heading 17. This amount is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- Long-term variable remuneration of the director Mr. Jose Luis Sainz Diaz, corresponding to cycle II (period 2012/2014) of ILP approved in 2011, which will be settled in shares in 2015. The table of heading 17 includes the accounting provision of EUR 58 thousand in the year 2014. The Annual report on Remuneration of Directors reflects the accrued remuneration in the year 2014, which will be liquidated in 2015.
- Long-term variable remuneration (long-term incentive) of the executive director Mr. Manuel Polanco Moreno, authorized by the Annual Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into ordinary shares of the Company and cash, depending on their level of responsibility and contribution to the Group's results in variable remuneration linked to the fulfillment of long-term goals. The table of heading 17 includes the accounting expenses of EUR 75 thousand for the year 2014 and is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- Long-term variable remuneration of the executive director Mr. Jose Luis Sainz payable in shares of PRISA, subject to compliance with the strategic plans of the Company and their personal performance for the periods 2014-2016. In the income statement for the year 2014 is recorded an expense amounting to EUR 167 thousand and is not declared in the Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- The Executive Chairman, Mr. Juan Luis Cebrián Echarri, is entitled, from 2014, to an annual contribution of EUR 1,200 thousand, as retirement bonus, which will be delivered to Mr. Cebrián in full at the end of his contract (31 December 2018), and will be vested even in the event of early termination of the contract. The Company has entered a provision covering the total amount of the retirement bonus (EUR 6,000 thousand) since it has been accrued. This amount is not declared in the Annual Remuneration Report of the Directors, within the remuneration accrued in the year 2014.

- o Accounting expense amounting to EUR 250 thousand as variable multiyear incentive of the CEO, Juan Luis Cebrian Echarri, which will be payable in shares of Prisa, in January 2016, subject to certain conditions. This amount is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.

iii) No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2014.

iv) The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Business Management Committee that are not executive directors and have an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Promotora de Informaciones, S.A. Specifically, it is that of the following executives: Mr. Javier Lázaro, Mr. Fernando Martínez Albacete, Mr. Miguel Angel Cayuela Sebastián, Mr. Antonio García-Mon, Ms. Bárbara Manrique de Lara, Mr. Pedro García Guillén, Mr. Andrés Cardó Soria, Mr. Manuel Mirat Santiago, Ms. Rosa Culler and Ms. Virginia Fernández.

Is also included within the total compensation of senior management that corresponding to Mr. José Luis Sainz until he was appointed as an executive director of PRISA (July 22, 2014). Regarding the compensation of Mr. Manuel Mirat Santiago, the compensation after his appointment as Managing Director of Prisa Noticias (September 2014) is included.

The compensation of the executives (EUR 4,682 thousand) is the accounting reflection of the overall compensation of executives and therefore do not match with the remuneration accrued in 2014 that is included in the Annual Report of Corporate Governance in which is followed the accrual basis criteria (and not an accounting provision basis) as required by the CNMV. This compensation includes, inter alia:

i) The theoretical annual variable compensation of executives if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

ii) the accounting adjustment made after the settlement, in 2014, of the long-term variable remuneration for the cycle I (period 2011/2013) of ILP 2011.

iii) the accounting provision of long-term variable remuneration corresponding to the cycle II (period 2012/2012) of ILP 2011, which will be settled in shares in 2015.

iv) the accounting provision of long-term variable ILP approved by the Ordinary Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into common shares of the Company and cash.

15. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in detail in section 18 of chapter IV of the Selected Financial Information.

All the transactions with related parties were carried out on an arm's length basis.

Transactions with significant shareholders

Heading 2350: The aggregate amount of **EUR 54,288 thousands** mainly consists of expenditure on telephony and Internet by Prisa Group companies with Telefónica, S.A., and interest accruing on credits granted by major shareholders to Prisa Group companies.

Heading 2360: The aggregate amount of **EUR 191,519 thousands** mainly consists of income by DTS, Distribuidora de Televisión Digital, S.A. with Grupo Telefónica, S.A. for the distribution of contents and income of Prisa Group companies for advertising services with Banco Santander, S.A., Caixabank, S.A. and Telefónica, S.A.

Heading 2372: The aggregate amount of **EUR 1,314,924 thousands** includes **EUR 836,633 thousand**, for the loans granted by Banco Santander, S.A., Caixabank, S.A., HSBC Holding, PLC and Morgan Stanley to Promotora de Informaciones, S.A. and **EUR 456,217 thousand** for the capital contributions of Banco Santander, S.A., Caixabank, S.A., HSBC Holding, PLC and Monarch Master Funding 2 (Luxembourg SARL) arising from the mandatory bond conversion, and the share capital increase subscribed by Occher.

Heading 2374: The aggregate amount of **EUR 719,086 thousands** includes the estimated selling price of 56% of DTS in the agreement signed with Telefónica de Contenidos, S.A. (*see note 12 - Other significant operations*).

Transactions with directors and executives

Heading 2348: The aggregate amount of **EUR 18,769 thousands** included the remuneration received by directors and executives, as detailed in chapter IV, heading 17.

Transactions between Group employees, companies or entities

Heading 2350: The aggregate amount of **EUR 3,590 thousand** is mainly included acquisition of films from Mediaset España Comunicación, S.A. and purchases of supplements from Ediciones Conelpa, S.L.

Heading 2354: The aggregate amount of **EUR 4,496 thousand** included dividends received by Sociedad Española de Radiodifusión, S.L. for its shareholdings in Sistema Radiópolis, S.A. de C.V.

Heading 2356: The aggregate amount of **EUR 13,568 thousand** mainly consists of income from sales of advertising space to the Mediaset España Comunicación, S.A. Group.

Heading 2375: The aggregate amount of **EUR 17,111 thousand** is mainly accounted for by the credit granted by Prisa Noticias, S.L. to Le Monde Libre Société en Commandite Simple, in the net amount of EUR 8,988 thousand, the loan granted by Ediciones El País, S.L. to Ediciones Conelpa, S.L. in the net amount of EUR 2,038 thousand, and the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc and W3 Comm Concesionaria, S.A. de C.V. in the amount of EUR 3,453 thousand.

16. EVENTS AFTER THE BALANCE SHEET DATE

In February 2015, Prisa announced the reduction of its stake in Mediaset below 3%. Part of the proceeds from these sales has been used to buy back a portion of its financial debt at a discount. This has been done by way of a Dutch auction process, aimed at its creditor banks, at an average discount of 25%.

The Board of Directors of PRISA held on February 27, 2015 has approved a capital increase for a total value of Euro 74,999,999.49, with an issue price (nominal value and share premium) of Euro 0.53 per share. The share capital increase will be subscribed by International Media Group ("International Media Group") and fully disbursed by means of a capital contribution at the time of the subscription.

The capital increase will be formalized through the issuance of a total of 141,509,433 Class A shares, of Euro 0.10 nominal value each with a share premium of Euro 0.43 per share and excluding the pre-emption right for subscription of shares. This price represents a premium of 104 percent, approximately, on the average weighted price of the shares of PRISA during the last three months.

International Media Group Ltd. is a company fully owned by Sultan Ghanim Alhodaifi Al-Kuwari.

The capital increase is subject to (i) the obtaining of the obligatory report from the accounts auditor appointed by the Commercial Registry on the fair value of the shares, the book value ("valor teórico") of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in the directors' report drafted for these purposes, and (ii) the completion of a legal and finance due diligence.