



Promotora de Informaciones, S.A. (“**PRISA**” or the “**Company**”), pursuant to article 17 of Regulation (EU) 596/2014 on market abuse and article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, hereby informs of the following:

RELEVANT INFORMATION

As a complement to the Relevant Information sent yesterday announcing the call for an Extraordinary General Meeting of Shareholders of PRISA, we herein attach the proposal of resolutions regarding all the Agenda items that the Board of Directors submits to the General Shareholders Meeting.

Madrid, 14 October 2017



PROMOTORA DE INFORMACIONES, S.A.

EXTRAORDINARY SHAREHOLDERS MEETING

NOVEMBER 15, 2017

PROPOSED RESOLUTIONS

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. has resolved to submit the following PROPOSED RESOLUTIONS at the EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING to be held on first call, on November 15, 2017.



ONE

Ratification of the appointment by co-option of Mr. Manuel Mirat Santiago as Company director.

Following a report from the Appointments and Remuneration Committee, the Board of Directors proposes the ratification of the appointment by co-option of Mr Manuel Mirat Santiago as executive director, issued by the Board of Directors' meeting of 30 June 2017, to fill the vacancy generated on the Board following the resignation of the director Ms. Blanca Hernández Rodríguez, who had been appointed by the General Shareholders' Meeting held on 1 April 2016 for a period of four (4) years.

It is resolved to ratify the appointment by co-option of Mr. Manuel Mirat Santiago as executive director, made by the Board of Directors meeting of 30 June 2017.



TWO

Approval of the disposal of Vertix SGPS, S.A., for the purposes of section 160.f) of the Spanish Companies Act.

On July 13, 2017, Promotora de Informaciones, S.A. (as Seller) entered into a share purchase agreement with MEO – Serviços de Comunicações e Multimedia, S.A. (as Purchaser) for 100% of the shares into which Vertix, SGPS, S.A.'s capital is divided, which entails the indirect transfer of 94.69% of the share capital of Grupo Media Capital, SGPS, S.A., a company listed on the regulated market of Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. Such share purchase agreement is subject to the fulfilment of certain conditions precedent, including its approval by the General Shareholders' Meeting of Promotora de Informaciones, S.A.

The main terms and conditions of the transaction have been detailed in the report issued by the Board of Directors on October 13, 2017, which has been made available to the shareholders as from the date of publication of the call notice for the General Shareholders' Meeting.

To the effects of art. 160.f) of the Capital Companies Act, as well as to comply with the mentioned condition precedent and make the share purchase agreement effective once the fulfilment of other conditions precedent are verified, the sale by Promotora de Informaciones, S.A. of 100% of the share capital of Vertix, SGPS, S.A. to MEO – Serviços de Comunicações e Multimedia, S.A. is hereby approved, delegating to the Board of Directors all those authorities required or expedient for the execution of the transaction.



THREE

Review and, as the case may be, approval of the audited balance sheet as at 31 August 2017.

Within the context of the share capital and reserves reductions aimed at restoring Company's equity structure, which has been submitted for approval by the General Meeting under the following fourth item of the agenda, the General Shareholders Meeting resolves to approve Company's balance sheet as at 31 August 2017, which has been prepared by the Board of Directors and verified by the Company's statutory auditor, namely, Deloitte, S.L., pursuant to Section 323.1 of the Spanish Companies Act.

FOUR

Share capital and reserves reductions aimed at adapting Company's equity structure.

4.1. Offset of losses against the voluntary reserves in an amount of EUR 1,578,746,088.64 and the legal reserves in an amount of EUR 5,335,316.94. Delegation of powers.

- I. Application of “share premium”, “statutory reserves”, “other updating reserves”, “voluntary reserves”, “current income tax reserves (corporate income tax)”, “redeemed capital reserves”, “first application of the general accounting plan reserves” and “legal reserve” to offset losses

In view of Company's individual balance sheet as at 31 August 2017, approved under the Third item of the agenda, the Company has, among others, the following reserves amounting to EUR 1,584,081,405.58:

- (i) “share premium” in the amount of EUR 1,371,298,760.21;
- (ii) “statutory reserves”, in the amount of EUR 11,884,980.65;
- (iii) “other updating reserves”, in the amount of EUR 13,939,053.92;
- (iv) “voluntary reserves”, in the amount of EUR 173,203,255.42;
- (v) “current income tax reserves (corporate income tax)”, in the amount of EUR 51,690.50;
- (vi) “redeemed capital reserves”, in the amount of EUR de 1,495,458.40;
- (vii) “first application of the general accounting plan reserves” EUR 6,872,889.54; and
- (viii) “legal reserve” in the amount of EUR 5,335,316.94;

According to the referred balance sheet the “negative results of prior periods” amounts to EUR -2,201,523,638.56. Company's total reserves (including those which are not available), without prejudice to the Company's results application to be approved by the next ordinary shareholders meeting, amount to EUR 1,499,246,331.02.

The General Meeting resolves to apply:

- (i) the entirety of the aforesaid “share premium” in the amount of EUR 1,371,298,760.21;
- (ii) the entirety of the aforesaid “statutory reserves”, in the amount of EUR 11,884,980.65;
- (iii) the entirety of the aforesaid “other updating reserves”, in the amount of EUR



- 13,939,053.92;
- (iv) the entirety of the aforesaid “voluntary reserves”, in the amount of EUR 173,203,255.42;
 - (v) the entirety of the aforesaid “current income tax reserves (corporate income tax)”, in the amount of EUR 51,690.50;
 - (vi) the entirety of the aforesaid “redeemed capital reserves”, in the amount of EUR de 1,495,458.40;
 - (vii) the entirety of the aforesaid “first application of the general accounting plan reserves” EUR 6,872,889.54; and
 - (viii) the entirety of the aforesaid “legal reserve” in the amount of EUR 5,335,316.94;

to partially offset the “negative results of prior periods” of the Company. It is stated for the record that once the former accounts have been applied to offset losses, (i) the “negative results of prior periods” account shall amount to EUR –617,442,232.98; and (ii) according to article 322.2 of the Spanish Companies Act, the Company will not have any voluntary reserves and the legal reserve, once the capital reductions proposed under items 4.2 and 4.3 of the agenda are carried out, if approved, does not exceed 10% of the share capital.

II. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution.
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, including the offset of other voluntary reserves, if applicable, which are not envisaged in this resolution.
- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company’s bondholders’ syndicates’ approval in conformity with the article 411 of the Spanish Companies Act.
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the Spanish National Securities Market Commission (the “CNMV”), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock



Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, Spanish or foreign, related to this resolution

- (v) To execute on behalf of the Company such public or private documents as may be necessary or appropriate and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.
- (vi) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such public deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, either substantive or formal, the may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment, this would be necessary due to the offset of some of the reserves foreseen in the preceding resolution not being allowed.
- (vii) In general, to carry out such actions as may be necessary or appropriate for this resolution to become fully effective.

4.2. Share capital reduction by an amount of EUR 154,321,837.26 to offset losses, by decreasing the par value of shares by EUR 1.97, to EUR 1.03 per share, based on Company's balance sheet as at 31 August 2017. Amendment of article 6.1 of the Articles of Association. Delegation of powers.

I. Company's share capital reduction to offset losses

Following the offset of losses to be carried out in accordance with item 4.1 above, and after having applied all of the voluntary reserves and legal reserves to offset losses, the General Meeting resolves to reduce the share capital in the amount of EUR 154,321,837.26, that is, from the current amount of EUR 235,007,874 to EUR 80,686,036.74, through the reduction of the par value of each of the 78,335,958 ordinary voting shares currently comprising Company's share capital, from the current amount of three euros per share to EUR 1.03 per share.

The purpose of the share capital reduction is to restore the balance between Company's share capital and equity, which has decreased as a consequence of the accumulation of losses from prior periods. The total amount of the share capital reduction shall thereby be applied to offset the negative reserves registered in the "negative results of prior periods" account in an amount of EUR 154,321,837.26. After the proposed share capital reduction, Company's "negative results of prior periods" account shall be reduced to EUR -463,120,395.72.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based on Company's individual balance sheet as at 31 August 2017, approved by the General Shareholders Meeting under the First item of the agenda, and



submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid balance sheet and audit report will be attached to the public deed of share capital decrease.

By virtue of article 335.a) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated below regarding the condition precedent to which the resolution is subject.

As a result of the reduction of the par value of the shares no excess of assets or liabilities will be generated that should be allocated to the legal reserve.

II. Amendment of article 6.1 of the Articles of Association related to the share capital

To amend article 6.1 of the Articles of Association, that will hereinafter read as follows:

“Article 6.- Share Capital.

1. The Share Capital amounts to EUR EIGHTY MILLION, SIX HUNDRED EIGHTY-SIX THOUSAND THIRTY-SIX WITH SEVENTY FOUR CENTS (€80,686,036.74) and it is represented by: seventy-eight million, three hundred thirty-five thousand, nine hundred fifty-eight (78,335,958) ordinary shares of the same class and series, with a par value of EUR ONE WITH THREE CENTS (€1.03) each and correlatively numbered from 1 to 78,335,958.”

III. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositaries and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores*



admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.

- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 78.335.958 shares of the Company with a par value of three euros each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 1.03 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil (Mercado Continuo)*).
- (v) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.
- (vi) To draft and publish such notices as may be necessary or appropriate in connection with this share capital reduction.
- (vii) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for the this resolution to become fully effective.
- (viii) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, either substantive or formal, that may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment, this would be necessary due to the offset of some of the reserves foreseen in the preceding resolution not being allowed.
- (ix) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.

IV. Condition Precedent

The effectiveness of this resolution is subject to the resolution 4.1 above being approved.

4.3. Reduction of the share capital by an amount of EUR 7,050,236.22 to increase the legal reserves account, by decreasing the par value of the shares by EUR 0.09, to EUR 0.94 per share, based on Company's balance sheet as at 31 August 2017. Amendment of article 6.1 of the Articles of Association. Delegation of powers.

I. Share capital reduction

Following (i) the offset of losses carried out in accordance with item 4.1 above under which all of the voluntary reserves and the legal reserve have been applied to offset losses, as well as (ii) the share capital reduction to offset losses carried out in accordance with item 4.2 above, the General Meeting resolves to reduce the share capital in the amount of EUR 7,050,236.22, that is, from the current amount of EUR 80,686,036.74 to EUR 73,635,800.52, through the reduction of the par value of each of the 78,335,958 ordinary voting shares comprising Company's outstanding share capital in the amount of EUR 0.09, from the current amount of one EUR 1.03 per share to EUR 0.94 per share.

The purpose of the share capital reduction is to increase Company's legal reserves, without prejudice to the provisions set forth below regarding the unavailability of the amount by which the share capital has been reduced to increase the legal reserve.

The share capital reduction is carried out through the reduction of the par value of all of the outstanding shares of the Company representing its share capital, currently amounting to EUR 1.03, to EUR 0.94 per share. Therefore, the par value of each share is reduced by EUR 0.09, while the total amount of the share capital reduction reaches EUR 7,050,236.22.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based upon Company's individual balance sheet as at 31 August 2017, approved by the General Meeting under the First item of the agenda, and submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid balance sheet and audit report are to be attached to the public deed of share capital decrease.

By virtue of article 335.a) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated below regarding the condition precedent to which the resolution is subject.

The resulting amount of the legal reserve does not exceed the 10% of the Company's share capital.

II. Amendment of article 6.1 of the Articles of Association related to the share capital



To amend article 6.1 of the Articles of Association, that will hereinafter read as follows:

“Article 6.- Share Capital.

1. The Share Capital amounts to EUR SEVENTY-THREE MILLION, SIX HUNDRED THIRTY-FIVE, EIGHT HUNDRED WITH FIFTY-TWO CENTS (€73,635,800.52) and it is represented by: seventy-eight million, three hundred thirty-five thousand, nine hundred fifty-eight (78,335,958) ordinary shares of the same class and series, with a par value of EUR NINETY-FOUR CENTS (€0.94) each and correlatively numbered from 1 to 78.335.958.”

III. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositaries and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.
- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company’s bondholders’ syndicates’ approval in conformity with the article 411 of the Spanish Companies Act.
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the “CNMV”), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the



share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 78,335,958 shares of the Company with a par value of EUR 1.03 each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 0.94 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil (Mercado Continuo)*).

- (v) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.
- (vi) To draft and publish such notices as may be necessary or appropriate in connection to this share capital reduction.
- (vii) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.
- (viii) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing 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 Commercial Registry, the Official Registries of the CNMV, or any others.
- (ix) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.

IV. Condition precedent

The effectiveness of this resolution is subject to the resolutions 4.1 and 4.2 above being approved.

FIVE

Share capital increases:

5.1 Share capital increase by way of monetary contributions for a nominal amount of EUR 352,500,000.00, through the issue of 375,000,000 new ordinary shares of EUR 0.94 of nominal and a share premium of EUR 0.26 each and for an effective total amount of EUR 450,000,000 (including nominal amount and share premium), with preferential subscription rights and foreseeing the possibility of incomplete subscription. Delegation of powers to the Board of Directors, with powers to subdelegate, to implement this resolution and to set those terms and conditions no provided for herein, according to article 297.1.a) of the Spanish Companies Act, as well as to amend article 6.1 of the Company's Articles of Association.

1. Share capital increase

It is resolved to increase the share capital of the Company by an amount of EUR 352,000,000.00, through the issue and floating of 375,000,000 new shares with a par value of EUR 0.94 each and of the same class and series as the shares currently outstanding, represented in book-entry form (the “**Share Capital Increase**”).

The new shares are issued at par, i.e. EUR 0.94, with a share premium of EUR 0.26 per share, resulting in an issue price (par value plus share premium) of EUR 1.20 (the “**New Shares**”). Consequently, the total share premium corresponding to the new shares amounts to EUR 97,500,000.00, while the total issue price (par value plus share premium) of the share capital increase amounts to EUR 450,000,000.00.

2. Payment of the New Shares

The payment of the par value and the share premium corresponding to the New Shares shall be made by means of cash contributions upon subscription.

For the purposes of article 299 of the Spanish Companies Act, it is placed on record that the Company's previously issued shares are paid in full.

3. Preferential subscription rights

Pursuant to article 304 of the Spanish Companies Act, shareholders shall have the right to subscribe a number of shares proportional to the par value of the shares that they own.

It is hereby resolved to empower the Board of Directors, with express powers to subdelegate to the Chairman of the Board and the Chief Executive Officer, to set the exchange ratio for exercising the preferential subscription rights, to which purposes the number of shares outstanding at the time the preferential subscription rights are



assigned, the legal regime applicable to treasury shares and the restrictions applicable in the context of preferential subscription rights will be taken into account.

The preferential subscription rights will be assigned to the shareholders of the Company—other than the Company itself—that have acquired or subscribed their shares before the day the call for the Share Capital Increase is published in the Commercial Registry’s Official Gazette, inclusive (*Last Trading Date*), and which acquisition transactions have been settled within two trading days immediately following such date, including, as the case may be, such shares issued upon conversion of the mandatorily convertible bonds and the warrants issued by the Company. The preferential subscription period (the “**Preferential Subscription Period**”) shall commence the trading day immediately following the referred call for the Share Capital Increase is published in the Commercial Registry’s Official Gazette.

Pursuant to article 306.2 of the Spanish Companies Act the preferential subscription rights shall be transferable on the same terms as the shares they derive from and shall be tradable on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System and in any other stock exchanges, either regulated or not, in which the shares of the Company are listed at the time of the execution of the present resolution.

The preferential subscription rights may be exercised within fifteen calendar days following the next trading day after the call for the Share Capital Increase is published in the Commercial Registry’s Official Gazette. During the said Preferential Subscription Period, any shareholder or investor wishing to increase its stake may purchase preferential subscription rights in the market in the proportion necessary to subscribe for New Shares.

The preferential subscription rights allotted to the shareholders of the Company, or acquired in the market by investors or shareholders, will be automatically extinguished after the Preferential Subscription Period of fifteen calendar days referred to above.

4. Additional Allotment Period

In the event that there are New Shares that have not been subscribed after the Preferential Subscription Period, an additional allotment period shall commence (the “**Additional Allotment Period**”) in which the remaining New Shares will be assigned to shareholders and/or investors who have requested additional New Shares (“**Additional Shares**”) during the Preferential Subscription Period. This is pursuant to the prospectus to be registered by the Company before the Spanish Securities Market Commission in connection with the Share Capital Increase.

In this vein, shareholders holding preferential subscription rights, as well as investors or shareholders that purchase preferential subscription rights, may request for the subscription of Additional Shares in the event that the Share Capital Increase has not been fully subscribed after the Preferential Subscription Period, and provided that they have exercised the totality of the preferential subscription rights they own during the Preferential Subscription Period. In any event, applications for the allotment of New



Shares and Additional Shares, as the case may be, shall be unconditional and irrevocable in nature.

In the event that the total number of Additional Shares requested within the Preferential Subscription Period and to be allocated during the Additional Allotment Period exceed the New Shares that remain to be allocated by virtue of the exercise of the preferential subscription rights, the remaining New Shares shall be allotted on a pro rata basis between the requesting shareholders and investors in proportion to the number of Additional Shares requested by each of the requestor over the total volume of requested Additional Shares. The prospectus of the Share Capital Increase will elaborate the rules for carrying out the referred apportionment.

5. Discretionary Allotment Period

If after the Additional Allotment Period the shares subscribed during the Preferential Subscription Period are not sufficient, along with the Additional Shares allotted to the subscribers, to cover all the New Shares (hereinafter, the difference between the total New Shares and the sum of the shares subscribed within the Preferential Subscription Period and the Additional Allotment Period will be referred to as the “**Discretionary Allotted Shares**”), a discretionary allotment period shall commence in respect of such shares (the “**Discretionary Allotment Period**”) in which the New Shares that have not been subscribed may be allotted to such persons, either shareholders or not, that express to the Company their interest in subscribing and paying the same, pursuant to the procedure to be detailed in the prospectus of the Share Capital Increase.

The documentation of the issuance and, in particular, the securities note to be registered with the Spanish Securities Market Commission, shall regulate the terms, conditions and the procedure for the Share Capital Increase, in accordance with the content of the present resolution, including with respect to the payment of the par value and share premium corresponding to the new shares, the exercise of the preferential subscription rights, the allotment of Additional Shares and the allotment of Discretionary Allotted Shares.

6. Shareholders and Investors' Commitments

As at the date of the resolution regarding the announcement of the General Shareholders Meeting, shareholders representing a relevant percentage of the Company's current share capital have submitted to the Company commitments to subscribe or letters of intention with regard to the issuance of the New Shares that proportionally correspond to each of them (as direct or indirect shareholders of the Company or in connection with the investment funds they manage) and others have expressed their intention of doing so.

Additionally, the Board of Directors is empowered to subscribe placing and/or underwriting agreements with regard to the Share Capital Increase in case it deem it necessary for the full effectiveness of the latter, as set out in section 13 of this resolution.



For these purposes, it is resolved to authorize the Board of Directors, with express authority to subdelegate to the Delegate Commission, the Chief Executive Officer or the Chairman to manage such process and to assist in the recruitment, if necessary, of one or more agent entities.

Details on the shareholders' subscription commitments will be described in the corresponding prospectus that the Company will register before the Spanish Securities Market Commission in connection with the Share Capital Increase.

7. Representation of the New Shares

The New Shares to be issued shall be represented in book-entry form and the relevant record shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

8. Rights of the New Shares

As of the date of the subscription and payment of the Share Capital Increase, New Shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.

9. Execution of the Share Capital Increase and condition precedent

The Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer or the Chairman of the Board, will declare the Share Capital Increase to have been subscribed and paid for, totally or partially, and therefore, closed, and will amend the first paragraph of article 6 of the Articles of Association of the Company adapting it according to the number of shares finally subscribed. In particular, it shall detail the number of shares by which the share capital of the Company is ultimately increased after the Preferential Subscription Period and, as the case may be, the Additional Allotment Period and the Discretionary Allotment Period.

The effectiveness of the Share Capital Increase shall be subject to (i) the execution of the reserves and share capital reductions which are submitted for approval of the General Shareholders' Meeting under items 4.1, 4.2 and 4.3 of the agenda; and (ii) an agreement with the totality or part of the creditors holding financial debt of the Company being reached, which, in the opinion of the Board of Directors, may enable a restructuring or refinancing of the debt, including with regard to the existing profit participating loans, in terms satisfactory to the Company and to achieve its financial stability.

Similarly, the Board of Directors is empowered, with express authority to subdelegate to the Chairman, the Chief Executive Officer or to one or more directors, and the Board's Secretary, not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.

10. Maximum execution time

The Board of Directors shall determine the date on which the resolution is to be executed within a maximum period of one year from the date of its adoption by the General Meeting, after which, if it has not been executed, the resolution shall be null and have no effect.

11. Admission to trading

It is resolved to apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the Stock Exchanges or foreign markets in which the shares of the Company are admitted to trading (including through American Depositary Shares – ADSs) for the admission to trading of the New Shares issued in the context of the Share Capital Increase, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

Similarly, it is resolved to request the inclusion of the New Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear).

It is expressly stated for the record that, if the delisting of the Company's shares were to be requested, the delisting resolution would have to be adopted with the same formalities that may be applicable and, in such event, the interest of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the provision included in the Spanish Companies Act and related provisions, in accordance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing provision that may be in force at any time.

12. Incomplete subscription

In accordance with the provisions included in article 311 of the Spanish Companies Act, the possibility of an incomplete subscription of the Share Capital Increase is expressly provided for. Consequently, if the New Shares were not subscribed for entirely, the Board of Directors may resolve an incomplete subscription of the share capital increase and increase the share capital of the company in the subscribed amount.

13. Delegation of powers for the execution of the preceding resolutions

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorize the Board of Directors as broadly as required by law, with express authority to subdelegate to the Chairman, the Chief Executive Officer, any other member of the Board and the Secretary of the Board, so that any of them, without distinction, may carry out any action or deliver any public or private document that

might be necessary for the implementation of these resolutions, with express faculties for clarification, interpretation, rectification and substitution. In particular, by way of illustration and not limitation, the aforementioned persons may carry out the actions expressly stated in Article 297.1.a) of the Spanish Companies Act as well as the following:

- (a) Extend and develop this resolution, setting the terms and conditions of the issuance that were not provided for in this resolution. In particular, by way of illustration and not limitation, determine the final figures of the share capital increase after the subscription, the term, form, conditions and procedure for the subscription and payment in each of the periods, the exchange ratio for the exercise of the preferential subscription rights, the authority to propose one or various shareholders that they resign to preferential subscription rights in the amount necessary to ensure that the number of shares to be issued is proportional to agreed exchange ratio and, in general, any other circumstance needed for the execution of this capital increase and the issuance of the shares in the context of the cash contributions.
- (b) Where necessary, draft, subscribe and file, in the most convenient language or languages, the shares registry document, securities note and summary —or any other equivalent document— with the Spanish National Securities Market Commission (“CNMV”) or any other authorities, in compliance with the provisions included in the Spanish Securities Market Act, developing, where appropriate, the content of this resolution, setting the terms and conditions not provided for in this resolutions and assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the corresponding administrative authorities and, in particular, the CNMV.
- (c) Take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorization, verification and subsequent execution of the Share Capital Increase, as well as to carry out the effective admission to trading of the New Shares on the Spanish Stock Exchanges and on any other Stock Market, either a regulated market or not.
- (d) Draft, sign and execute any public or private documents that may be necessary and take any action in any jurisdiction in connection with the Share Capital Increase, the offering to the public of the preferential subscription rights and of the New Shares and the request of the admission to trading of the New Shares in the corresponding Spanish Stock Exchanges and make any declaration or deal with anything that may be necessary before the competent authorities on any jurisdiction, national or foreign, and, in particular, without limitation, to make any declaration or to deal with anything that may be necessary in, and before the



authorities of, the United States, in particular before the SEC (Securities Exchange Commission), including a request for any pertinent exemptions.

- (e) Where necessary, draft, subscribe and file an international offering memorandum aimed at facilitating the distribution of the information on the share capital increase among the international shareholders and investors, assuming, on behalf of the Company, the responsibility over the content of the referred document.
- (f) Resolve not to execute this resolution if, taking into consideration the Company's corporate interest, the general market conditions or the financial structure resulting from the capital increase or other circumstances that may affect the Company, it were not advisable or impossible to execute this resolution.
- (g) Set and publish the commencement date of the procedure for the Share Capital Increase or the Preferential Subscription Period (fixed at fifteen calendar days), as well as the subsequent phases in the event that the Share Capital Increase is not fully subscribed after the first round, adapting to the terms and conditions provided for in this resolution.
- (h) Negotiate, sign and execute any public and private documents that may be necessary, in accordance with the usual practice in this type of transactions, including any contract or agreement that may be necessary or convenient for the success of the this share capital increase, in particular and without limitation, the contracts and agreements with shareholders interested in undertaking a commitment to participate in the share capital increase, such as subscription agreements with shareholders, the agency contract and, as the case may be, the placing and/or underwriting agreements, including commitments not to issue, transfer or "lock-up" which are customary in this type of transactions, that may be appropriate for the success of the share capital increase and to appoint the underwriters or the placement entities that will form part of the underwriting and/or placement syndicate, agent bank and any other entities whose collaboration is necessary for the success of the transaction. Any actions carried out before the date of the approval of this resolution, as well as any document or agreement subscribed for these purposes, whether by any of the persons included in this section or any other member of the Company (including, by way of illustration and not limitation, the member of the Financial Department of the Company) are expressly ratified by this resolution.
- (i) Agree, with the broadest powers, but subject to the provisions of this resolution, the procedure for the placement of the issuance, setting the initial date and, as the case may be, modifying the length of the subscription periods, also being able to declare the early closing of the share capital increase.
- (j) Draft and publish whatever announcements may be necessary or advisable.

- (k) Declare executed the Share Capital Increase and determine that the condition to which the effectiveness of the Share Capital Increase has been subject to have been met, issuing and floating the new shares that were subscribed and paid for, as well as amend article 6.1 of the Articles of Association, adapting it according to the number of shares finally subscribed, leaving without effect the part of the capital increase that was not subscribed and paid for.
- (l) Request the inclusion of the new shares in the book-entry registries of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as their admission to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and any other Stock Exchange in which the shares of the Company are listed at the time of the execution of this resolution and their inclusion in the Automated Quotation System (Mercado Continuo).
- (m) Draft, sign and execute, and where appropriate certify, documents of all kinds, including documents relating to the subscription of the new shares.
- (n) In general, take all the actions considered to be necessary or convenient for the successful registration of the Share Capital Increase in the corresponding Commercial Registry, including the faculty to execute all the private and public documents considered to be necessary or convenient in connection with this resolution, regardless of their nature (complementing, rectifying, amending or any other) and develop any item of the registry document, the securities note of the shares or the summary that has not been included in this resolution, including the adjustment of the content of the aforementioned agreements to satisfy the requests, either formal or informal, of the Spanish National Securities Market Commission.

5.2. Share capital increase by way of a compensation of credits for an amount of EUR 47,000,000.00, through the issue of 50,000,000 new ordinary shares of EUR 0.94 of nominal and a minimum share premium of EUR 1,06 each and foreseeing the possibility of incomplete subscription. Delegation of powers to the Board of Directors, with powers to sub-delegate, to implement this resolution and to set those terms and conditions not provided for herein, as well as to amend article 6.1 of the Company's Articles of Association.

1. Share capital increase

It is resolved to increase the share capital of the Company by an amount of EUR 47,000,000.00 through the issuance and floating of 50,000,000 new ordinary shares of the Company with a par value of EUR 0.94 each (the “**New PPL Shares**”), of the same class and series as those currently outstanding, represented in book-entry form (el “**PPL Capital Increase**”).



The New PPL Shares are issued at par value, i.e EUR 0.94, with a share premium to be determined by the Board of Directors, which may not be lower than EUR 1.06, resulting in a minimum issue price of EUR 2.00 per share (par value plus premium). Consequently, the total amount corresponding to the share premium will be of, at least, EUR 53,000,000.00, for a total amount of EUR 100,000,000.00 (par value plus premium).

The price of the New PPL Shares (par value and premium) will be paid entirely by offsetting the credits held against the Company indicated below.

2. Subscription and payment of the New PPL Shares

The New PPL Shares may be subscribed and entirely paid for by the Company's profit participating loan creditors listed in **Annex 1**, or by any person who, by the time of the execution of this resolution, has replaced any of the creditors in accordance with the provisions included in the corresponding financing agreements (the "**PPL Creditors**") (the "**PPL Loan**"), at the issue price finally determined by the Board of Directors, which may not be lower than the minimum issue price of ERU 2.00 per share.

If the aggregated number of requested New PPL Shares exceeds the number of New PPL Shares to be issued in the context of the PPL Capital Increase, the New PPL Shares to be subscribed by each PPL Creditor will be determined in proportion to the percentage that the New-PPL-Shares-request by each creditor represents over the total New-PPL-Shares-requests by all creditors.

The price of the New PPL Shares (par value plus premium) will be entirely paid for after the credits have been offset, automatically cancelling the outstanding amount of the PPL Loan that has been offset in the context of the PPL Capital Increase.

At the time of the compensation and once all the conditions provided for in point 7 of this resolution have been met, these credits will comply, in concordance with the conversion commitments given by their holders, with the requirements set forth for the capitalization of credits in article 301 of the Spanish Companies Act ("*Ley de Sociedades de Capital*"), as indicated in the report issued by the Board of Directors regarding this matter. Compliance with the requirements of article 301 of the Spanish Companies Act ("*Ley de Sociedades de Capital*") will be confirmed in the certificate issued, prior to the announcement of the General Shareholders Meeting, by the auditor of the Company, Deolitte, S.L., a Spanish entity with registered office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met.

Likewise, it is stated that the shares of the Company previously issued have been fully paid for.

3. Lack of pre-emptive rights

In accordance with article 304 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), current shareholders will not have pre-emptive rights over the New PPL Shares.

4. Representation of the New PPL Shares

New PPL Shares to be issued shall be represented in book-entry form and the relevant record shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

5. Rights of the New PPL Shares

As of the date of the subscription and payment of the PPL Capital Increase, New PPL Shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.

6. Incomplete subscription

In accordance with the provisions included in article 311 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), the possibility of an incomplete subscription of the PPL Capital Increase is expressly provided for in case the capital increase is not completely subscribed for after the completion of the subscription period.

7. Execution of the PPL Capital Increase and condition precedents

In accordance with article 297.1.a) of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), the Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer or the President of the Board of Directors will declare the PPL Capital Increase to be subscribed and paid for, totally or partially, and therefore, closed and implemented, establishing the terms and conditions of the capital increase as to all matter not provided for in this resolution.

Likewise, the aforementioned persons have to determine, within one year from the approval of this resolution, the date on which the resolution is to be adopted. After the one year period has elapse, this resolution shall cease to have effect.

The effectiveness of this resolution and, therefore, the execution of the PPL Capital Increase are subject to the following conditions (i) the prior approval and execution of the monetary capital increase with pre-emptive rights resolution, included in item 5.1 of the Agenda for its approval by the extraordinary General Shareholders Meeting of the Company; (ii) the prior authorization of the PPL Capital Increase by the syndicate constituted by several financial entities that are creditors of the Company under the Override Agreement, in accordance with the majorities included in the Override Agreement, allowing for the acceleration of the credits for their capitalization; (iii) the subscription of an agreement with all or several of the financial creditors of the Company which, under the Board of Directors’ judgment, allows for the restructuring or



refinancing of the Company's debt, including the debt related to the profit participating loans under satisfactory terms for the Company and which ensures the financial stability of the Company; and (iv) where appropriate, the prior consent of any third party that may be required under any financial agreement entered into by the Company.

Similarly, the Board of Directors is empowered, with express authority to sub-delegate to the Chairman, the Chief Executive Officer, or to one or more directors and the Board's Secretary, not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.

8. Amendment of the Company's Articles of Association

Without prejudice of the provisions included in article 297.2 of the Spanish Companies Act, the Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer, the President of the Board of Directors or any member of the Board of Directors, will be authorized to amend article 6.1 of the Company's Articles of Association to adjust it to the resulting share capital and number of shares after the PPL Capital Increase.

9. Admission to trading

It is resolved to apply for the listing of the New PPL Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the Stock Exchanges or foreign markets in which the shares of the Company are admitted to trading (including through American Depositary Shares – ADSs) for the admission to trading of the New PPL Shares issued in the context of the PPL Capital Increase, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

Similarly, it is resolved to request the inclusion of the New PPL Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear).

It is expressly stated for the record that, if the delisting of the Company's shares were to be requested, the delisting resolution would have to be adopted with the same formalities that may be applicable and, in such event, the interest of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the provision included in the Spanish Companies Act ("*Ley de Sociedades de Capital*") and related provisions, in accordance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing provision that may be in force at any time.

10. 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 sub-delegate to the Delegate Commission, the President, the Chief Executive Officer, any other member of the Board and the Secretary of the Board, so that any of them, without distinction, may carry out any action or deliver any public or private document that might be necessary for the implementation of this resolutions, with express faculties for clarification, interpretation, rectification and substitution. In particular, by way of illustration and not limitation, the aforementioned persons may carry out the following:

- (o) Extend and develop this resolutions, setting the terms and conditions of the issuance that were not provided for in this resolutions. In particular, by way of illustration and not limitation, determine the final amount of the PPL Capital Increase after the subscription, the term, form conditions and procedure for the subscription and payment and, in general, any other circumstance needed for the execution of this capital increase and the issuance of the shares in the context of the compensation of the credits.
- (p) Where necessary, draft, subscribe and file, in the most convenient language or languages, the shares registry document, securities note and summary —or any other equivalent document— with the Spanish National Securities Market Commission (“CNMV”) or any other authorities, in compliance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), developing, where appropriate, the content of this resolution, setting the terms and conditions not provided for in this resolutions and assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the corresponding administrative authorities and, in particular, the CNMV.
- (q) Take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorisation, verification and subsequent execution of the PPL Capital Increase, as well as to carry out the effective admission to trading of the New PPL Shares in the Spanish Stock Exchanges and in any other Stock Market.
- (r) Draft, sign and execute any public or private documents that may be necessary and take any action in any jurisdiction in connection with the PPL Capital Increase, request the admission to trading of the New PPL Shares in the corresponding Spanish Stock Exchanges and make any declaration or deal with anything that may be necessary before the competent authorities on any jurisdiction, national or foreign, and in the United States, in particular before the



SEC (Securities Exchange Commission), including a request for any pertinent exemptions.

- (s) Resolve not to execute this resolution if, taking into consideration the Company's corporate interest, the general market conditions or the financial structure resulting from the capital increase or other circumstances that may affect the Company, it were not advisable or impossible to execute this resolution.
- (t) Negotiate, sign and execute any public and private documents that may be necessary, in accordance with the usual practice in this type of transactions, including any contract or agreement that may be necessary or convenient for the success of the PPL Capital Increase. Any actions carried out before the date of the approval of this resolution, as well as any document or agreement subscribed for these purposes, whether by any of the persons included in this section or any other member of the Company (including, by way of illustration and not limitation, the member of the Financial Department of the Company) are expressly ratified by this resolution.
- (u) Draft and publish whatever announcements may be necessary or advisable.
- (v) Establish the date and declare the PPL Capital Increase executed, determine that the condition to which the effectiveness of the PPL Capital Increase has been subject to have been met, issuing and floating the new shares that were subscribed and paid for, as well as amend article 6.1 of the Articles of Association, adapting it according to the number of shares finally subscribed, leaving without effect the part of the capital increase that was not subscribed and paid for.
- (w) Request the inclusion of the New PPL Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear), as well as their admission to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and any other Stock Exchange in which the shares of the Company are listed at the time of the execution of this resolution and their inclusion in Automated Quotation System (*Mercado Continuo*).
- (x) Draft, sign and execute, and where appropriate certify, documents of all kinds, including documents relating to the subscription of the New PPL Shares.
- (y) In general, take all the actions considered to be necessary or convenient for the successful registration of the PPL Capital Increase in the corresponding Commercial Registry, including the faculty to execute all the private and public documents considered to be necessary or convenient in connection with this resolution, regardless of their nature (complementing, rectifying, amending or any other) and develop any item of the registry document, the securities note of the shares or the summary that has not been included in this resolution, including the adjustment of the content of the aforementioned agreements to



satisfy the requests, formal or informal, of the Spanish National Securities Market Commission.

ANNEX 1

- BANCO POPULAR ESPANOL, S.A
- Bank of America Merrill Lynch International Limited
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- CITIGROUP FINANCIAL PRODUCTS INC
- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL PPF Opportunities Investments S.à r.l.
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- KUTXABANK S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS FUND L.P.
- MARINER GLEN OAKS MASTER FUND, L.P.
- MONARCH MASTER FUNDING 2 (LUX) SARL
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD



SIX

Reduction of the share capital through the reduction of the par value of the Company's shares by EUR 0.84, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction, based on the Company's balance sheet as at August 31, 2017. Amendment of article 6.1 of the Articles of Association. Delegation of powers.

(i) Reduction of the share capital of the Company to set up a reserve which will only be available under the same requirements as those for the share capital reduction

The General Meeting resolves to reduce the par value of each of the ordinary voting shares comprising the share capital outstanding at the time of implementation of this resolution from the current EUR 0.94 per share —resulting from the share capital reduction proposed to the approval of this Shareholder Meeting under item 4.3 of the Agenda—to EUR 0.10 per share, that is, the par value of each of the shares is reduced by EUR 0.84. Hence, the share capital reduction shall amount to a maximum of EUR 432,276,983.88 (taking into account that the maximum number of shares outstanding at such time, in view of the potential conversion of the bonds and warrants issued by the Company and the share capital increases that are submitted for approval of this General Shareholders' Meeting, is 514,615,457 shares). The amount of the capital reduction shall be determined based on the number of shares outstanding, taking into account the shares to be issued within the framework of the share capital increases which are submitted for approval of the General Shareholders' Meeting under items 5.1 and 5.2 of the agenda, as well as the conversion of the mandatorily convertible bonds and the warrants issued by the Company. Specifically, the amount of the reduction shall be obtained by multiplying (x) the number of shares outstanding at the time of execution of the capital reduction by (y) EUR 0.84.

The procedure pursuant to which the share capital reduction is, as pointed out, to be carried out is the reduction of the par value of the shares outstanding at the time of implementing the resolution of EUR 0.94 per share to EUR 0.10 per share.

The purpose of the share capital reduction is to set up a reserve that will only be available under the same requirements as those for the share capital reduction by a maximum amount of EUR 432,276,983.88 –notwithstanding the mentioned automatic adjustment based on the number of shares outstanding at the time of execution of the reduction–.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital at the time of its execution.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based upon Company's individual balance sheet as at 31 August 2017, approved by the General Meeting under the First item of the agenda, and submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as

reflected in the audit report. The aforesaid balance sheet and audit report are to be attached to the public deed of share capital decrease.

By virtue of article 335.c) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated in the following subsection (iii) regarding the condition precedent to which the resolution is subject. Therefore, once the resolution has been approved by the General Shareholders' Meeting, and once the fulfillment of the condition precedent is verified, this resolution shall be immediately effective.

(ii) Amendment of article 6 of the Articles of Association related to the share capital

It is hereby resolved to delegate to the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, the verification of the calculation of the total amount of the capital reduction and the wording of the section 1 of the article 6 of the Articles of Association so as to adapt it to the new figure of the share capital.

(iii) Condition precedent

The effectiveness of this resolution relating to the share capital reductions is subject to condition precedents consisting of (i) the execution of the reserves and share capital reductions the approval of which is submitted to the General Meeting under items 4.1, 4.2 and 4.3 of the Agenda; and (ii) the execution of the share capital increase the approval of which is submitted to the General Meeting under item 5.1 of the Agenda.

(iv) Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- a) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.
- b) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (Real Decreto 878/2015, de 2 de octubre, sobre compensación,

liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.

- c) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.
- d) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the shares of the Company outstanding with a par value of EUR 0.54 to be excluded from trading, and the same number of shares with a par value of EUR 0.10 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil (Mercado Continuo)*).
- e) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure, as well as to verify the exact amount share capital reduction and, where appropriate, to carry out the corresponding automatic adjustment, based on the number of shares to be issued within the framework of the share capital increases which approval is proposed to the General Meeting under items 5.1 and 5.2 of the agenda, as well as based on the conversion of the mandatorily convertible bonds and warrants issued by the Company.
- f) To resolve not to execute the resolution if having regard to the Company's interests, the general market conditions, the foreseeable financial structure of the Company resulting from the operations submitted for approval of the General Shareholders' Meeting or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.
- g) To draft and publish such notices as may be necessary or appropriate in connection to this share capital reduction.
- h) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in



general, to carry out such actions as may be necessary for this resolution to become fully effective.

- i) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing 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 Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment or other circumstances, this would be necessary due to the offset of some of the reserves included in item 4 of the Agenda of this General Shareholders' Meeting not being allowed, or due to the final figure of the share capital increases that are submitted for approval of this General Shareholders' Meeting or the conversion of the mandatorily convertible bonds and warrants issued by the Company.

- j) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.



SEVEN

Review and approval, where appropriate, of the amendment to the directors remuneration policy, applicable to the financial years ending on 31 December 2017, 2018 and 2019.

Approve, in accordance with the provisions of Article 529 of the Spanish Companies Act, and in concordance with the motivated proposal issued by the Board of Directors, accompanied by the mandatory report issued by the Appointment and Compensation Committee, the amendment of the remuneration policy of the members of the Board of Directors of the Company, applicable for the fiscal year ending on December 31, 2017, 2018 and 2019.

It is hereby stated that the aforementioned amendment includes a the possibility of establishing remuneration plans that imply the delivery of Company's shares, which, in any case, must be approved by the General Shareholders Meeting of the Company.

Likewise, due to this amendment, the recast text of the Remuneration Policy of the Directors of the Company is hereby approved, which was made available to all shareholders as from the announcement of the calling of the General Shareholders Meeting and which will be applicable during the fiscal years ending on December 31, 2017, 2018 and 2019.



EIGHT

Approval of the Chairman's extraordinary incentive plan linked to the Company's recapitalization and financial stabilization

Under articles 219 of the Spanish Companies Act and 22 of the Company's Articles of Association and other applicable legislation, and in the framework of the remuneration policy of Promotora de Informaciones, S.A. (the "**Company**" or "**Prisa**") and the group of companies of which Prisa is the parent company ("**Prisa Group**" or the "**Group**"), given that this plan constitutes a remuneration system that includes the award of Prisa's shares to Executive Board Members, the following extraordinary incentives plan linked to the recapitalisation of the Company (the "**Plan**") is adopted according to the following basic terms, proposed by the Board of Directors following a favourable report from the Appointments and Remunerations Committee.

1. General Description of the Plan and purpose

For the purposes of aligning the executive Chairman of the Prisa Group with those of its shareholders and given his contribution to the success of the Company's recapitalization and financial stabilization plan, by virtue of this Plan, the Company will grant a certain number of ordinary shares of the Company, free of charge, to the executive Chairman of (the "**Participant**"), in accordance with the provision included below.

In this context, at the proposal and following the favourable report of the Appointments and Remunerations Committee, the Board of Directors considers it to be in the Company's best interest to incentivise and reward the Participant's performance in the drafting, preparation, negotiation and execution of the Company's recapitalization plan, which constitutes an essential milestone for the future of the Prisa Group (the "**Recapitalisation Plan**"). The Recapitalisation Plan consists in the monetary share capital increase in the total amount (par value plus share premium) of EUR 450,000,000, with the recognition of pre-emptive subscription rights, which is submitted to the General Meetings approval under item 5.1 of the agenda (the "**Share Capital Increase**")

2. Participant

The sole beneficiary of the Plan is the current executive Chairman of the Board of Directors, Mr. Juan Luis Cebrián.

3. Due date for the award of shares under the Plan

The accrual of shares under the Plan shall take place on completion of the Recapitalization Plan. For this purpose, the Recapitalisation Plan shall be considered completed on the date in which the new shares arising from the Share Capital Increase are admitted to trading on the Spanish Stock Exchanges (the "**Date of Accrual**").



In any case, the accrual of the shares under the Plan will be subject to (i) the satisfactory completion of the sale of the 100% of the share capital of Vertix, SGPS, S.A. pursuant to the terms and conditions set out in the share purchase agreement entered into by the Company and MEO – Serviços de Comunicações e Multimedia, S.A., which is submitted for the approval of this General Shareholders' Meeting under item 2 of the agenda to the effects of article 160.f) of the Spanish Companies Act; and (ii) the delivery of a favourable opinion regarding the reasonableness of the Share Capital Increase and the fairness of the price of the shares issued in the context of the Share Capital Increase taking into account regular and normal market conditions (the “**Fairness Opinion**”).

In connection with condition (ii) above, and in order to guarantee the objectivity and independence of the conclusions included in the opinion, the Fairness Opinion shall be issued by a renowned international investment bank to be appointed by the Company, which shall be an investment bank that has not provided services to the Company in connection with the Share Capital Increase. In this context, the Company will request the issuance of the Fairness Opinion sufficiently in advance and, in any case, before the execution of the Share Capital Increase.

In the event that the Share Capital Increase is subscribed for in an amount representing less than 85% of the total amount foreseen in the referred capital increase proposal — incomplete subscription— the Board of Directors, at the proposal of the Appointments and Remunerations Committee, shall determine if the Recapitalization Plan has been completed or not, in which case, the Date of Accrual shall be the date of the resolution by the Board (which must take place within 90 calendar days following the date of admission to trading of the new shares).

4. Duration and date of award of shares

The liquidation of the Plan and the award of all the shares envisaged under the same shall be executed within the 90 calendar days following the Date of Accrual, according to the terms and conditions set out by the Board of Directors at the proposal of the Appointments and Remunerations Committee. The Board of Directors will determine the concrete date for granting the shares. For the purposes of this resolution, the “**Date of Award of the Shares**” shall be understood as the date on which the corresponding stock exchange transaction has been settled.

5. Volume of the Plan

The Plan amounts to 1,600,000 shares of the Company. It is hereby stated that the economic value of these shares is EUR 1.20 per share (which is the issue price per share of the Share Capital Increase).

6. Characteristics of the shares



The shares which, if applicable, arise from the liquidation of the Plan shall be awarded to the Participant through book entries or stock exchange procedures as applicable, in the securities account said party indicates to the Company to this effect.

The shares received in the framework of this Plan shall be completely paid for, admitted to trading, free of lines or encumbrance and, without detriment to the provisions of section 8 of this resolution below, the holders thereof shall not be subject to any limitations or restrictions not applicable to the Company's shareholders in general through contractual, mandatory or legal provisions.

These shares shall be of the same class and series as those currently outstanding.

The number of shares to be awarded shall be adjusted proportionally if necessary as a result of any operation in relation to the share capital (including the splitting or grouping together of the total number of Prisa shares).

7. Coverage

The shares to be awarded to the Participant may be Prisa's own shares held as treasury stock that may have been acquired or are acquired both by Prisa itself or any company of the Prisa Group, or shares from any other financial instrument determined by the Company as advisable, subject to the fulfilment of the legal requirements in place.

8. Lock-up agreement on the Plan

For the mere act of receiving the Shares, the Participant of the Plan shall undertake a lock-up agreement for the shares received (the "**Lock-up**"). This agreement shall last:

- With respect to one third of the shares, until a one-year term after the Date of Award of the Shares has elapsed.
- With respect to another third of the shares, until a two-year term after the Date of Award of the Shares has elapsed.
- With respect to the remaining third of the shares, until a three-year term after the Date of Award of the Shares has elapsed.

The Lock-up shall also apply to shares received by the Participant not requiring any kind of payment arising from the above as a result of any company operation. However, the Lock-up shall not apply to such shares which the Participant may have to sell to pay the taxes resulting from the award of the shares.

9. Loss of the shares received by the Participant under the Plan

The award of the shares to the Participant under the Plan is subject to a condition subsequent that shall be in force with respect to each share awarded for the duration of the Lock-up and which shall be understood as fulfilled in the following situations:



- (a) If the relationship linking the Participant to Prisa or another entity of the Group is an employment relationship, voluntary resignation, the justified dismissal of the Participant (as set out in employment legislation applicable to the employment relationship at any given time) or situations of unpaid leave (unless said unpaid leave is covered by Law 39/1999 of 5 November on workers' work-life balance or by Organic Law 3/2007, of 22 March on gender equality).
- (b) If the relationship linking the Participant to Prisa or another entity of the Group is a relationship of senior management, due to failure to comply with the contract signed with the Company attributable to the Participant, in accordance with the provisions of the applicable legislation or through the unilateral termination thereof by the Participant (unless it is a result of material non-compliance with the contract by the Company).
- (c) If the Participant is an executive board member of Prisa, due to failure to comply with the contract signed with the Company, in accordance with applicable legislation, or through the unilateral termination thereof by the Participant (unless it is a result of material non-compliance with the agreement by the Company) or as a result of their resignation as a board member or a resolution adopted by the Company's General Shareholders Meeting to terminate the Participant's role as a member of the Company's board. The provisions of this paragraph shall not be applicable to the cessation of Mr. Juan Luis Cebrián as director of Prisa;

For the avoidance of doubts, in the event of the termination of the relationship, be it an employment or commercial relationship, between a Participant and the Company or Group Company for reasons other than the above, the Lock-up shall also be applicable.

The shares to which the condition subsequent shall apply shall be those subject to the Lock-up agreement at any given time.

Should the condition subsequent occur, the shares affected must be returned through the same acquisition procedure to Prisa or, by indication thereof, to another company of the Prisa Group.

10. Expiry and continuity requirements within the framework of the Plan

If the Recapitalisation Plan is not completed on or before 30 June 2018 this resolution shall be rendered void.

In order for the shares accrued within the framework of the Managers' Plan to be awarded, it will be necessary for the relevant Participant to remain in the Group at the time the shares are awarded, except for special cases (e.g. death, disability or retirement), either as director, senior manager, employee or linked to the Group by a services rendering relationship.

11. Authorisation of the Board of Directors



The Company's Board of Directors is authorised, as broadly as required by Law and with express powers to sub-delegate in favour of the Delegate Commission and the Appointments and Remunerations Committee, to develop, formalise, execute and liquidate the Plan as applicable and when and in the manner in which it deems convenient, adopting any resolutions and signing any public or private documents that may be necessary or convenient for this to be fully effective, also having the power to correct, rectify, modify or complement this resolution. And, in particular, by way of example, to:

- (a) Implement and execute the Plan when it considers it convenient and in the specific way it deems appropriate.
- (b) Develop and establish the specific conditions of the Plan for everything not set out in this resolution, having the power to adopt and publish operating regulations for said purpose.
- (c) Develop and establish the specific conditions of the Plan for the Participant, develop and specify the conditions to which the receipt of the incentive by the Participant will be subject and determine if the Recapitalisation Plan is complete or not.
- (d) Adapt the content of the Plan to any company circumstances and operations occurring during the validity thereof, both in relation to the Company and to companies forming part of the Group at any given time, or legal, regulatory, operating or other similar legal reasons and circumstances, according to the terms and conditions deemed necessary or convenient at any given time to maintain the purpose thereof.
- (e) Decide not to execute or totally or partially void the Plan according to circumstance.
- (f) Draft, sign and present any communications and complementary documentation that may be necessary or convenient before any public or private body for the implementation, execution or liquidation of the Plan, including, where necessary, the corresponding advance notices and information booklets.
- (g) Perform any action, declaration or administrative procedure before any public or private body or entity or registry to obtain any authorisation or verification necessary for the implementation, execution or liquidation of the Plan and the free award of the Prisa shares.
- (h) Negotiate, agree and sign any agreements of any kind with financial entities or any other institution it freely indicates, according to the terms and conditions it deems appropriate as necessary or convenient for the implementation, coverage, execution or liquidation of the Plan, including the establishment of any legal figure or the reaching of agreements with any type of entity for the deposit, custody, holding and/or administration of the shares and/or the subsequent award thereof to the Participant within the framework of the Plan, as necessary or



convenient due to the legal system applicable to some of the Participant or to certain companies of the Group or as necessary or convenient for legal, regulatory, operating or other similar reasons.

- (i) Draft, sign, execute and, where applicable, certify any type of document in relation to the Plan.
- (j) And in general, perform any action, make any decision and sign any documents necessary or merely convenient for the validity, effectiveness, implementation, development, execution, liquidation and successful completion of the Plan and the resolutions adopted above.



NINE

Information to the Shareholders on amendments to the Regulations of the Board of Directors.

In compliance with article 528 of the Spanish Companies Act, the General Shareholders Meeting is hereby informed that on 13 October 2017 the Board of Directors of approved the amendment of the Board of Directors Regulations of Promotora de Informaciones, S.A., in the terms provided for in the report issued by the Board which has been available to all shareholders since the date of the announcement of this General Shareholders Meeting.



TEN

Delegation of Powers

Without prejudice to powers granted in other resolutions, it is hereby resolved to grant to the Board of Directors the broadest powers required by law to define, implement and interpret the preceding resolutions including, if necessary, powers to interpret, remedy and complete the resolutions. Likewise it is resolved to grant to the Chairman of the Board of Directors Mr Juan Luis Cebrián Echarri, the Chief Executive Officer Mr Manuel Mirat Santiago, the Secretary Mr. Xavier Pujol Tobeña joint and several powers for any of them to appear before a Notary Public to formalize and to reflect in a notarial document the resolutions adopted at the present Shareholders' Meeting, rectifying, if warranted, any material errors not requiring new resolutions that might preclude their being recorded in notarial instruments, and to issue the notarial or private documents necessary to record the adopted resolutions on the Companies Register, with powers to remedy or rectify them in view of the Registrar's written or oral comments and, in summary, to take any measures required to ensure that these resolutions are fully effective.