



Extraordinary General Annual Meeting 2017

Juan Luis Cebrián, Executive Chairman

Madrid, 15th November 2017

Ladies and gentlemen shareholders, dear friends

Dear shareholders, dear friends,

This extraordinary General Shareholders' Meeting of the PRISA Group has been convened to make important announcements for the future of our company. We are today coming to the end of a process that should lead us to the end of a cycle in the life of our Company that has been marked by the economic difficulties and the uncertainties derived from the outbreak of the technological revolution. It was certainly a difficult period during which the struggle to ensure the survival of the Group and guarantee its future has required no little effort and sacrifice from shareholders, professionals and employees. The difficulties posed by the market and the radical transformation of the social environment within which we operate were compounded by the characteristics inherent in our Company, which experienced an unprecedented growth spurt over its first three decades of existence, bankrolled almost exclusively by cash generated by our business and substantial bank loans.

The international financial crisis and the collapse of traditional business models in our sector, resulting from the digital revolution, caught us at a time when we were extremely fragile, with too little shareholder equity and very high levels of debt. For almost ten years we have been striving to maintain a healthy balance sheet and build a stable capital structure that may guarantee the success of our operations. In fact, from the very start I undertook to achieve both goals, first as Chairman of the Executive Committee of the Board and later as Executive Chairman of the Group. And I expect that both goals will be attained once the measures that I shall be submitting to your approval today are implemented.

One of those significant measures is the disposal of Media Capital, the terms and conditions of which are still to be defined by the Portuguese fair trading authorities. Another is the reinforcement of our share capital following a proposed capital increase and a capital reduction that should help us redress our balance sheet, restructure our financial debt and provide the cash flow required to meet the Company's growth and investment needs. As I announced to the Board of Directors at a meeting last October, my confidence that such goals can be achieved in the next few months made me request the competent bodies of the Company to implement a succession plan for the Presidency in accordance with the decision made by this GSM over a year ago. I truly believe that by achieving those goals I will have fulfilled the task entrusted to me over 10 years ago. Under those circumstances, a generational changeover at the helm of the company is in my view the best alternative for both the Company and for me personally. For that reason, and within the framework of an agreement with a large majority of shareholders and significant creditors of the Company, I announced my wish to step down from the Presidency once the above mentioned capital increase was approved. I also announced my acceptance of the request by some shareholders and some relevant persons of our Company that I should remain in the Group as chairman of El País newspaper, of a newly-created El País Foundation, and of the Group's editorial committee. I should mention that against the background of the foolishness and sheer nonsense that characterize some media that make a reckless and anarchic use of the social media, at the beginning of October I made a formal written communication to the Chairman of the Succession Committee indicating my wish for the process to be conducted in an orderly yet quick manner, under the conditions already mentioned.

Two essential reasons led me to make this decision. The first one was the inevitable passage of time which, contrary to what some seem to believe, far from tempting me to entrench myself in the past, induces me to think of new projects for my own personal future, which I would not be

able to devote the time or attention required if I remained in my current position. And, if in December 2015 I agreed to extend my term as executive president of PRISA, which should have expired one year before, it was only at the request of a group of shareholders and board members who had insisted that I should only step down once the light became visible at the end of the long tunnel that we had to go through. I acquiesced to their request, which forced me to postpone other personal plans, exclusively because of a profound sense of institutional responsibility.

The second reason why I decided to start the process leading to my succession was precisely the fact that in the face of the magnitude and characteristics of the capital increase we are proposing today, both the current shareholders and the new investors who may decide to participate in it need to be reassured of the soundness of the strategic plans envisaged and of the capacity of the management team in charge of implementing them, given the imminence of my departure. I am referring here to investors and shareholders with a medium- and long-term vision, who are eager to contribute to the stability of a project like ours, which has long nonetheless been threatened by speculative investment funds, which at times place their own interests before the interests of the companies they invest in and who do not have any qualms jeopardizing the survival of such companies in order to pocket a juicy return on their investment. Their activity is of course legitimate in our capitalist society, as long as they do not infringe the rules of the game. However, their wish to influence the governance of listed companies to the extent of trying to engineer changes in their leadership breaching the rights of minority shareholders and their failure to implement the measures provided for in the Law for these cases deserve my strongest condemnation. As Chairman I am bound, as the whole Board of Directors, to stand up for the interests of our company as a whole and of those of each one of its individual shareholders, ensuring that the rights of the weakest of them are not infringed.

As far as governance is concerned, I should recall the essential nature of our business, inasmuch as our job is inscribed within the exercise of the basic democratic rights: the right of all citizens to freedom of speech and the right to education. PRISA's history and development has responded, since the Company's foundation, to an unflinching commitment with these values which, although we usually call them intangible, which they are, exert an undeniable influence on the value of our assets, on the market's response to our products, and on the company's profit and loss account. It is not the time now to give a lecture on the behavior of the media in a democracy. Apart from the distortions and manipulations that emerge from the torrents of misinformation disseminated by the social media and by some other media devoted to blackmail and the propagation of fake news, spurred in some cases by foreign powers as we have recently found out, the success of the so-called traditional media in shaping public opinion depends on their credibility and independence. The economic life of our companies is based on getting readers and users to support and follow our products. They have for many years appreciated the professional excellence we have displayed in the manufacturing of these products and the independence that has allowed journalists, programmers, collaborators and other professionals to do their work without hindrances or restrictions from the powers that be. Without independence there can be no credibility or trust in the media. And without trust there can be no clients. The success of the publishing business, whichever the audience targeted may be, boils down to the existence of a pact between users (readers), professionals and owners or shareholders based on the conviction that the freedom of information enshrined by liberal constitutions is a right that belongs to the citizenship, rather than to media owners or the journalists, whose job is just to administer an asset that does not belong to them and which they should under no circumstances encroach upon. It would be ingenious

to ignore that, behind the speculation, vilification and even defamation that have been disseminated about our Company and about this very meeting we are now holding, lurks a simmering struggle for the control not just of the our Company but of its most significant media, particularly El País, the Group's foundation stone.

The behavior of the majority of shareholders and the Board of Directors has been exemplary in guaranteeing our independence and I would publicly like to thank each of them for their transparency. However, if we want an orderly succession for the company now that we are in the midst of a capital increase process which, if not conducted properly might upset the balance of power between our shareholders, it is necessary to guarantee the continuity of such values and guarantee the necessary corporate governance changes through an institutional mechanism that makes it possible for professionals to work with the same autonomy they have enjoyed in the past four decades; and to guarantee to our users that there will be no undue external interference based exclusively on economic interests as this would irreparably damage the general public's trust in what we do and therefore the positive response of the market to our activities. These premises have always been the cornerstone of El País, which has been the leading newspaper in Spain in the last 40 years, as well as the leader in the Spanish-speaking world and the only Spanish-language newspaper among the 10 most widely read newspapers globally.

To protect the values that identify El País, we have proposed to the Board the creation of a Foundation, following the example of other leading global media, to guarantee the consistency and coherence of our activities with the foundational spirit that has so far encouraged our work. Needless to say, my main goal is to serve the objectives approved by the majority of shareholders, without forgetting that the Company's administrators owe a duty of loyalty to them, and that the Company's interest also includes the existence of a social dividend, which is what motivates a myriad of investors to place their wagers on companies like ours, aside of their natural expectations to make a profit.

This is undoubtedly a special occasion for me, after over 5 years as Chairman of PRISA, almost 30 as CEO, and after over four decades since I contributed together with José Ortega and Jesus Polanco to the foundation of the Company as first director of our flagship newspaper. In all those capacities, I always fought to safeguard, above any personal wish or desire, the foundational community-service principles our Group rests on. As a Chairman I always struggled and will continue to struggle until the end of my term, to make sure that the Company's interests - namely the interests of all shareholders, with a special emphasis on minority shareholders - always prevail. The decision I am announcing today, which was adopted freely, responds to my wish to guarantee the company a solid future, without for one minute considering my own personal interests. As I said before, my succession may facilitate the accession of non-speculative investors with a medium and long-term vision, whose investment horizon largely exceeds my current term and the scope of the task I was entrusted with.

In addition to resolving the debt and shareholder equilibrium problems I mentioned, another important priority we had was the definition of the Group's growth and digital transformation strategy, which has already been for the most part designed and has shown its robustness with the consolidation of El País as the leading Spanish-language information platform and sole global Spanish-language newspaper. This means that next 31 December I will be able to step down from the Presidency with the satisfaction of a job well done, as people say.

“I’m going, I’m going, I’m going, but I’m staying, but I’m going” as poet Miguel Hernandez said. Indeed, as I said my succession at the helm of PRISA and my plans in that respect will entail my accession to the Presidency of El País, of that of the new Foundation whose creation I just announced, and of the Editorial Board to be created within the Foundation. I feel legitimized and deeply honored to accept the challenge to stay in the Group as a guardian of the editorial independence and the professional quality of our media, the main intangible asset of our Company. I will strive to discharge that role to the best of my ability. I would like to insist on the institutional dimension of a Group like ours, which has contributed to the consolidation of democracy and constitutional values in Spain and Latin America, the unflinching defense of the right to free information, and the promotion of social awareness and equality policies. These actions also illustrate the growing influence of many of our media on the other side of the Atlantic. Without them the commercial success that we have enjoyed for decades would have been impossible. PRISA’s history, the editorial line of our media and our contribution to the education of the younger generations have led the Company to achieve its greatest successes and have, at the same time, whetted the greedy appetite of some unscrupulous players, who have strived to control the social influence of our media, seeking in some cases their destruction. For that reason, our executive bodies and significant investors need to take a firm stand, abiding by their duty of loyalty to the company, their alignment with the Company’s interests and the corporate principles that govern us.

In this regard, I am going to propose – as was agreed today - the appointment of Manuel Polanco as Chairman after my resignation as a guarantee of the fulfillment of our mission. I would hereby like to acknowledge the work of Manuel Polanco, as long-standing vice-chairman of PRISA during his whole career. He started by leading Santillana Chile in 1991 and then Peru until 1993. Shortly after that, he launched the Latin American edition of El País in México City. In 1996 he took up the international leadership of Santillana America from Miami and, upon his return to Spain in 1999, he became commercial area leader for the entire group. In 2005, he took up the helm of our Portuguese company Media Capital until 2009, when he returned to Spain as Director General of PRISA. In recent years he has chaired the television area, including Canal Plus, while holding the position of Group vice-chairman.

I hope to be able to work closely with my successor in the short transition period that awaits us. He can certainly count on my support and assistance in the exercise of his present and future role, as his success will be our success.

He, together with the new CEO, who joined us less than 3 months ago, and the entirely renovated corporate management team, make up a cast of highly experienced professionals and are the best argument we can use to urge our current shareholders and potential investors to subscribe to the forthcoming capital increase as they can be thoroughly confident that our plans will be fulfilled. As a matter of fact, this is the first GSM attended by Manuel Mirat as PRISA’s first executive and Xavier Pujol as General Counsel. I think I should underscore their merits and their utter dedication to our Company, wishing them the best of success in their new responsibilities.

Manuel Mirat, holding two degrees -Law and Economy-, has successfully played many and very diverse roles in our company throughout the past 20 years. He has been the top enabler of the digital transformation of El País and the main liaison between our company and the big technology players out there. His profile as an innovating expert with a clear insight into future landscapes along with his deep commitment and engagement to PRISA is a guarantee of continuity and change at the lead of Group management.

The qualities of this team and their innovation capabilities are clearly demonstrated by the fact that a significant amount of the current PRISA shareholders have sent us an undertaking in writing that they will subscribe to the new shares to be issued by the Company, which guarantees the success of the forthcoming capital increase. The transaction will obviously be supported by one or more financial institutions with which we are currently negotiating terms and conditions. All of this, together with the agreements already made with our creditors for the restructuring of our debt and the disposal of Media Capital, will contribute to bringing the curtain down on the long period of uncertainty that we have suffered.

Ladies and gentlemen, although we will have time to take stock of the past, propose new expectations and express our gratitude, I could not end these words without a special mention of Mr Jesus Polanco, whose 10th passing anniversary fell last July. For decades I shared with them the exciting adventure of the inception and development of PRISA, working shoulder to shoulder in an atmosphere of profound mutual understanding. Jesus gave us all a lasting example of what it means to serve this Company. He and I stuck close together in the face of the adversity and of the conspiracies and maneuvers that came our way since the very beginning as a result of the early success of El País. As Poet Mario Benedetti said, "And in the street, arm in arm, we were many more than two." True to his father's sound judgment, his son Ignacio, who succeeded him in the Presidency before my own appointment, always demonstrated high levels of generosity and commitment with the common goals, which made him worthy of the Presidency of Honor that he currently occupies.

I hope that the mutual and indestructible loyalty that Jesus and I had for each other can set an example and a standard for the behavior of all the members of our team in the face of freeloaders and weaklings, who will always strive to defend their own petty interests at the expense of the Company's future. I would like to conclude by thanking our shareholders, the board members, the management, our 9,000 employees and the millions and millions of clients who use our products and services. I hope one day to be able to pay them back all the trust they placed in me all along these years.

Thank you very much.