

**Promotora de
Informaciones, S.A.
(Prisa) and Subsidiaries**

Consolidated Financial Statements
and Consolidates Directors' Report for
2014, together with Independent
Auditors' Report

*Translation of a report originally issued in
Spanish based on our work performed in
accordance with the audit regulations in force in
Spain. In the event of a discrepancy, the
Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Promotora de Informaciones, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Promotora de Informaciones, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2.a to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated equity and consolidated financial position of Promotora de Informaciones, S.A. and Subsidiaries as at 31 December 2014, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Emphasis of Matter

We draw attention to Note 1 to the accompanying consolidated financial statements, in which the directors state that the mechanism provided for in the financing agreement of Promotora de Informaciones, S.A. for the automatic conversion of a portion of the latter's debt into participating loans for an amount sufficient to restore its equity position has once again been implemented. Under the Spanish Limited Liability Companies Law, the Parent was in a situation of mandatory dissolution as at 31 December 2014 as a result of the losses incurred due to the agreement entered into with Telefónica de Contenidos, S.A.U. for the sale of 56% of DTS, Distribuidora de Televisión Digital, S.A., a transaction subject to the mandatory authorisation of, and terms and conditions established by, the competition authorities (see Note 3). Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 contains the explanations which the Parent's directors consider appropriate about the situation of Promotora de Informaciones, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2014. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Promotora de Informaciones, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Fernando García Beato

March 2, 2015

**Promotora de
Informaciones, S.A.
(PRISA) and Subsidiaries**

Consolidated Financial Statements for
2014 prepared in accordance with
international Financial Reporting
Standards as adopted by the European
Union, together with Consolidated
Directors' Report for 2014

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Financial Statements for 2014 prepared in accordance with
International Financial Reporting Standards as adopted by the European Union

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2014 AND 2013
(Thousands of euros)



ASSETS	Notes	12.31.2014	12.31.2013*	EQUITY AND LIABILITIES	Notes	12.31.2014	12.31.2013*
A) NON-CURRENT ASSETS		1,536,749	4,936,108	A) EQUITY	11	(617,771)	1,569,326
I. PROPERTY, PLANT AND EQUIPMENT	5	142,684	255,709	I. SHARE CAPITAL		215,808	105,266
II. GOODWILL	6	599,958	2,459,449	II. OTHER RESERVES		80,955	634,149
III. INTANGIBLE ASSETS	7	137,198	285,107	III. ACCUMULATED PROFIT		(765,239)	880,097
IV. NON-CURRENT FINANCIAL ASSETS	12a	185,647	52,777	- From prior years		1,471,593	1,528,802
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	46,085	635,133	- For the year: Profit attributable to the Parent		(2,236,832)	(648,705)
VI. DEFERRED TAX ASSETS	19	421,346	1,242,714	IV. TREASURY SHARES		(3,116)	(518)
VII. OTHER NON-CURRENT ASSETS		3,831	5,219	V. EXCHANGE DIFFERENCES		(4,842)	(12,451)
				VI. NON- CONTROLLING INTERESTS		(141,337)	(37,217)
B) CURRENT ASSETS		2,054,821	1,760,286	B) NON-CURRENT LIABILITIES		2,984,524	3,524,692
I. INVENTORIES	9	159,242	240,252	I. NON-CURRENT BANK BORROWINGS	12b	2,645,505	3,238,855
II. TRADE AND OTHER RECEIVABLES				II. NON-CURRENT FINANCIAL LIABILITIES	12b	118,364	106,809
1. Trade receivables for sales and services		458,607	974,329	III. DEFERRED TAX LIABILITIES	19	60,013	29,654
2. Receivable from associates		3,579	12,148	IV. LONG-TERM PROVISIONS	13	115,964	95,220
3. Receivable from public authorities	19	32,453	54,548	V. OTHER NON-CURRENT LIABILITIES		44,678	54,154
4. Other receivables		69,025	274,143				
5. Allowances		(67,212)	(72,331)	C) CURRENT LIABILITIES		1,224,817	1,602,376
		496,452	1,242,837	I. TRADE PAYABLES		317,521	1,091,746
III. CURRENT FINANCIAL ASSETS	12a	127,886	137,836	II. PAYABLE TO ASSOCIATES		2,008	2,956
IV. CASH AND CASH EQUIVALENTS		152,431	139,293	III. OTHER NON-TRADE PAYABLES		67,200	106,235
V. OTHER CURRENT ASSETS		-	7	IV. CURRENT BANK BORROWINGS	12b	108,756	162,227
VI. ASSETS CLASSIFIED AS HELD FOR SALE	10	1,118,810	61	V. CURRENT FINANCIAL LIABILITIES	12b	914	46,181
				VI. PAYABLE TO PUBLIC AUTHORITIES	19	57,314	108,151
				VII. PROVISIONS FOR RETURNS		6,945	11,141
				VIII. OTHER CURRENT LIABILITIES		45,681	73,739
				IX. NON-CURRENT LIABILITIES HELD FOR SALE	10	618,478	-
TOTAL ASSETS		3,591,570	6,696,394	TOTAL EQUITY AND LIABILITIES		3,591,570	6,696,394

* The consolidated balance sheet at December 31, 2013 has been restated, for comparative purposes and in accordance with IFRS 11, to consolidate Sistema Radiópolis, S.A. de C. V. , GLR Costa Rica, S.A. and My Major Company Spain, S.L. using the equity method

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated balance sheet at December 31, 2014.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR 2014 AND 2013
(Thousands of euros)



	Notas	12.31.2014	12.31.2013*
Revenue		1,408,215	1,510,875
Other income		46,513	39,285
OPERATING INCOME	14	1,454,728	1,550,160
Cost of materials used		(260,580)	(279,774)
Staff costs	15	(433,242)	(452,300)
Depreciation and amortisation charge	5-7	(102,537)	(107,287)
Outside services	15	(576,652)	(558,187)
Change in allowances, write-downs and provisions	15	(19,788)	(32,941)
Impairment of goodwill	6	(7,046)	(2,500)
Other expenses		(26,163)	(17,597)
OPERATING EXPENSES		(1,426,008)	(1,450,586)
PROFIT FROM OPERATIONS		28,720	99,574
Finance income		210,890	4,290
Finance costs		(236,551)	(185,463)
Changes in value of financial instruments		1,874	3,830
Exchange differences (net)		(15,277)	379
FINANCIAL LOSS	16	(39,064)	(176,964)
Result of companies accounted for using the equity method	8	36,173	5,937
Loss from other investments		(134)	(352)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		25,695	(71,805)
Expense tax	19	(132,607)	(41,529)
PROFIT FROM CONTINUING OPERATIONS		(106,912)	(113,334)
Loss after tax from discontinued operations		(2,203,004)	(916,017)
CONSOLIDATED PROFIT FOR THE YEAR		(2,309,916)	(1,029,351)
Profit attributable to non-controlling interests	11j	73,084	380,646
PROFIT ATTRIBUTABLE TO THE PARENT		(2,236,832)	(648,705)
BASIC EARNINGS PER SHARE (in euros)	21	(1.39)	(0.65)
- Basic earnings per share from continuing activities (in euros)	21	(0.02)	0.26
- Basic earnings per share from discontinuing activities (in euros)	21	(1.37)	(0.91)

(*) The consolidated income statement at December 31, 2013 has been restated for comparative purposes and in accordance with IFRS 5 to present the result of DTS as a discontinued operation. Also, in accordance with IFRS 11, the consolidated income statement has been restated to consolidate Sistema Radiópolis, S.A. de C.V., GLR Costa Rica, S.A. and My Major Company Spain using the equity method

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated income statement for 2014.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2014 AND 2013
(Thousands of euros)



	Share capital	Share premium	Reserves	Reserves for first-time application of IFRSs	Prior years' accumulated profit	Treasury shares	Exchange differences	Accumulated profit for the Year	Equity attributable to the Parent	Non-controlling interests	Equity
Balance at December 31, 2012	99,132	803,973	568,569	(72,661)	1,024,616	(727)	17,805	(255,033)	2,185,674	425,953	2,611,627
<i>Capital increases (Note 11a y 11b)</i>	6,134	54,353							60,487		60,487
<i>Conversion of financial liabilities into equity (Note 12b)</i>		(76,511)							(76,511)		(76,511)
<i>Issuance of equity instruments (Note 11a)</i>			127,566						127,566		127,566
<i>Treasury share transactions (Note 11g)</i>											
- <i>Delivery of treasury shares</i>						1,619			1,619		1,619
- <i>Purchase of treasury shares</i>						(121)			(121)		(121)
- <i>Reserves for treasury shares</i>			1,289			(1,289)					
<i>Distribution of 2012 results</i>											
- <i>Reserves</i>			(685,793)		430,760			255,033			
<i>Income and expense recognised in equity</i>											
- <i>Translation differences (Note 11i)</i>					(17,216)		(30,256)		(47,472)	(16,404)	(63,876)
- <i>Result for 2013</i>								(648,705)	(648,705)	(380,646)	(1,029,351)
<i>Other</i>			(86,636)		90,642				4,006	(6,926)	(2,920)
<i>Changes in non controlling interest (Note 11j)</i>											
- <i>Dividends paid during the year</i>										(35,390)	(35,390)
- <i>Due to changes in scope of consolidation</i>										1,586	1,586
- <i>Due to changes in percentage of consolidation</i>										(25,390)	(25,390)
Balance at December 31, 2013	105,266	781,815	(75,005)	(72,661)	1,528,802	(518)	(12,451)	(648,705)	1,606,543	(37,217)	1,569,326
<i>Capital increases (Note 11a y 11b)</i>	110,542	505,281							615,823		615,823
<i>Conversion of financial liabilities into equity (Note 12b)</i>		41,575							41,575		41,575
<i>Issuance of equity instruments (Note 11a)</i>			(81,158)						(81,158)		(81,158)
<i>Conversion of financial instruments into equity (Note 11a)</i>			(434,000)						(434,000)		(434,000)
<i>Treasury share transactions (Note 11g)</i>											
- <i>Delivery of treasury shares</i>						2,500			2,500		2,500
- <i>Purchase of treasury shares</i>						(4,935)			(4,935)		(4,935)
- <i>Reserves for treasury shares</i>			163			(163)					
<i>Distribution of 2013 results</i>											
- <i>Reserves</i>			(596,555)		(52,150)			648,705			
<i>Income and expense recognised in equity</i>											
- <i>Translation differences (Note 11i)</i>					(10,322)		7,609		(2,713)	531	(2,182)
- <i>Result for 2014</i>								(2,236,832)	(2,236,832)	(73,084)	(2,309,916)
- <i>Measurement of financial instruments (Note 12a)</i>			11,762						11,762		11,762
<i>Other</i>			(262)		5,263				5,001	(6,152)	(1,151)
<i>Changes in non controlling interest (Note 11j)</i>											
- <i>Dividends paid during the year</i>										(25,384)	(25,384)
- <i>Due to changes in scope of consolidation</i>										(31)	(31)
Balance at December 31, 2014	215,808	1,328,671	(1,175,055)	(72,661)	1,471,593	(3,116)	(4,842)	(2,236,832)	(476,434)	(141,337)	(617,771)

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2014.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATES STATEMENTS OF COMPREHENSIVE INCOME FOR 2014 AND 2013
(Thousands of euros)



	12.31.2014	12.31.2013
CONSOLIDATED PROFIT FOR THE YEAR	(2,309,916)	(1,029,351)
Income and expense recognized directly in equity	9,580	(63,876)
Translation differences	(2,182)	(63,876)
Measurement of financial instruments	16,336	-
Financial assets available for sale	16,336	-
Tax effect	(4,574)	
TOTAL RECOGNIZED INCOME AND EXPENSE	(2,300,336)	(1,093,227)
Attributable to the Parent	(2,227,783)	(696,177)
Attributable to non-controlling interests	(72,553)	(397,050)

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2014.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR 2014 AND 2013
(Thousands of euros)

	12.31.2014	12.31.2013 (*)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	25,695	(71,805)
Depreciation and amortisation charge and provisions	154,663	155,487
Changes in working capital	(25,612)	(128,507)
Inventories	13,392	5,548
Accounts receivable	403,245	(44,173)
Accounts payable	(447,498)	(87,932)
Other current assets	5,249	(1,950)
Income tax recovered (paid)	(33,635)	(51,285)
Other profit adjustments	(15,209)	151,735
Financial results	39,064	176,964
Gains and losses on disposal of assets	(21,605)	-
Other adjustments	(32,668)	(25,229)
CASH FLOWS FROM OPERATING ACTIVITIES	105,902	55,625
Recurrent investments	(74,111)	(93,638)
Investments in intangible assets	(50,822)	(66,227)
Investments in property, plant and equipment	(23,289)	(27,411)
Investments in non-current financial assets	(9,656)	(3,676)
Proceeds from disposals	550,172	6,908
Investments in non-current financial assets	1,650	4,214
CASH FLOWS FROM INVESTING ACTIVITIES	468,055	(86,192)
Proceeds and payments relating to equity instruments	100,305	1,531
Proceeds relating to financial liability instruments	61,124	274,855
Payments relating to financial liability instruments	(605,497)	(16,199)
Dividends and returns on other equity instruments paid	(25,753)	(30,213)
Interest paid	(50,232)	(59,388)
Other cash flow from financing activities	(21,731)	(78,011)
CASH FLOWS FROM FINANCING ACTIVITIES	(541,784)	92,575
Effect of foreign exchange rate changes	(15,824)	(12,556)
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	16,349	49,452
Cash flows from operating activities from discontinued operations	(116,883)	83,584
Cash flows from investing activities from discontinued operations	(43,333)	(58,331)
Cash flows from financing activities from discontinued operations	158,140	(49,746)
Effect of foreign exchange rate changes from discontinued operations	(1,135)	1,214
CHANGE IN CASH FLOWS FROM DISCONTINUED OPERATIONS	(3,211)	(23,279)
CHANGE IN CASH FLOWS IN THE YEAR	13,138	26,173
Cash and cash equivalents at beginning of year	139,293	113,260
- Cash	129,645	97,256
- Cash equivalents	9,648	16,004
Cash and cash equivalents- Change in scope of consolidation	-	(140)
Cash and cash equivalents at end of period	152,431	139,293
- Cash	57,333	129,645
- Cash equivalents	95,098	9,648

(*) The consolidated statement of cash flow at December 31, 2013 has been restated for comparative purposes and in accordance with IFRS 5 to present the cash flow of DTS as a discontinued operation. Also, in accordance with IFRS 10, the consolidated statement of cash flow has been restated to consolidate Sistema Radiópolis, S.A. de C.V. and GLR Costa Rica, S.A. using the equity method

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENT FOR 2014

(1) GROUP ACTIVITIES AND PERFORMANCE

a) Group activities

Promotora de Informaciones, S.A. ("Prisa" or "the Company") was incorporated on January 18, 1972, and has its registered office in Madrid, at Gran Vía, 32. Its business activities include, inter alia, the exploitation of printed and audiovisual media, the holding of investments in companies and businesses and the provision of all manner of services.

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The consolidated financial statements for 2013 were approved by the shareholders at the Annual General Meeting held on April 28, 2014.

The Group's consolidated financial statements for 2014 were authorized for issue by the Company's directors on February 27, 2015.

These consolidated financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 2e.

Shares of Prisa are admitted to trading on continuous market of the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia), and until September 22, 2014, on the New York Stock Exchange.

In September 2, 2014, Prisa notified NYSE of its intent to terminate the registration of the ADSs with the Securities and Exchange Commission ("SEC") as agreed Board of Directors of July, 22 2014.

b) Evolution of the financial structure of the Group

In December 2013, the Group signed an agreement to roll over its financial debt, thus extending the maturities, making the reduction process more flexible and enhancing its liquidity profile (*see note 12b*).

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

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

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

So, EUR 643,542 thousands of debt was paid off, with the proceeds from the sale of 13.7% of Mediaset España Comunicación, S.A. ("Mediaset España"), with an average discount of 25.7% (*see notes 3 and 12b*).

Also, the Board of Directors of Prisa held on July 22, 2014 approved a capital increase for a total value of EUR 100,000 subscribed by Consorcio Transportista Occher, S.A. de C.V. ("Occher"). The proceeds of this capital increase were used to pay off EUR 133,133 thousand of debt with a discount of 25% (*see notes 11 and 12b*). With these operations, during 2014 the debt of the Group has reduced in EUR 776,675 thousand.

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

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

During this period the Company undertook the aforementioned operations of buying up debt at a discount using proceeds from the share capital increase and the sales of Mediaset España (10%), which reduced the amount of equity loan required to compensate for the capital impairment situation.

The formalization of the process of conversion of debt into equity loan took place last September 15, amounting to EUR 506,834 thousand. This amount included the impact of those operations and also the operating losses until the conversion took place and brought the company's equity to two thirds of share capital (*see note 12b*).

In December 2014, the Group reviewed the value of the sale price of DTS and recorded an additional impairment of EUR 23,789 thousand for the estimated impact of the evolution of the business of DTS until the close of the transaction, which according to company estimates, could occur in the second quarter of 2015 (*see note 3- Other significant operations*).

At 31 December 2014, as a result of, among other items, a review of the sale price of DTS, the equity of the parent company with regard to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 31,554 thousand. In a bid to restore the equity balance, the automatic mechanism was again deployed to convert Tranche 3 of company debt into participating loans in a sufficient amount to offset the equity imbalance at the conversion date (*see note 12b*).

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

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

In accordance with IFRSs, the following should be noted in connection with the scope of application of International Financial Reporting Standards and the preparation of these consolidated financial statements of the Group:

- The IFRSs are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.
- In accordance with IFRSs, these consolidated financial statements include the following consolidated statements of the Group:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2014 and 2013.

In 2014, the following amendment to accounting standard came into force which, therefore, was taken into account when preparing the accompanying consolidated financial statements:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interests in other entities
- IAS 27 (Revised): Individual financial statements
- IAS 28 (Revised): Investments in associates and joint ventures
- Amendment to IFRS 10, 11 and 12: Transition Guidance
- Amendment to IFRS 10, 12 and 27: Investment companies
- IAS 32: Presentation - Offsetting financial assets and financial liabilities
- Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

The application of these amendments and interpretations did not have a significant impact on the Group's consolidated financial statements for this year.

At December 31, 2014, the Prisa Group had not applied the following standards or interpretations issued, since the effective application thereof was required subsequent to that date or they have not been adopted by the European Union.

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		17 June 2014 (*)
IFRIC 21	Levies	
Not yet approved for use in the EU		

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		
Amendment to IAS 19	Employee contributions to defined benefit plans.	1 July 2014
Annual improvements to IFRS Cycle 2010-2012 and Cycle 2011-2013	Minor amendments to a number of standards.	1 July 2014
Amendments to IAS 16 and IAS 38	Acceptable methods of depreciation and amortisation.	1 January 2016
Amendment to IFRS 11	Accounting for purchase of interests in joint arrangements.	1 January 2016
Improvements to IFRS Cycle 2012-2014	Minor amendments to a number of standards.	1 January 2016
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate/joint venture.	1 January 2016
Amendment to IAS 27	Equity method in separate financial statements.	1 January 2016
Amendment to IAS 16 and IAS 41	Production plants will be measured at cost, instead of at fair value.	1 January 2016
IFRS 15	Revenue from contracts with customers.	1 January 2017
IFRS 9	Financial instruments.	1 January 2018

(*) The European Union approved IFRIC 21 (EU Official Journal, 14 June 2014), amending the date of entry into force established by the IASB (1 January 2014) to 17 June 2014.

All the accounting principles and measurement bases with a material effect on the consolidated financial statements were applied.

As at the date of authorization of the accompanying financial statements, the directors are assessing the potential impact of the future application of these standards on the Group's consolidated financial statements.

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the separate financial statements of Prisa and its subsidiaries and, accordingly, they present fairly the Group's equity and financial position at December 31, 2014, and the results of its operations, the changes in equity and the cash flows in the year then ended. The Group prepared its financial statements on a going concern basis. Also, with the exception of the consolidated statement of cash flows,

these consolidated financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2014 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

c) **Responsibility for the information and use of estimates**

The information in these financial statements is the responsibility of the Group's directors.

In the consolidated financial statements for 2014 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses (*see notes 4f and 4d*).
- The useful life of property, plant, and equipment, and intangible assets (*see notes 4b and 4e*).
- The hypotheses used to calculate the fair value of financial instruments (*see note 4g*).
- The assessment of the likelihood and amount of undetermined or contingent liabilities.
- Estimated sales returns received after the end of the reporting period.
- The estimates made for the determination of future commitments.
- The recoverability of deferred tax assets (*see note 19*).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, it is possible that figures in the future differed materially from estimates and assumptions used. In this case, the effects in the corresponding consolidated income statements for future periods, as well as in assets and liabilities, would be recognized.

In 2014, there were no significant changes in the accounting estimates made at the end of 2013, except in the valuation of the investment of DTS and the recoverability of deferred tax assets (*see note 19*).

In relation of the valuation of the investment of DTS, as a result of the agreement for the sale of the 56% of DTS in June 2014 (*see notes 1a and 2- Other significant operations*), Prisa has valued the stake in the company at the value of the transaction, subject to the adjustments corresponding to the effective time of the sale and registered the corresponding impairment.

d) Comparison of the information

In June 2014, Prisa executed with Telefónica de Contenidos, S.A.U. a sale purchase agreement of all the shares of DTS, Distribuidora de Televisión Digital, S.A. (DTS) held by Prisa (see note 3- Other significant operations). Consequently, the Group reclassified the results of DTS as a discontinued operation (under "Loss after tax from discontinued operations").

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

Also, in accordance with IFRS 11, balance sheet, income statement and statement of cash flow at December 31, 2013, have been restated to consolidate Sistema Radiópolis, S.A. de C.V., GLR Costa Rica, S.A. and My Mayor Company Spain, S.L. using the equity method instead of proportionally method. Additionally the details of the notes of 2013 of this report have been restates so figures are consistent. The effect of these changes is collected on the "Changes in scope of consolidation" column.

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

	2013
Operating income	(19,031)
Operating expenses	12,209
Profit from operations	(6,821)
Financial results	(30)
Result of companies accounted for using the equity method and other investments	4,674
Income tax	2,178
Profit attributable to the parent	-

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

e) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are accounted for using the equity method, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the necessary adjustments and eliminations have been carried out. Subsidiaries are companies over which the parent company exercises control, i.e. it has the power to direct their financial and operating policies, it is exposed or is entitled to variable earnings or has the ability to influence their earnings. Subsidiaries accounted for using the equity method are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of the subsidiary's acquisition over the Parent Company's share of the net fair value of its assets and liabilities is recognized as goodwill. Any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under "*Equity - Non-controlling interests*" in the consolidated balance sheet and their share of the profit for the year is presented under "*Profit attributable to non-controlling interests*" in the consolidated income statement.

The interest of non-controlling shareholders is stated at those shareholders' proportion of the fair values of the assets and liabilities recognized.

All balances and transactions between the fully consolidated companies were eliminated on consolidation.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership does not reach those levels, it has significant influence over their management.

This method was also applied to joint ventures, considered as arrangements whereby the parties that exercise joint control over the company are entitled to its net assets on the basis of the arrangement. Joint control is the sharing of control that is contractually decided and set out in an agreement, which exists only when decisions concerning major operations require the unanimous consent of the parties that share control.

The companies accounted for using the equity method are listed in Appendices I and II, together with their main financial aggregates.

Under the equity method, investments are recognized in the balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealized gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognized as a reduction in the value of the Group's investment. The Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under "*Result of companies accounted for using the equity method.*"

Other matters -

The items in the balance sheets of the foreign companies included in the scope of consolidation were translated to euros using the closing rate method, i.e. all assets, rights and obligations were translated at the exchange rates prevailing at the end of the reporting period. Income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net

equity position resulting from the translation of the other items as indicated above is recognized under "*Equity- Exchange differences*" in the accompanying consolidated balance sheet.

Balances and transactions in currencies of hyperinflationary economies are translated at the closing exchange rate after adjusting the effects of changes in prices according to local regulations. At December 31, 2014, the only country in which the Group operates that pursuant to IAS 21 could be considered to be a hyperinflationary economy is Venezuela.

In February 2014 Venezuela passed a new legislation by means of which a new exchange rate to be applied in certain currency transactions was established from that moment on. The exchange rate applied as of December, 2014 has been the official rate and the new legislation will be applied in the future.

In keeping with standard practice, these consolidated financial statements do not include the tax effect of transferring to Prisa's accounts the accumulated reserves and retained earnings of the other consolidated companies, since it is considered that these balances will be used as equity by said companies.

The data relating to Sociedad Española de Radiodifusión, S.L., Prisa Radio, S.A., Grupo Santillana de Ediciones, S.L., Prisa Brand Solutions, S.L.U., Dédalo Grupo Gráfico, S.L., Promotora de Emisoras de Televisión, S.A., Gran Vía Musical de Ediciones, S.L., Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A. de C.V., Grupo Media Capital SGPS, S.A., DTS, Distribuidora de Televisión Digital, S.A. and Antena 3 de Radio, S.A. contained in these notes were obtained from their respective consolidated financial statements.

(3) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2014 were as follows:

Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

Associates

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

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

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

Mediaset España-

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

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

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

The net proceeds from these sales have been used to buy back a portion of its financial debt at a discount (*see note 12b*).

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

Significant operations

DTS-

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

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

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

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

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

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

The result of this transaction is presented in the accompanying consolidated income statements as "*Loss after tax from discontinued operations*" (*see note 17*) and the assets and liabilities of this business as "*Non-current assets held for sale*" and "*Liabilities associated with non-current assets held for sale*" in the accompanying consolidated balance sheet (*see note 10*).

Santillana Ediciones Generales-

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

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

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

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

When comparing the information for 2014 and 2013, these changes, the effect of which is presented separately in these notes to the consolidated financial statements in the "Changes in the consolidation scope" column, should be taken into account.

(4) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2014 and comparative information were as follows:

a) Presentation of the consolidated financial statements

In accordance with IAS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement according to the nature of the related item. The statement of cash flows was prepared using the indirect method.

b) Property, plant, and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to December 31, 1983, are carried at cost, revalued pursuant to applicable legislation. Subsequent additions are stated at cost, revalued pursuant to Royal Decree-Law 7/1996 in the case of Agrupación de Servicios de Internet y Prensa, S.L., Pressprint, S.L.U. and Sociedad Española de Radiodifusión, S.L.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the years of estimated useful life of the related assets, the detail being as follows:

	Years of estimated useful life
Buildings and structures	10 - 50
Plant and machinery	5 - 15
Digital set-top boxes	7
Digital access cards	7
Other items of property, plant and equipment	3 - 10

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the selling price and the carrying amount of the asset and is recognized in the consolidated income statement.

c) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Items of property, plant and equipment held under finance lease are recognized in the balance sheet according to the nature of the leased asset. A liability is recognized simultaneously for the same amount, which is the lower of the fair value of the leased asset or the sum of the present values of the lease payables and, where appropriate, the price of any purchase option.

The finance charge on these leases is allocated to the income statement so as to produce a constant periodic rate of interest over the lease term.

Assets held under finance leases are depreciated over the same estimated useful life as owned assets.

d) Goodwill

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts at the date of acquisition or at the date of first time consolidation, provided that the acquisition is not after control is obtained, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets whose market values were higher than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets of the Group.
- If it is attributable to non-contingent liabilities, by recognizing it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Once control is obtained, additional investments in subsidiaries and decreases in ownership interest without the loss of control do not affect the amount of goodwill. When a parent loses control of a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities and the share of non-controlling interests, recognizing the fair value of the consideration received and any residual ownership in the subsidiary. The remaining difference is taken to profit or loss in the income statement for the year.

The assets and liabilities acquired are measured provisionally at the acquisition date, and the provisional amounts are reviewed within a period of a year from the acquisition date. Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the carrying amount of the company acquired is provisionally recognized as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the balance sheet date.

Goodwill acquired on or after January 1, 2004 is measured at acquisition cost and that acquired earlier is recognized at the carrying amount at December 31, 2003, in accordance with Spanish GAAP. In both cases, since January 1, 2004, goodwill has not been amortized and at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment loss is recognized (*see note 4f*).

e) Intangible assets

The main items included under “*Intangible assets*” and the measurement bases used were as follows:

Computer software-

“*Computer software*” includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized using the straight-line method over a period ranging from three to five years, depending on the type of program or development, from the date on which it is brought into service.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortized using the straight-line method over three years from the date on which they are launched on the market, in the case of textbooks, atlases, dictionaries and major works, and over two years in the case of other publications. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

New subscribers – Installation and connection-

This item includes the direct costs incurred in the installation of equipment and the connection of new subscribers to digital satellite pay TV, net of accumulated amortization. These costs are amortized over a useful life of seven years, which is the estimated average subscription period. The Group writes off the carrying amount of the installation and connection costs relating to subscriptions cancelled during the year. These costs are individually identifiable for each subscriber, by DTS, and future economic benefits will flow from them for the digital satellite pay TV business.

This item also includes certain costs incurred in installing community digital satellite TV receivers (required to complete the satellite TV signal reception system), net of the related accumulated amortization. These costs are also amortized over an estimated useful life of seven years.

These costs are amortized using the method described above by crediting directly the related asset account in the balance sheet.

In 2014, “*New subscribers – Installation and connection*” is registered in “*Non-current assets held for sale*” (see note 3- *Other significant operations*).

Advances on copyrights-

This account includes the advances paid to authors for the acquisition of book publishing rights. These advances are taken to expenses in the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion

charged to income. This cost is reviewed each year and, where necessary, an allowance is recognized based on the projected sales of the related publication.

Audiovisual rights-

"*Audiovisual rights*" in the accompanying consolidated balance sheet includes the cost of various long-term audiovisual rights. These rights are depreciated according to the generation of revenues derived from them and the term of the contracts. They are reported to its expected recoverable.

In 2014, audiovisual rights owned by DTS, Distribuidora de Televisión Digital, S.A. is registered in "*Non-current assets held for sale*" (see note 3- *Other significant operations*).

Other intangible assets-

"*Other intangible assets*" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies, which are subject to temporary administrative concessions. These concessions are generally granted for renewable ten-year periods and are amortized using the straight-line method over the term of the arrangement, except in cases where the renewal costs are not significant, in which case they are deemed to be assets with an indefinite useful life.

f) Impairment losses

Annually, at the end of each fiscal year and, when ever, there is evidence of impairment, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash-generating units to which goodwill has been assigned and intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on most recent budgets approved by management. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business. These cash flows are discounted to their present value at a rate that reflects the weighted average cost of capital employed adjusted by the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2014 the rates used ranged from 7.2% to 15.3% depending on the business being analysed. The range used for the most relevant impairment test (Grupo Media Capital, SGPS, S.A.) is around 10%.

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized in the consolidated income statement for the difference.

In case the goodwill of a company with minority interests was fully recognized in the consolidated financial statements of the parent company, the assignment of the corresponding impairment between the parent company and the minority interests is made in accordance with their participation in the profit and losses of the company, that means in accordance with the participation in the share capital of the company. According to IFRS 3, at December 2013, the Group maintained the 100% of the goodwill of the pay TV business, as sales of minority stakes in previous years did not imply a loss of control. Consequently, the Group considered a 100% of future cash flows of this business in the analysis of the goodwill impairment test and therefore the potential impairment of the goodwill should be assigned to the parent company (Prisa) and minority interests according with their stakes in DTS share capital, as there was no goodwill corresponding to minority interest not recorded in the consolidated financial statements of the Group.

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement. An impairment loss recognized for goodwill must not be reversed.

g) Financial instruments

Non-current financial assets-

"*Non-current financial assets*" includes the following categories:

- *Loans and receivables*: this includes financial assets originating from the sale of goods or from the provision of services during the company's traffic operations or those that, not having have any commercial substance, are not equity instruments or derivatives and have fixed or determinable payments and are not traded in an active market. These assets are recognized at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables. The Group records the related allowance for the difference between the recoverable amount of the receivables and their carrying amount.
- *Held-to-maturity investments*: investments that the Group has the positive intention and ability to hold to the date of maturity. They are carried at amortized cost.
- *Available-for-sale financial assets*: this category includes the remaining assets not included in the two categories above. These are almost entirely equity investments. These assets are carried on the consolidated balance sheet at fair value when this can be measured reliably. In this sense, impairment is assumed if the share price of the asset suffers a decline of more than 40% or if it declines for a long time with no recovery of its value. If the market value of investments in unlisted companies cannot

be determined reliably, which is generally the case, these investments are measured at acquisition cost or at a lower amount if there is any indication of impairment.

Cash and cash equivalents-

“Cash and cash equivalents” in the consolidated balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments that are readily convertible into cash and are not subject to a risk of changes in value.

Financial liabilities-

1. Financial liabilities

Loans, bonds and other similar liabilities are carried at the amount received, net of transaction costs. Interest expenses, including premiums payable on settlement or redemption and transaction costs, are recognized in the consolidated income statement on an accrual basis using the effective interest method. The amount accrued and not paid is added to the carrying amount of the instrument if settlement is not made in the accrual period.

Accounts payable are recognized initially at market value and are subsequently measured at amortized cost using the effective interest method.

2. Compound financial instruments

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Group recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

The Group distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed.

- a. The liability component is recognized by measuring the fair value of a similar liability that does not have an associated equity component.
- b. The equity component is measured at the difference between the initial amount and the amount assigned to the liability component.
- c. The transaction costs are distributed in the same proportion.

Derivative financial instruments and hedge accounting-

The Group is exposed to fluctuations in the exchange rates of the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are

denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

For instruments settled at a variable amount of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black-Scholes model.

h) Investments accounted for using the equity method

As discussed in *Note 2d*, investments in companies over which the Group has significant influence or joint control are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method whose carrying amount is negative at the end of the reporting period are recognized under “*Non-current liabilities – Long-term provisions*” (see notes 8 and 13) at their negative excluding the financial effect given the nature of the investments.

i) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labor and in-house and third-party direct and indirect manufacturing expenses.

The main inventory item is “*Audiovisual rights*,” which are stated at acquisition cost and taken to income as follows:

1. Broadcasting rights for the “Canal+” premium pay TV family of channels:
 - *Film and series broadcasting rights acquired from third parties (outside productions)*: the cost of these rights is recognized in the income statement on a straight-line basis from the date of the first showing or commercial release until the expiry of the broadcasting rights.
 - *Sporting event broadcasting rights*: these rights are taken to income in full at the date of the first showing.

- *Other rights*: these relate basically to documentaries, in-house productions and introductory program slots, and are recognized as cost of sales when broadcast.

In 2014, these inventories are recognized in "Assets classified as held for sale" (*see note 3- Other significant operations*)

2. Broadcasting rights for free-to-air television channels: mainly broadcasting rights acquired from third parties; they are taken to income in accordance with the number of showings.

The Group also recognises expenditure for the cost of inventories the broadcasting rights of which have expired or the recovery value of which is considerably lower than the acquisition cost.

Obsolete, defective or slow-moving inventories are reduced to their realizable value.

The Group assesses the net realizable value of the inventories at the period end and recognizes the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

j) Assets and liabilities classified as held for sale

Assets classified as held for sale are considered to be groups of assets directly associated with them, to be disposed of together as a group in a single transaction, on which it is estimate that its realization is highly likely within twelve months from the date of their classification under this heading.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell (*see note 10*).

Liabilities classified as held for sale are registered at their expected redemption value.

k) Long-term provisions

Present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is uncertain as to its amount and timing, are recognized in the consolidated balance sheet as provisions at the present value of the most probable amount that it is considered the Group will have to pay to settle the obligation.

Provisions for taxes-

The provisions for taxes relate to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfilment of certain conditions.

Provisions for third-party liability-

At the end of 2014, certain litigation and claims were in process against the Group companies arising from the ordinary course of their operations.

“*Provisions for third-party liability*” also includes the estimated amount required to cover probable claims arising from obligations assumed by the consolidated companies in the course of their commercial operations.

1) Recognition of income and expenses

Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, and other sales-related taxes.

The accounting policies applied to recognize the revenue of the Group’s main businesses are as follows:

- *Advertising revenue* is recognized when the advertisement appears in the media, less the amount of volume rebates offered to the media agencies.
- *Revenue from book sales* is recognized on the effective delivery thereof. Where the sales of the copies are subject to sales returns, the actual sales returns are deducted from the revenue recognized. Also, the amounts corresponding to rebates or trade discounts are deducted from revenue.
- *Revenue from the sale of newspapers and magazines* is recognized on the effective delivery thereof, net of the related estimated provision for sales returns. Also, the amounts relating to distributors’ fees are deducted from revenue.
- The *revenue* and the costs associated with *audiovisual production* agreements are recognized in the income statement by reference to the stage of completion at the balance sheet date, using the percentage of completion method. When the final outcome of the agreement cannot be estimated reliably, the revenue must only be recognized to the extent that it is probable that the costs incurred will be recovered, whereas the costs are recognized as an expense for the year in which they are incurred. In any case, the expected future losses would be recognized immediately in the income statement.
- *Revenue related to intermediation services* is recognized at the amount of the fees received when the goods or services under the transaction are supplied.
- *Other services*: this item includes music sales, organization and management of events, e-commerce and internet services.

- *Revenue from subscribers* arising from the pay TV business is recognized when the subscribers are registered in the system. Subscription revenue is recognized on a monthly basis. *Pay per view* revenue is recognized when the program acquired by the subscriber is screened. These revenues are registered in heading “Result after tax from discontinued operations” in the accompanying consolidation income statement (see note 3- *Other significant operations*).

m) Offsetting

Assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, they arise from transactions in which the Group has a contractual or legally enforceable right to set off the recognized amounts and its intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

n) Tax matters

The expense or income due to tax on the year's earnings, is calculated by adding the current tax expense and the deferred tax expense. The current tax expense is determined by applying the applicable tax rate to the taxable income, and deducting from that result the amount of allowances and deductions generated and applied during the year, determining the payment obligation to the Public Administration.

The assets and liabilities due to deferred taxes, arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from the difference between the book value of assets and liabilities and their tax base, as well as non-deductible expenses that acquire deductibility at a later time. These amounts are recorded applying the tax rate at which they are expected to be recovered or settled to the temporary difference.

Deferred tax assets also arise as a result of carry forward losses and credits due to tax deductions generated and not applied.

The corresponding liability due to deferred taxes is recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of its completion, affects neither the accounting nor the tax profit/loss.

Meanwhile, deferred tax assets, identified using deductible temporary differences, are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them and they do not arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects the tax profit/loss or the accounting profit/loss. The remaining deferred tax assets (losses and carry forward deductions) are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them.

At each accounting period end, recorded deferred taxes (assets and liabilities) are reviewed in order to check whether they are still applicable, making the appropriate adjustments, in accordance with the results of the analyses performed and the applicable tax rate at all times.

As a result of the modification of the Corporation Tax rate, approved by Act 27/2014, of 27 November on Corporation Tax, which reduces it to 28 % for the year 2015 and to 25% for 2016 and beyond, the companies which form the PRISA Group, have proceeded to recognise deferred tax assets and liabilities on their balance sheets at the tax rate at which they are expected to be recovered or cancelled.

o) Loss after tax from discontinued operations

A discontinued operation is a line of business that the Group has decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under "*Loss after tax from discontinued operations.*"

p) Foreign currency transactions

Foreign currency transactions are translated to euros (the Group's functional currency) at the exchange rates ruling at the transaction date. During the year, differences arising between the result of applying the exchange rates initially used and that of using the exchange rates prevailing at the date of collection or payment are recognized as finance income or finance costs in the consolidated income statement.

q) Current/non-current classification

Debts are recognized at their effective amount and debts due to be settled within twelve months from the balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

r) Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Changes in cash flows in the year: inflows and outflows of cash and cash equivalents, which are short-term, highly -liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and in cash equivalents. For transactions between the parent and non-controlling interests, these only include those representing a change of control, in accordance with IAS 27.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings, as well as transactions between the parent and non-controlling interests which do not represent a change of control in accordance with IAS 27.

s) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies, mainly Pressprint, S.L.U., and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not significant, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

5) PROPERTY, PLANT, AND EQUIPMENT

2014

The changes in 2014 in “*Property, plant and equipment*” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2014
	Balance at 12/31/2013	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	107,441	1,291	(2,115)	211	475	(5,209)	(3,147)	98,947
Plant and machinery	489,118	592	(3,546)	(202)	6,831	(8,714)	(109,938)	374,141
Digital set-top boxes and cards	320,383	-	-	-	5,582	(10,638)	(315,327)	-
Other items of property, plant and equipment	134,133	1,206	(1,657)	(648)	14,761	(3,521)	(14,472)	129,802
Advances and property, plant and equipment in the course of construction	2,234	-	(27)	-	2,139	(113)	(2,997)	1,236
Total cost	1,053,309	3,089	(7,345)	(639)	29,788	(28,195)	(445,881)	604,126
Accumulated depreciation:								
Buildings	(35,210)	(268)	811	(90)	(2,275)	1,122	1,337	(34,573)
Plant and machinery	(384,854)	(421)	2,971	164	(24,780)	7,608	97,285	(302,027)
Digital set-top boxes and cards	(249,619)	-	-	-	(10,471)	10,582	249,508	-
Other items of property, plant and equipment	(92,529)	(2,082)	1,552	489	(19,688)	3,215	13,758	(95,285)
Total accumulated depreciation	(762,212)	(2,771)	5,334	563	(57,214)	22,527	361,888	(431,885)
Impairment losses:								
Buildings	(11,325)	-	-	-	(1,440)	500	-	(12,266)
Plant and machinery	(18,331)	-	-	-	(3,282)	847	4,592	(16,174)
Digital set-top boxes and cards	(4,658)	-	-	-	296	57	4,305	-
Other items of property, plant and equipment	(1,074)	-	9	-	(67)	-	15	(1,117)
Total impairment losses	(35,388)	-	9	-	(4,493)	1,404	8,912	(29,557)
Property, plant and equipment, net	255,709	318	(2,002)	(76)	(31,919)	(4,265)	(75,081)	142,684

2013

The changes in 2013 in “Property, plant and equipment” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2013
	Balance at 12/31/2012	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	113,433	885	(5,978)	(4,671)	308	(723)	4,187	107,441
Plant and machinery	529,581	547	(8,260)	(11,720)	5,801	(27,286)	455	489,118
Digital set-top boxes and cards	330,989	-	-	-	15,510	(26,116)	-	320,383
Other items of property, plant and equipment	134,916	352	(8,758)	(2,493)	21,227	(13,352)	2,241	134,133
Advances and property, plant and equipment in the course of construction	2,066	-	(319)	(64)	2,108	(187)	(1,370)	2,234
Total cost	1,110,985	1,784	(23,315)	(18,948)	44,954	(67,664)	5,513	1,053,309
Accumulated depreciation:								
Buildings	(35,709)	(327)	2,020	176	(2,447)	1,069	8	(35,210)
Plant and machinery	(399,334)	(358)	6,893	9,478	(25,198)	22,186	1,479	(384,854)
Digital set-top boxes and cards	(252,312)	-	-	-	(23,203)	25,896	-	(249,619)
Other items of property, plant and equipment	(93,286)	(223)	4,961	1,976	(16,545)	12,069	(1,481)	(92,529)
Total accumulated depreciation	(780,641)	(908)	13,874	11,630	(67,393)	61,220	6	(762,212)
Impairment losses:								
Buildings	(8,581)	-	3	-	(2,551)	278	(474)	(11,325)
Plant and machinery	(19,693)	-	-	-	(2,682)	3,570	474	(18,331)
Digital set-top boxes and cards	(4,557)	-	-	-	(320)	219	-	(4,658)
Other items of property, plant and equipment	(1,094)	-	19	-	(476)	441	36	(1,074)
Total impairment losses	(33,925)	-	22	-	(6,029)	4,508	36	(35,388)
Property, plant and equipment, net	296,419	876	(9,419)	(7,318)	(28,468)	(1,936)	5,555	255,709

Additions-

The most significant additions in 2014 were as follows:

- “Digital set-top boxes and cards,” in the amount of EUR 5,582 thousand, from investments made by DTS, Distribuidora de Televisión Digital, S.A. in iPlus, and digital cards. This amount corresponds to the additions made by DTS until June 2014, date in which DTS was classified as “Non-current assets held for sale” (see notes 3- Other significant operations and 10).
- “Plant and machinery,” in the amount of EUR 6,831 thousand, primarily from investments made by Group Media Capital, SGPS, S.A. for the acquisition of audiovisual equipment.
- “Other items of property, plant and equipment,” in the amount of EUR 14,761 thousand, mainly, from investments made for Santillana in digital developments and learning systems.

Disposals-

DTS, Distribuidora de Televisión Digital, S.A. derecognized the cost, accumulated depreciation and impairment losses relating to digital set-top boxes and cards that were not in an adequate condition to be used until 2014, date in which DTS was classified as "Non-current assets held for sale" (see notes 3- Other significant operations and 10).

Additionally, the Group derecognized the cost (EUR 6,068 thousand) and the accumulated depreciation (EUR 5,647 thousand) relating to the assets of Ítaca, S.L., as a consequence of the change of their offices.

Transfers-

At June 30, 2014, net property, plant and equipment of DTS, amounting to EUR 73,960 thousands, has been reclassified to "Non-current assets held for sale" in the accompanying consolidated balance sheet, as a result of the sale purchase agreement of described in note 3- Other significant operations (see note 10).

Additionally, in 2014, has been transferred to assets held for sale, the cost, the accumulated depreciation and the impairment losses relating to the printer of Barcelona.

There are no restrictions on holding title to the property, plant, and equipment other than those indicated in Note 12.

There are no future property, plant, and equipment purchase commitments.

At December 31, 2014, the Prisa Group's assets included fully amortized property, plant, and equipment amounting to EUR 252,491 thousand (December 31, 2013: EUR 476,998 thousand).

Non-current assets held under leases-

At December 31, 2014, the consolidated balance sheet included assets held under finance leases amounting to EUR 45,197 thousand (December 31, 2013: EUR 84,182 thousand), EUR 23,963 thousand are registered in "Property, plant and equipment" and EUR 21,234 thousand correspond to DTS, Distribuidora de Televisión Digital, S.A. and its registered in "Non-current assets held for sale" (see notes 3- Other significant operations and 10).

The breakdown of the carrying amounts of non-current assets held under finance leases by nature of the leased asset at December 31, 2014 and 2013 is as follows (in thousands of euros) is as follows:

	12/31/2014			12/31/2013		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Digital set-top boxes and cards	26,897	(6,362)	20,535	85,859	(29,177)	56,682
Plant and machinery	7,412	(6,557)	855	9,008	(6,654)	2,354
Other items of property, plant and equipment	47,765	(23,958)	23,807	38,911	(13,765)	25,146
Total	82,074	(36,877)	45,197	133,778	(49,596)	84,182

The change in “Digital set-top boxes” is due to the renewal the lease of DTS with Group Cisco, in July 2014 (see note 10).

“Other items of property, plant and equipment” mainly include digital equipment of Santillana under financial leases.

The breakdown of the value of the purchase option, the amount of payments made in the year and the nominal value of outstanding payments in 2014 is as follows:

	Value of purchase option	Amount of payments made in the year	Nominal value of outstanding payments			
			Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Digital set-top boxes and cards	-	15,512	15,412	6,731	8,681	-
Plant and machinery	37	706	1,207	676	531	-
Other items of property, plant and equipment	25,326	10,181	22,590	13,917	8,673	-
Total	25,363	26,399	39,209	21,324	17,885	-

Of the payments made in the course of the year, EUR 15,690 thousand were accounted for by DTS, Distribuidora de Televisión Digital, S.A., and EUR 16,529 thousand as the nominal value of payments outstanding.

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant, and equipment are exposed. At December 31, 2014 and 2013, the insurance policies taken out sufficiently covered the related risks.

6) GOODWILL

2014

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2014 is as follows:

	Thousands of euros				
	Balance at 12/31/2013	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2014
Antena 3 de Radio, S.A.	6,115	-	-	-	6,115
Editora Moderna, Ltda.	68,408	123	-	-	68,531
Editora Objetiva, Ltda.	9,255	768	(6,791)	(3,232)	-
Grupo Latino de Radiodifusión Chile, Ltda.	56,597	(1,021)	-	-	55,576
Grupo Media Capital, SGPS, S.A.	417,085	-	-	-	417,085
Propulsora Montañesa, S.A.	8,608	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	29,470
DTS, Distribuidora de Televisión Digital, S.A.	1,848,676	-	(1,848,676)	-	-
Other companies	15,235	68	(253)	(477)	14,573
Total	2,459,449	(62)	(1,855,720)	(3,709)	599,958

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2014 is as follows:

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

2013

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2013 was as follows:

	Thousands of euros				
	Balance at 12/31/2012	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2013
Antena 3 de Radio, S.A.	6,115	-	-	-	6,115
Editora Moderna, Ltda.	81,968	(13,560)	-	-	68,408
Editora Objetiva, Ltda.	11,041	(1,786)	-	-	9,255
Grupo Latino de Radiodifusión Chile, Ltda.	64,751	(8,032)	-	(122)	56,597
Grupo Media Capital, SGPS, S.A.	417,085	-	-	-	417,085
Propulsora Montañesa, S.A.	8,608	-	-	-	8,608
Sistema Radiópolis, S.A. de C.V.	24,000	(1,439)	-	(22,561)	-
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	29,470
DTS, Distribuidora de Televisión Digital, S.A.	2,693,260	-	(844,584)	-	1,848,676
Other companies	23,419	(334)	(2,500)	(5,350)	15,235
Total	3,359,717	(25,151)	(847,084)	(28,033)	2,459,449

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2013 was as follows:

	Thousands of euros				
	Balance at 12/31/2012	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2013
Radio	149,801	(9,768)	(2,500)	(22,896)	114,637
Education	93,838	(15,402)	-	-	78,436
Audiovisual	3,110,345	-	(844,584)	-	2,265,761
Other	5,733	19	-	(5,137)	615
Total	3,359,717	(25,151)	(847,084)	(28,033)	2,459,449

Changes in scope of consolidation of "Radio" corresponds to the change in consolidation method of Sistema Radiópolis, S.A. de C.V. and GLR Costa Rica, S.A. from proportionally consolidation to the equity method as a result of the application of IFRS 11.

Also, changes in scope of consolidation included in "Others" refer to the sale of the distribution business as a consequence of the disposal Redprensa, S.L.U.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Group tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount to below its carrying amount.

To perform the aforementioned impairment test, the goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price that would be obtained from the assets associated with the cash-generating unit. In the case of the main cash-generating units to which goodwill has been allocated, their recoverable amount is their value in use.

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently elaborated by management. These business plans include the best estimates available of income and costs of the cash-generating units using industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business, applying a constant expected growth rate ranging from 0% to 2.5% depending on the business analysed. The rate ranging for the most relevant impairment tests (Media Capital) is located on the upper section.

In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2014 the rates used ranged from 7.2% to 15.3% depending on the business being analysed. The range used for the most relevant impairment tests (Media Capital) is around 10%.

Media Capital-

The main variables used by management to determine the value in use of Media Capital's audiovisual business were as follows:

Evolution of the audience share and advertising share- management predicts maintenance, in both audience share and advertising share in the future projections of TVI, Media Capital's free-to-air TV channel and the current market leader.

Variations in the advertising market - management has adjusted its projections for the advertising market to the new macroeconomic environment in Portugal. Therefore estimates contemplate the recovery of the advertising market, although advertising levels estimated for the fifth year remain similar those for 2011, according to trends given by third parties estimates.

Results of the impairment tests-

- DTS, Distribuidora de Televisión Digital, S.A

In June 2014, as a consequence of the agreement for the sale of a 56% of DTS (*see note 3- Other significant operations*), Prisa has valued the stake in the company at the estimate price of the

transaction. This valuation has review as of December 2014. As a result of this valuation, an impairment of DTS's goodwill amounting to EUR 1,848,676 thousand has registered in "Loss after tax from discontinued operations" in the accompanying consolidated income statement.

In 2013, certain competitors changed their strategies in terms of content acquisition and aggressive commercialization as they are giving contents for free in combination with other services, which had a negative impact on the Group's pay TV business's operating indicators and, therefore, on the implementation of the envisaged targets. The management assumes that the effects of this new competitive position will go beyond the short term. Therefore, at December 2013, an impairment of EUR 845 million was recognized in the income statement. This impairment is registered in "Loss after tax from discontinued operations" in the income statement.

- Media Capital

At December 31, 2013 and 2014, the recoverable value of Media Capital is higher than its book value.

- Other impairment tests

In June 2014, as a result of valuation of Editora Objetiva, Ltda. at the price of the agreement to sale the business, an impairment of goodwill amounting to EUR 6,791 thousand was registered in "Impairment of goodwill" in the accompanying consolidated income statement (see note 3- Other significant operations).

According to the estimates and projections available to the Group's directors, the expected future cash flows attributable to the cash-generating units or groups of cash-generating units to which goodwill is allocated indicate that the net value of each goodwill allocated at December 31, 2014, may be recovered.

Sensitivity to changes in key assumptions-

- Media Capital

In order to determine the sensitivity of value in use calculations to changes in the key assumptions, an analysis was carried out on the following changes in the key assumptions without producing additional impairment losses on the goodwill allocated:

- Increase of 0.5% in the discount rate.
- Decrease of 0.5% in the expected growth rate from the fifth year.
- Decrease of 1% in advertising share.

If the discount rate increases by 0.5%, the recoverable amount of Media Capital would exceed the book value by EUR 39.6 million.

If the growth rate expected after the fifth year decreases by 0.5%, the recoverable amount of Media Capital would exceed the book value by EUR 47.6 million.

If the advertising rate falls by 1%, the recoverable amount of Media Capital would exceed the book value by EUR 43.4 million.

7) INTANGIBLE ASSETS

2014

The changes in 2014 in “Intangible assets” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2014
	Balance at 12/31/2013	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	264,530	642	(456)	(671)	12,374	(14,279)	(109,378)	152,762
Prototypes	211,321	2,117	(80)	(14,202)	36,259	(14,167)	181	221,429
New subscribers - Installation and connection	95,602	-	-	-	14,387	(18,513)	(91,476)	-
Advances on copyrights	72,308	6	149	(65,110)	3,154	(2,687)	-	7,820
Audiovisual rights	76,670	-	4	-	-	(61,761)	(8,945)	5,968
Other intangible assets	103,737	155	(54)	65	1,023	(2,582)	(8,693)	93,651
Total cost	824,168	2,920	(437)	(79,918)	67,197	(113,989)	(218,311)	481,630
Accumulated amortization:								
Computer software	(189,062)	(596)	552	645	(22,933)	8,760	95,123	(107,511)
Prototypes	(149,114)	(1,798)	483	12,158	(33,587)	11,136	(131)	(160,853)
Advances on copyrights	(48,018)	(1)	(83)	42,604	(2,229)	1,777	-	(5,950)
Audiovisual rights	(59,525)	-	-	-	(741)	52,981	4,131	(3,154)
Other intangible assets	(45,137)	(2,191)	481	21	(1,705)	1,745	6,189	(40,597)
Total accumulated amortization	(490,856)	(4,586)	1,433	55,428	(61,195)	76,399	105,312	(318,065)
Impairment losses:								
Computer software	(4,039)	-	2	-	(6,381)	4,239	-	(6,179)
Prototypes	(1,784)	-	8	-	216	191	(215)	(1,584)
Advances on copyrights	(23,066)	-	13	20,287	(5,254)	3,394	4,171	(455)
Other intangible assets	(19,316)	-	(1,014)	-	(7,985)	8,783	1,383	(18,149)
Total impairment losses	(48,205)	-	(991)	20,287	(19,404)	16,607	5,339	(26,367)
Intangible assets, net	285,107	(1,666)	5	(4,203)	(13,402)	(20,983)	(107,660)	137,198

2013

The changes in 2013 in “Intangible assets” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2013
	Balance at 12/31/2012	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	256,645	318	(2,074)	(1,984)	22,250	(10,241)	(384)	264,530
Prototypes	210,862	255	(24,120)	(24)	41,813	(18,582)	1,117	211,321
New subscribers - Installation and connection	105,463	-	-	-	35,283	(45,144)	-	95,602
Advances on copyrights	74,120	(20)	(2,392)	(527)	6,853	(4,970)	(756)	72,308
Audiovisual rights	76,813	-	(30)	-	-	(113)	-	76,670
Other intangible assets	111,059	142	(5,387)	(1,488)	863	(1,530)	78	103,737
Total cost	834,962	695	(34,003)	(4,023)	107,062	(80,580)	55	824,168
Accumulated amortization:								
Computer software	(172,307)	(334)	1,460	1,722	(29,081)	9,074	404	(189,062)
Prototypes	(148,376)	(217)	18,060	26	(35,573)	17,428	(462)	(149,114)
Advances on copyrights	(47,740)	-	1,150	527	(4,771)	2,582	234	(48,018)
Audiovisual rights	(57,674)	-	30	-	(1,966)	85	-	(59,525)
Other intangible assets	(46,350)	(141)	2,962	1,085	(48,773)	46,502	(422)	(45,137)
Total accumulated amortization	(472,447)	(692)	23,662	3,360	(120,164)	75,671	(246)	(490,856)
Impairment losses:								
Computer software	(3,373)	-	-	-	(1,147)	481	-	(4,039)
Prototypes	(529)	-	5	-	(1,466)	113	93	(1,784)
Advances on copyrights	(22,128)	-	499	-	(3,580)	2,231	(88)	(23,066)
Other intangible assets	(16,253)	-	195	-	(3,258)	-	-	(19,316)
Total impairment losses	(42,283)		699	-	(9,451)	2,825	5	(48,205)
Intangible assets, net	320,233	3	(9,642)	(663)	(22,553)	(2,084)	(186)	285,107

Changes in the scope of consolidation-

The “Change in scope of consolidation” column in 2014 shows, the effect of the exit of the scope of consolidation of the companies of the trade publishing business, net amounting to EUR 4,283 thousand (see note 3- Other significant operations).

Additions-

The most significant additions in 2014 were as follows:

- “New subscribers - Installation and connection” amounting to EUR 14,387 thousand which included the costs incurred by DTS, Distribuidora de Televisión Digital, S.A. in connection with the installation of equipment and the connection of subscribers to digital satellite pay TV. This amount corresponds to the additions made by DTS until June 2014, date in which DTS was classified as “Non-current assets held for sale” (see notes 3- Other significant operations and 10).

- "Prototypes," amounting to EUR 36,259 thousand, relating to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.
- "Computer software," amounting to EUR 12,374 thousand, relating to the computer software acquired and/or developed by third parties for Group companies.
- "Advances on copyrights," amounting to EUR 3,154 thousand, relating mainly to the amounts paid to authors by Grupo Santillana de Ediciones, S.L. for the acquisition of book publishing rights.

Disposals-

Grupo Santillana de Ediciones, S.L. derecognized, in 2014, EUR 11,136 thousand of fully depreciated prototypes.

Transfers-

At June 30, 2014, the net intangible assets of DTS, amounting to EUR 109,172 thousands, has been reclassified to "Non-current assets held for sale" in the accompanying consolidated balance sheet, as a result of the sale purchase agreement of described in note 3- Other significant operations (see note 10).

Impairment -

The impairment recognized in 2014 under "Other intangible assets" was accounted for by administrative concessions for the operation of radio frequencies in the United States and Argentina.

"Other intangible assets" includes administrative concessions amounting to EUR 42,583 thousand, which are considered to be intangible assets with indefinite useful lives because it is highly probable that they will be renewed and the related costs are not material.

At the end of each reporting period, the residual useful life of these concessions is analyzed in order to ensure that it continues to be indefinite; if this is not the case, the concessions are amortized.

At December 31, 2014, the Prisa Group's assets included fully amortized intangible assets amounting to EUR 168,344 thousand (December 31, 2013: EUR 267,507 thousand).

There are no restrictions on holding title to the intangible assets other than those indicated in Note 12.

There are no future relevant intangible asset purchase commitments other than those indicated in Note 25.

8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2014

The changes in 2014 in “*Investments accounted for using the equity method*” in the consolidated balance sheet were as follows:

	Thousands of euros					
	Balance at 12/31/2013	Additions	Share of results / Impairment losses	Transfers	Disposals/ Changes in scope of consolidation	Balance at 12/31/2014
Investments accounted for using the equity method:						
Mediaset España Comunicación, S.A.	593,653	(621,134)	27,481	-	-	-
Sistema Radiópolis, S.A. de C.V.	37,361	-	8,855	-	(3,843)	42,373
Other companies	4,119	696	(163)	695	(1,635)	3,712
Total	635,133	(620,438)	36,173	695	(5,478)	46,085

After sales operations described in note 3, the participation of Mediaset España is not consolidated in the group due to the lack of significant influence as its stake is below 5% (see note 12a- Non-current financial assets).

2013

The changes in 2013 in “*Investments accounted for using the equity method*” in the consolidated balance sheet were as follows:

	Thousands of euros					
	Balance at 12/31/2012	Additions/ Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals	Balance at 12/31/2013
Investments accounted for using the equity method:						
Distributors (*)	14,734	-	116	-	(14,850)	-
Mediaset España Comunicación, S.A.	587,604	-	6,050	-	-	593,653
V-me Media, Inc.	-	-	1,164	-	(1,164)	-
Le Monde Libre Societé Comandité Simple	6,194	-	(6,194)	-	-	-
Sistema Radiópolis, S.A. de C.V.	-	-	4,674	-	32,687	37,361
Other companies	3,682	83	128	(173)	399	4,119
Total	612,214	83	5,937	(173)	17,072	635,133

(*) Val Disme, S.L., Cirpress, S.L., Beralán, S.L., Dima Distribución Integral, S.L., Distrimedios, S.L., Distribuidora de Publicaciones Boreal, S.L., Marina Bcn Distribuciones, S.L., Distribuciones Papiro S.L. and subsidiaries.

Change in scope of consolidation of Sistema Radioópolis, S.A. de C.V. corresponds to the change in consolidation method from proportionally consolidation to the equity method as a result of the application of IFRS 11.

The consolidation size of the distributors changed because all the companies that belonged to the distribution business unit left the consolidation group as a result of Prisa Noticias, S.L.'s sale of Redprensa, S.L.U.

Also in 2013 the Group registered an impairment of EUR 6,057 thousands of the investment of Prisa Noticias, S.L. in Le Monde Libre Société Comandité Simple.

At December 31, 2014 and 2013, the Group had ownership interests in companies accounted for using the equity method, the net negative value of which is recognized under “Long-term provisions” (see note 13).

9) CURRENT ASSETS

a) Inventories

The detail of “Inventories,” in thousands of euros, at December 31, 2014 and 2013, is as follows:

	12/31/2014			12/31/2013		
	Cost	Write-downs	Carrying amount	Cost	Write-downs	Carrying amount
Goods held for resale	17,143	(2,611)	14,532	17,937	(6,386)	11,551
Finished goods	165,212	(33,129)	132,083	249,891	(36,988)	212,903
Work in progress	902	-	902	2,805	-	2,805
Raw materials and other supplies	13,875	(2,150)	11,725	14,773	(1,780)	12,993
Total	197,132	(37,890)	159,242	285,406	(45,154)	240,252

“Finished goods” includes publications amounting to a net EUR 49,980 thousand (2013: EUR 65,680 thousand) and audiovisual rights amounting to a net EUR 82,066 thousand (2013: EUR 147,178 thousand).

“Raw materials and other supplies” includes mainly paper and printing machinery spare parts.

b) Trade and other receivables- allowances

The detail of the changes in 2014 and 2013 in “Trade and other receivables- Allowances” is as follows:

Thousands of euros						
Balance at 12/31/2013	Translation adjustment	Charge for the year	Change in scope of consolidation	Amounts used /Disposals	Transfers	Balance at 12/31/2014
72,331	(67)	55,896	(2,048)	(55,448)	(3,452)	67,212

Thousands of euros						
Balance at 12/31/2012	Translation adjustment	Charge for the year	Change in scope of consolidation	Amounts used /Disposals	Transfers	Balance at 12/31/2013
73,798	(2,121)	15,835	(3,592)	(11,435)	(154)	72,331

10) NON- CURRENT ASSETS AND LIABILITIES HELD FOR SALE

On December 31, 2014, as a result of the operations described in note 3- Other significant operations, the assets and liabilities of DTS are presented in the accompanying consolidated balance sheet as “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. The contribution to the main lines of the consolidated balance sheet was as follows (in thousand euros):

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

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

On 21 June 2014 DTS, Distribuidora de Televisión Digital, S.A. signed up a loan of EUR 150,000 thousand over five years with DTS; Centro de Asistencia Telefónica, S.A. (CATSA) and Compañía Independiente de Televisión, S.L. (CIT) as guarantors; BNP Paribas as the “Arranger”; Balteum Investors S.A.R.L., CPPIB Credit Investment Inc, CVIC Lux Finance Sarl and Goldentree Asset Management Lux S.A.R.L. as the lenders and Elavon Financial Services Limited as the “Facility Agent”. The loan is payable at due date and bears interest at an annual rate of 6.5%, payable quarterly, and annual interest of 4.5%, capitalisable and payable at the loan's due date.

On 25 July 2014 DTS renewed the framework financial lease contract signed with the Cisco Group in June 2011 whereby this company became the exclusive supplier of Iplus set-top boxes, with changes to, among other items, the amount of principal, from USD 80 million to USD 40 million.

11) EQUITY

a) Share capital

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

Conversion of no voting Class B shares

- a) Exercise of the voluntary conversion of 212,048 non-voting Class B shares into the same number of ordinary Class A shares, and increase of capital by issuing 52,460 ordinary Class A shares for the purpose of attending the payment of minimum annual dividend, under the capital increase resolution adopted at the Extraordinary General Meeting of November 27, 2010, in which Class B shares were issued.
- b) Mandatory conversion of 311,789,008 non-voting Class B shares into an equal number of ordinary Class A shares of Prisa, having elapsed 42 months from the date of their issuance, by virtue of the resolutions adopted at the Extraordinary Shareholders Meeting of November 27, 2010 and the Ordinary Shareholders Meeting of April 28, 2014.

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

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

Thus, the company has classified the financial liability registered in the past to cover that potential obligation into equity (*see note 12b- Other financial liabilities*).

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

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

Exercise of Warrants 2010

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

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

Exercise of Warrants 2013

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

Mandatory Conversion of Bonds

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

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

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

The Board of Directors of Prisa held on July 22, 2014 today has approved a capital increase for a total value of EUR 100,000 thousand which corresponds to a total amount of the nominal value and share premium of Euro 0.53 per share. The share capital increase was subscribed by Consorcio Transportista Occher, S.A. de C.V. ("Occher") and fully disbursed by means of a capital contribution at the time of the subscription. The net amount was used for the repurchase of EUR 133,133 thousand of debt, with a discount of €0.25 per euro (*see note 12b*).

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

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

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

Share capital is fully subscribed and paid in.

On December 31, 2014, the significant shareholders of PRISA, according to information published in the CNMV are:

	Number of voting rights		% Voting Rights (i)
	Direct	Indirect	
Rucandio, S.A. (ii)	-	411,895,327	19.09
Nicolas Berggruen (iii)	183,465	28,422,994	1.33
Amber Capital LP (iv)	-	64,703,441	3.00
Fundación Bancaria Caixa D'Estalvis I Pensions de Barcelona (v)	-	89,936,378	4.17
Banco Santander, S.A. (vi)	1,046,000	97,406,182	4.56
HSBC Holdings PLC (vii)	-	175,372,741	8.13
Monarch Master Funding 2 (Luxembourg S.A.R.L.)	70,136,667	-	3.25
Telefónica, S.A.	97,087,378	-	4.50
Grupo Herradura de Occidente, S.A. de C.V. (viii)	-	188,912,295	8.75
Morgan Stanley (ix)	-	88,279,312	4.09

(i) The percentages of voting rights, have been calculated on the total voting rights in Prisa at December 31, 2014 (ie, 2,158,078,753).

(ii) The indirect interest of Rucandio, S.A. is held through the following direct holdings:

- Promotora de Publicaciones, S.L., holds 77,248,921 voting rights.
- Timón, S.A., holds 7,928,140 voting rights.
- Asgard Inversiones, S.L.U., holds 27,662,101 voting rights.
- Otnas Inversiones, S.L., holds 93,000,000 voting rights.
- Rucandio Inversiones SICAV, S.A., holds 339,094 voting rights.

Likewise, in the declared indirect interest of Rucandio, S.A. are included 205,717,071 voting rights of the Company subject to the Prisa Shareholders Agreement signed on April 24, 2014 (in which Rucandio indirectly holds the majority of votes), and whose terms were communicated to the CNMV. Within those 205,717,071 voting rights that are bound by the Shareholders' Agreement of Prisa, are included 184,217,295 voting rights held by Grupo Herradura de Occidente, S.A. de CV

(iii) The holder of the indirect interest of Nicolas Berggruen is held through BH Stores IV, B.V.

(iv) The holder of the indirect interest of Amber Capital LP, is Succinite XI Holdings II, S.A.R.L.

(v) The holder of the indirect interest of Fundación Bancaria Caixa D'estalvis I Pensions de Barcelona is held through Caixabank, S.A.

(vi) The holder of the indirect interest of Banco Santander, S.A. is held through the following entities of Grupo Santander: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones,

S.A., Fomento e Inversiones, S.A., Títulos de Renta Fija, S.A., Carpe Diem Salud, S.L. and Suleyado 2003, S.L.

(vii) The holder of the indirect interest of HSBC Holdings PLC is held through HSBC Bank PLC.

(viii) The holder of the indirect interest of Grupo Herradura de Occidente, S.A. de CV (188,912,295 voting rights) is held through Consorcio Transportista Occher, S.A. de C.V. Of those 188,912,295 voting rights, 184,217,295 are linked to Prisa Shareholders Agreement and 4,695,000 are excluded from that agreement.

(ix) The holder of the indirect interest of Morgan Stanley is held through the following entities of Grupo Morgan Stanley: Morgan Stanley &Co International PLC, Morgan Stanley Capital Services LLC and Morgan Stanley Smith Barney LLC.

b) Share premium

The Recast Text of the Capital Companies Act expressly allows use of issue premium to increase capital against reserves. It establishes no specific restriction whatever regarding the availability of the balance of this reserve.

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

c) Issue of financial instrument

A resolution was passed at the Ordinary Shareholders Meeting of Prisa held on June 30, 2012 to issue bonds mandatorily convertible into newly-issued Class A common shares with exclusion of pre-emption rights at a fixed conversion rate (1 share per EUR 1.03). This issue was carried out in July 2012 and entailed two tranches: Tranche A for EUR 334 million aimed at creditor banks via the cancellation of financial debt and Tranche B for EUR 100 million to be paid in cash by Telefónica, S.A. The bond-share conversion was carried out on 7 July 2014, through the issuance of 421,359,217 new Class A ordinary shares (*see Note 11a*).

The bond issue was treated as a compound financial instrument with a liability component, for the current guaranteed value of the coupon and a liability component, for the difference between the amount of the bond and the value allocated to the liability component. At 31 December 2014, the current guaranteed value of the coupon for bank lenders was recognised under “*Non-current bank borrowings*”, following payment of the portion to Telefónica (*see Note 12b*).

d) Reserves

Revaluation reserve 1983-

Pursuant to the legislation on the revaluation of property, plant and equipment and intangible assets published in 1983, the cost and accumulated depreciation and amortization of these

assets were increased by a net amount of EUR 3,289 thousand, recognized under "Revaluation Reserve 1983." This reserve is unrestricted.

Revaluation reserve Royal Decree-Law 7/1996-

Under Royal Decree 2607/1996, of December 20, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of June 7, the surpluses arising from the revaluations must be charged to "Revaluation reserve Royal Decree-Law 7/1996." The balance of this account at year end amounts to EUR 10,650 thousand and has been unrestricted since January 1, 2007, except for the portion of the assets not yet depreciated.

Legal reserve-

Under the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The balance of this account at December 31, 2014 amounts to EUR 5,335 thousand.

Reserve for treasury shares-

Under Article 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record on the liability side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or cancelled.

The balance of this account at December 31, 2014 amounts to EUR 3,116 thousand.

Bylaw-stipulated reserves-

Under Article 32 of the Parent's bylaws, at least 10% of the profit after tax must be transferred to a reserve each year until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in share capital.

The balance of this account at December 31, 2014 amounts to EUR 11,885 thousand.

e) Reserves for first-time application of IFRS

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at January 1, 2004, the effect on equity of which is included in this account.

f) Accumulated profit – From prior years

These reserves include the results not distributed by the companies that form part of the consolidated group, minus the dividend charged to the year's income.

g) Treasury shares

The changes in “*Treasury shares*” in 2014 and 2013 were as follows:

	Thousands of euros			
	2014		2013	
	Number of shares	Amount	Number of shares	Amount
At beginning of year	1,294,062	518	3,101,325	727
Purchases	16,161,860	4,935	500,000	121
Deliveries	(5,379,256)	(2,500)	(2,307,173)	(1,619)
Reserve for treasury shares	-	163	-	1,289
At end of year	12,076,666	3,116	1,294,062	518

At December 31, 2014, Promotora de Informaciones, S.A. held a total of 12,076,666 treasury shares, representing 0.560% of its share capital.

Treasury shares are valued at market price at December 31, 2014 (0.258 euros per share). The average acquisition price stood at 0.273 euros per share.

Deliveries of shares are detailed in note 15 of this Annual Report.

At December 31, 2014, the Company did not hold any shares on loan.

h) Exchange differences

Exchange loss at December 31, 2014, amounted to EUR 4,842 thousand (December 31, 2013: exchange gains of EUR 12,451 thousand). Exchange gains generated at Grupo Santillana de Ediciones, S.L. companies in Brazil and Mexico, are offset with exchange losses at companies in US, Colombia and Chile.

i) Translation differences

The detail, by company, of the translation differences in 2014 and 2013 is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
GLR Chile, Ltda.	-	(10,864)
Grupo Santillana de Ediciones, S.L. and subsidiaries	(10,322)	(6,083)
Other	-	(269)
Total	(10,322)	(17,216)

j) Minority interest

The minority interest is the stake in the equity and income of the Group companies that are fully consolidated. The changes in this line-item in 2014 and 2013 were as follows:

	Thousands of euros					
	Balance at 12/31/2013	Participation in results	Changes in percentage	Dividends paid/received	Other	Balance at 12/31/2014
Caracol, S.A.	17,372	6,336	-	(6,967)	(2,017)	14,724
Diario As, S.L.	10,901	995	(2)	(878)	-	11,016
DTS, Distribuidora de Televisión Digital, S.A.	(125,694)	(92,388)	-	-	(65)	(218,147)
GLR Chile, Ltda.	19,095	1,549	-	-	(4,071)	16,573
Grupo Santillana de Ediciones, S.A. and subsidiaries	10,459	19,572	9	(19,513)	(2,173)	8,354
Grupo Media Capital, SGPS, S.A. and subsidiaries	7,343	875	-	(521)	(17)	7,680
Prisa Radio, S.A. and subsidiaries (Spain)	5,084	(1,713)	-	3,533	3,212	10,116
Other companies	18,224	(8,310)	(38)	(1,038)	(491)	8,347
Total	(37,217)	(73,084)	(31)	(25,384)	(5,622)	(141,337)

	Thousands of euros						
	Balance at 12/31/2012	Participation in results	Changes in percentage	Changes in scope of consolidation	Dividends paid/received	Other	Balance at 12/31/2012
Caracol, S.A.	23,405	8,373	(2,490)	-	(8,339)	(3,577)	17,372
Diario As, S.L.	9,870	1,803	-	-	(772)	-	10,901
DTS, Distribuidora de Televisión Digital, S.A.	287,440	(404,148)	-	-	-	(8,986)	(125,694)
GLR Chile, Ltda.	31,155	3,218	(6,290)	-	-	(8,988)	19,095
Grupo Santillana de Ediciones, S.A. and subsidiaries	32,923	18,848	-	-	(18,970)	(22,342)	10,459
Grupo Media Capital, SGPS, S.A. and subsidiaries	7,231	710	-	-	(601)	3	7,343
Prisa Radio, S.A. and subsidiaries (Spain)	22,097	(9,130)	(13,885)	-	(5,378)	11,380	5,084
Other companies	11,832	(320)	(2,724)	1,586	(1,330)	9,180	18,224
Total	425,953	(380,646)	(25,389)	1,586	(35,390)	(23,330)	(37,217)

The "Changes in percentage" column shows the effect of the change in the percentage of consolidation of Prisa Radio, S.A. and investees as a result of the agreement with the shareholder of Prisa Radio, S.A., 3i Group plc, to exit the shareholder structure.

k) Capital management policy

The main objective of the Group's capital management policy is to have an appropriate capital structure that ensures business sustainability, aligning shareholders' interests with those of the financial creditors.

In the last few years, the Group has devoted considerable efforts to maintaining its equity level such as increasing capital by converting 75 million warrants in January 2012, issuing, also in 2012, EUR 434 million in bonds obligatory converted into shares in July 2014 and replacing the obligation to pay the preferred dividend of class B shares in cash in order to pay this in shares, cash or a combination of both, or the share capital increase approved in July 2014 in the amount of EUR 100 million, with an issue premium of EUR 0.43 per share, for debt transactions with a discount. Also in 2014 Prisa increased its share capital by issuing 315

million shares to attend the exercise of 202 million warrants issued within the framework of the refinancing bank debt agreement of 2013 (see notes 11a and 12b).

With the financial debt rollover signed in December 2013, the Group now has a financial liability structure that improves its liquidity profile, gives it greater flexibility in the debt reduction process and extends its maturities, aligns the debt with the Group's cash generation and enables it to have a coherent asset size (see note 12b).

In 2014 the Group continued to shed debt by buying up debt at a discount using proceeds from the sale of 13.7% of the shares of Mediaset España (see Notes 3 and 12b) and the aforementioned share capital increase. In June 2014 the Group also reached an agreement to sell 56% of its stake in DTS.

Additionally, the debt refinancing agreement establishes the objective to maintain the leverage and interest cover ratios within the levels undertaken with the banks.

12) NON- CURRENT FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial investments

The breakdown by category of financial investments of the Group at December 31, 2014 and 2013 is as follows:

2014 -

	Thousand of euros			
	Financial assets available for sale	Loans and receivables	Investments held to maturity	Total
Equity instruments	156,326	-	-	156,326
Other financial assets	-	19,507	9,814	29,321
Non-current financial investments	156,326	19,507	9,814	185,647
Equity instruments	3,270	-	-	3,270
Other financial assets	-	12,501	112,115	124,616
Current financial investments	3,270	12,501	112,115	127,886
Total	159,596	32,008	121,929	313,533

2013 -

	Thousand of euros			
	Financial assets available for sale	Financial assets available for sale	Financial assets available for sale	Total
Equity instruments	842	-	-	842
Other financial assets	47	40,639	11,249	51,935
Non-current financial investments	889	40,639	11,249	52,777
Equity instruments	2,077	-	-	2,077
Other financial assets	-	130,644	5,115	135,759
Current financial investments	2,077	130,644	5,115	137,836
Total	2,966	171,283	16,364	190,613

Non-current financial assets

The changes in “*Non-current financial assets*” in the consolidated balance sheet in 2014, by type of transaction, were as follows:

	Thousands of euros					Balance at 12/31/2014
	Balance at 12/31/2013	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	
Loans and receivables	40,639	117	-	(3,218)	(18,031)	19,507
Loans to associates	20,415	112	-	7,752	3,497	31,776
Long-term loans to third parties	26,894	-	-	889	(18,231)	9,552
Allowance	(6,670)	5	-	(11,859)	(3,297)	(21,821)
Held-to-maturity investments	11,249	86	(19)	761	(2,263)	9,814
Available-for-sale financial assets	889	(12)	139,207	16,242	-	156,326
Non-controlling equity interests	8,760	(34)	139,207	16,369	(2,300)	162,002
Other non-current financial assets	47	(1)	-	6	-	52
Allowance	(7,918)	23	-	(133)	2,300	(5,728)
Total	52,777	191	139,188	13,785	(20,294)	185,647

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

It also includes the larger loan granted to Le Monde Libre Société en Commandite Simple in the amount of EUR 5,317 thousand, and the interest accruing on the loan, EUR 1,541 thousand.

Additions to provisions include impairment of the credit granted to Le Monde in the amount of EUR 7,648 thousand, with a net value at 31 December 2014 of EUR 8,988 thousand. The remainder is accounted for by provision against impairment of credits granted to a number of radio companies in the USA and Panama.

The column “Changes in the consolidation scope” under the heading “Available-for-sale financial assets - Non-controlling equity interests” includes the fair value of the stake in Mediaset at 8 September 2014, the date on which the Group deconsolidated its investment in this company using the equity method as it no longer exercised any significant influence over it following a 5% decrease in the stake (see note 3). The difference up to fair value in December 2014 (EUR 10.445 per share) is shown in the “Additions” column, and is recognised under “Other reserves” in the accompanying consolidated balance sheet.

The “Disposals/ Transfers” column includes EUR 12,217 thousand for the balance of the financial assets of DTS, Distribuidora de Televisión Digital, S.A. at 30 June 2014, the date on which the company's assets were reclassified under “Non-current assets held for sale” in the accompanying consolidated balance sheet, as a result of the sale described in Note 3 addressing other significant operations (see note 10).

The carrying amount of the financial assets does not vary significantly from their fair value.

The changes in “Non-current financial assets” in the consolidated balance sheet in 2013, by type of transaction, were as follows:

	Thousands of euros					Balance at 12/31/2013
	Balance at 12/31/2012	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	
Loans and receivables	41,136	(713)	(147)	7,363	(7,000)	40,639
Loans to associates	18,783	(38)	(76)	1,927	(181)	20,415
Long-term loans to third parties	19,808	-	(71)	8,946	(1,789)	26,894
Other non-current financial assets	5,705	(675)	-	-	(5,030)	-
Allowance	(3,160)	-	-	(3,510)	-	(6,670)
Held-to-maturity investments	21,119	(142)	(472)	(1,217)	(8,039)	11,249
Available-for-sale financial assets	2,384	(17)	(975)	1,274	(1,777)	889
Non-controlling equity interests	8,811	(53)	2,329	1,506	(3,833)	8,760
Other non-current financial assets	62	(1)	(4)	7	(17)	47
Allowance	(6,489)	37	(3,300)	(239)	2,073	(7,918)
Total	64,639	(872)	(1,594)	7,420	(16,816)	52,777

Under the caption of “Loans and receivables” additions in “Long-term loans to third parties” mainly included account receivables arising from the sale of Redprensa, S.L.U. In addition, it has recorded a provision of 3,415 thousand euros on the credit of EUR 13,151 thousands on credit granted to Le Monde Libre.

b) Financial liabilities

The breakdown by category of financial liabilities at December 31, 2014 and 2013 is as follows:

2014-

	Thousands of euros		
	Other financial liabilities at FV through P&L	Debts and payables	Total
Bank borrowings	-	2,645,505	2,645,505
Derivatives	158	-	158
Other financial liabilities	-	118,206	118,206
Non-current financial liabilities	158	2,763,711	2,763,869
Bank borrowings	-	108,756	108,756
Other financial liabilities	721	193	914
Current financial liabilities	721	108,949	109,670
Total	879	2,872,660	2,873,539

2013-

	Thousands of euros		
	Other financial liabilities at FV through P&L	Debts and payables	Total
Bank borrowings	-	3,238,855	3,238,855
Derivatives	1,829	-	1,829
Other financial liabilities	-	104,980	104,980
Non-current financial liabilities	1,829	3,343,835	3,345,664
Bank borrowings	-	162,227	162,227
Derivatives	41,575	-	41,575
Other financial liabilities	-	4,606	4,606
Current financial liabilities	41,575	166,833	208,408
Total	43,404	3,510,668	3,554,072

Bank borrowings

The detail, in thousands of euros, of the bank borrowings at December 31, 2014, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranche 1)	2016	371,785	-	371,785
Syndicated loan Prisa (Tranches 2 and 3)	2018-2019	1,676,179	-	1,676,179
Participative loan (PPL)	2019	509,931	-	509,931
Subordinated loan	2020	31,094	-	31,094
Credit facilities	2015	95,803	44,041	-
Loans	2015-2023	189,859	43,363	146,496
Finance leases, interest and other	2015-2017	-	22,129	17,549
Loan arrangement costs	2015-2019	-	(777)	(107,529)
Total		2,874,652	108,756	2,645,505

Bank borrowings are adjusted in the consolidated balance sheet by the loan origination and arrangement costs.

Of the total bank borrowings at December 31, 2014, 96.93% were denominated in euros (97.45% at December 31, 2013) and the remainder in foreign currencies.

The average interest rates on the Group's bank borrowings were 3.56% in 2014 and 3.32% in 2013.

Of the total bank borrowings at December 31, 2014, 44.56% were linked to floating interest rates and the rest to fixed ones (35.33% at December 31, 2013).

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

The methodology followed to calculate the debt has used the secondary market value of Promotora de Informaciones' refinanced debt (composed of the three tranches) and the discount factor for the debt in by the rest of business units. This way, the Group's debt is valued at a 20.28% average discount over the real principal payment obligation to the creditor entities.

Syndicated loan (Tranche 1)-

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

loan is classified as a long term loan although this fact does not limit the ability of Prisa to prepay it, as stipulated in the refinancing agreement.

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

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

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

Syndicated loan (Tranches 2 and 3)-

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

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

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

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

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

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

- In September 2014, with the net proceeds from the sale of 1.5% of Mediaset España, EUR 71,943 thousand of debt was repurchased at an average discount of EUR 0.25 per euro (i.e., at price of 75%).
- Also, in September 2014, with the proceeds from the capital increase subscribed by Occher (see note 11a) EUR 133,133 thousand of debt was repurchased at an average discount of 25%.

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

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

During this period the company bought up debt at a discount using the proceeds of the share capital increase subscribed by Occher and the sale of 10% of Mediaset España, described above, which significantly reduced the amount of the participating loan required to restore the balance of equity.

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

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

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

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

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

the date on which the Directors became aware of the negative equity, i.e. the date of approval of the financial statements showing the situation of negative equity.

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

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

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

Personal guarantees

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

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

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

In December 2013, as a result of the new syndicated loan and the novation of the other loans, Prisa arranged a new pledge on the shares it owns of Prisa Radio, S.A. (73.49% of share capital), DTS, Distribuidora de Televisión Digital, S.A. (56% of share capital), Grupo Santillana de Ediciones, S.L. (75% of share capital) and some of its stake in Mediaset España Comunicación, S.A. (14.29% of share capital). Nevertheless, as a result of (i) the accelerated bookbuilt offer carried out in April 10, 2014 by means of which Prisa sold 15,000,000 shares of Mediaset España Comunicación, S.A. (see note 3- *Other significant operations*) and (ii) the extension of the pledge arranged in June 3, 2014 on 8,171,376 additional shares of Mediaset previously pledged in favor of Mediaset, (iii) the sale of 34,583,221 shares of Mediaset España Comunicación, S.A. agreed on 24 July 2014 and (iv) sales of Mediaset España Comunicación, S.A. shares in August and September 2014, at

December 31, 2014, pledge on the shares of Mediaset in favor of bank entities amounts to a 2.62% of the share capital of Mediaset.

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

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

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

Subordinated Debt -

This debt originates from interest, known as "coupons", on the convertible bonds subscribed in 2012 by HSBC, Caixa and Santander, in their capacities as the company's bank lenders, payable in July 2013 and July 2014 (see Note 12b- Other financial liabilities).

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

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

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

Credit facilities-

Credit facilities include mainly the amounts drawn down against credit lines used to finance the Prisa Group companies' operating requirements outside Spain. Borrowing facilities maturing in 2015 total EUR 44,041 thousand and are recognized under "Current bank borrowings" on the accompanying consolidated balance sheet. The interest rate applicable to these credit facilities is Euribor or Libor plus a market spread.

Derivative financial instruments

The Prisa Group arranges derivative financial instruments with Spanish and international banks with high credit ratings.

In 2014, the Prisa Group held interest rate derivatives.

The objective of these interest rate hedges is to mitigate, by arranging swaps and option combinations, the fluctuations in cash outflows in respect of payments tied to floating interest rates (Euribor) on borrowings.

“Non-current financial liabilities” and “Current financial liabilities” on the accompanying consolidated balance sheet include at year end the market value of the various financial instruments.

The fair value of the outstanding derivatives at December 31, 2014 was a negative EUR 879 thousand (December 31, 2013: negative EUR 2,735 thousand), related to the negative fair value of interest rate derivatives.

Interest rate derivatives-

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities by applying the group's credit risk provided by an independent expert.

The interest rate derivatives arranged by the Prisa Group at December 31, 2014, and their fair values at that date are as follows (in thousands of euros):

Company	Instrument	Expiry	Nominal value	Fair value	Nominal	
					Outstanding at 2014	Outstanding at 2015
Prisa	IRS	2015	300,000	(721)	300,000	-
Dédalo Grupo Gráfico, S.L.	Collar- Knok in	2015	7,875	(158)	7,875	-
Total			307,875	(879)	307,875	-

The outstanding interest rate derivatives at December 31, 2014 and 2013, had negative fair values of EUR 879 thousand and EUR 2,731 thousand, respectively.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

Analysis of sensitivity to interest rates

The fair value of the interest rate derivatives arranged by the Prisa Group depends on the changes in the Euribor and long-term swap interest rate curves.

Following is a detail, in thousands of euros, of the analysis of the sensitivity of the fair values of derivatives value to changes in the euro interest rate curve that the Group considers to be reasonable:

Sensitivity (before tax)	12/31/2014	12/31/2013
+0.5% (increase in interest rate curve)	544	2,088
-0.5% (decrease in interest rate curve)	(13)	(686)

The sensitivity analysis shows that the negative fair value of the interest rate derivatives decreases in the event of upward shifts in the interest rate curve, partially reducing the projected higher cost of borrowings.

With regard to financial debt, the Group considers that interest rates will probably fluctuate by 0.5% over the period analysed. An increase in interest rates by the aforementioned percentage would lead to an increase in finance costs of EUR 2,971 thousand during 2015, based on the expected maturities and the Group's intention to renew certain bank credit facilities.

Foreign currency derivatives-

The Prisa Group did not apply any finance cost in this regard in the 2014 income statement (a finance cost of EUR 4 thousand in 2013).

Liquidity and interest rate risk tables

The following table shows an analysis of the Prisa Group's liquidity in 2014 for its derivative financial instruments. The table was prepared on the basis of undiscounted net cash flows. When the related settlement (receivable or payable) is not fixed, the amount was determined using the implicit values calculated on the basis of the interest rate curve and forward exchange rates.

Liquidity risk-

Thousands of euros	
Maturity	Interest rate derivatives
Within 3 months	(742)
From 3 to 6 months	(106)
From 6 to 9 months	(36)
From 9 to 12 months	-
From 1 to 2 years	-
From 2 to 3 years	-
After 3 years	-

The management of liquidity risk includes the detailed monitoring of the repayment schedule of the Group's borrowings and the maintenance of credit lines and other financing channels that enable it to cover foreseeable cash needs at short, medium and long term.

The table below details the liquidity analysis of the Prisa Group in 2014 in relation to its bank borrowings, which represent substantially all the non-derivative financial liabilities. The table was prepared using the cash outflows not discounted with respect to their scheduled maturity dates; when it is expected that the outflows will take place prior to the contractually stipulated dates. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2014.

Maturity	Thousands of euros	Floating euro rates
Within 3 months	92,135	0.13%
From 3 to 6 months	33,004	0.16%
From 6 to 9 months	57,922	0.14%
From 9 to 12 months	30,671	0.13%
From 1 to 2 years	476,541	0.13%
From 2 to 3 years	111,629	0.22%
After 3 years	2,329,757	0.39%
Total	3,131,659	

Share options-

Financial liabilities arising from the settlement options as part of the mandatory conversion of the Class B shares

At December 31, 2010, as a result of the capital increase transactions, a non-current financial liability amounting to EUR 89,317 thousand was recognized; this corresponds to the Company's potential obligation to deliver additional shares or cash as part of the mandatory conversion of the Class B shares, if during the 20 trading sessions immediately prior to the date of conversion the weighted average price of Class A ordinary shares is below EUR 2. At December 31, 2013, the fair value of this liability stands at EUR 41,575 thousand and is recognized under "Current financial liabilities" in the accompanying consolidated balance sheet. In June 2014 this financial liability with a fair value of EUR 41,011 thousand was reclassified to equity after 42 months from the date of issue of the shares. The Black-Scholes Method was used to determine fair value.

Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Prisa Group's interest rate derivatives are classified as level-2 derivatives.

Other financial liabilities

"*Financial liabilities*" includes the amount of the derivatives described in *Note 12*, as well as the following:

Financial liability from the minimum annual dividend from DLJSAP's investment in Grupo Santillana de Ediciones, S.L

The sale of 25% of Grupo Santillana de Ediciones, S.L.'s share capital in 2010 included the obligation to pay a preferential dividend of at least USD 25.8 million per year. Therefore, at December 31, 2014, the Group recognized a financial liability of EUR 118,206 thousand (December 31, 2013: EUR 104,064 thousand), calculated as the present value of the preferential annual dividends discounted at the interest rate applicable to credit instruments with similar characteristics. These liabilities are in USD, and therefore, differences arising from exchange rate fluctuations are recognized as finance income or cost in the consolidated income statement.

Financial liability for measurement of the coupon paid to bondholders

The bonds mandatorily convertible into Class A shares (*see note 11c*), subscribed in July 2012 and maturing in July 2014, were treated as a compound financial instrument, with a liability component at the present value of the guaranteed coupon at a 1-month Euribor rate plus a spread of 4.15%, which led to the recognition of EUR 16,866 thousand under "*Non-current financial liabilities*" and EUR 18,508 thousand under "*Current financial liabilities*" in accordance with their payment dates. During 2013, within the refinancing process the Group capitalized the coupons corresponding to the bank lenders payable in July 2013 and July 2014 amounting to EUR 29,657 thousand and classify this liability under "*Current bank debts*".

On 31 December 2014 Prisa subscribed a subordinated loan with the bank lenders for the amount of the coupons plus the interest, in the total amount of EUR 31,094 thousand (*see Notes 12b and 11c*). This liability is recognized under "*Non-current bank borrowings*" in the accompanying consolidated balance sheet.

13) LONG-TERM PROVISIONS

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

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

The changes in 2013 in "Non-current liabilities- Long-term provisions" were as follows:

	Thousands of euros						Balance at 12/31/2013
	Balance at 12/31/2012	Translation adjustment	Charge for the year	Amounts used /Disposals	Transfers		
For taxes	201,831	(137)	61,110	(191,801)	(875)	70,128	
For third-party liability and other	52,187	(1,210)	6,952	(16,543)	(16,294)	25,092	
Total	254,018	(1,347)	68,062	(208,344)	(17,169)	95,220	

The "Provision for taxes" relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies.

Charge for year 2014 correspond to interests related to income tax for 1999, 2000 and 2001 procedures, as the Central Economic-Administrative Tribunal (TEAC) dismissed the appeal before the authorization for issuance of the consolidated financial statements for 2014 (see note 19).

In 2013, the Group adjusted practically all the deduction amount for the exporting activity generated in the tax group and which had not been adjusted in the accounting books, also, derecognizing deferred tax assets amounting to EUR 191,661 thousand for the unused deduction amount. The Group maintaining a provision of EUR 46,103 thousand (see note 19).

The "Provision for third-party liability" relates to the estimated amount required to meet possible claims and litigation brought against Group companies.

This item also includes the provision booked in the previous years to record the downsizing processes (see note 15). In 2014, the Group booked an additional provision for this item of EUR 10,621 thousand and used EUR 9,130 thousand as a result of indemnity payments and commercial paper issuances, and the provision amount for this item was EUR 15,979 million at December 31, 2014. The Group expects to use this provision in the next two years.

In view of the nature of the contingencies covered by these provisions, it is not possible to determine a reasonable payment schedule, if indeed there is one, or their financial effect. However, the Prisa Group's legal advisers and directors consider that the outcome of these procedures and claims will not have a significant effect on the consolidated financial statements for the years in which they come to an end additional to the amount provisioned in the accounting records.

The breakdown of the charge in the consolidated income statement is as follows:

	Thousands of euros	
	2014	2013
Termination benefits	10,621	5,757
Other staff costs	1,798	1,013
Taxes	15,373	61,110
Other	3,579	182
Total	31,432	68,062

At December 31, 2014, the Group had ownership interests in companies accounted for using the equity method, the negative net value of which is recognized under "Non-current liabilities – Long-term provisions" in the accompanying consolidated balance sheet, the detail being as follows (see note 8):

	Thousands of euros
WSUA Broadcasting Corporation	1,176
Green Emerald Business, Inc.	1,031
Ediciones Conelpa, S.L.	818
Other	1,462
Total	4,487

14) OPERATING INCOME

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

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

The most significant exchange transactions occurred under “Advertising sales and sponsorship” and the most significant segments were radio and press , whose exchanges with third parties amounted to EUR 12,245 thousand in 2014 (December 31, 2013: EUR 19,570 thousand).

15) OPERATING EXPENSES

Staff costs

The detail of “Staff costs” is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
Wages and salaries	312,817	346,554
Employee benefit costs	64,201	67,100
Termination benefits	38,340	19,780
Other employee benefit costs	17,884	18,866
Total	433,242	452,300

Cost of termination benefits corresponds to the restructuring plan addressed by the group in all business segments, mainly in Spain, during 2014 and 2013.

The average number of employees of the Group and the number of employees at December 2014 and 2013, by professional category, was as follows:

	2014		2013	
	Average	Final	Average	Final
Executives	412	395	442	438
Middle management	1,287	1,234	1,379	1,359
Other employees	8,894	8,569	9,503	9,215
Total	10,593	10,198	11,324	11,012

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

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

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

	12/31/2014		12/31/2013	
	Women	Men	Women	Men
Executives	111	284	128	310
Middle management	484	750	550	809
Other employees	4,050	4,519	4,503	4,712
Total	4,645	5,553	5,181	5,831

The previous employee figures included staff at DTS, Distribuidora de Televisión Digital, S.A., and expenditure on personnel is included under “Loss from discontinued operations” in the accompanying consolidated income statement (see note 3- Other significant operations and note 17). The breakdown of the DTS workforce was as follows:

	2014		2013	
	Average	Final	Average	Final
Executives	24	25	19	21
Middle management	99	98	105	104
Other employees	1,610	1,523	1,711	1,579
Total	1,733	1,646	1,835	1,704

The breakdown of the average workforce, by gender, at DTS, Distribuidora de Televisión Digital, S.A. was as follows:

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

The breakdown of the final workforce, by gender, at DTS, Distribuidora de Televisión Digital, S.A. was as follows:

	12/31/2014		12/31/2013	
	Women	Men	Women	Men
Executives	4	21	2	19
Middle management	39	59	41	63
Other employees	953	570	1,000	579
Total	996	650	1,043	661

Transactions with payments based on equity instruments

The Ordinary Shareholders Meeting held on April 28, 2014 authorised delivery, over a term of five years, of shares of the Company as payment of compensation of directors of the Company and a defined group of executives of the Prisa Group. This authorisation may be used in particular, and without limitation, to make payment in shares in the following compensation categories:

- i) Fixed remuneration for belonging to the Board is payable to each of the external directors, to be chosen by them, entirely in cash or 60% cash and 40% in shares of Prisa:

When the choice of director is partial payment in shares of Prisa, they are delivered quarterly. Prisa has recognized an expense for this item on the income statement for 2014 in the amount of EUR 242 thousand.

The 591,485 shares accrued in this category over that period have not yet been fully delivered.

In July 2014 Prisa delivered 143,237 shares, in partial payment of the fixed compensation of external directors for the fourth quarter of 2013. The corresponding expense was entered in the profit and loss account for 2013.

ii) Variable annual compensation (annual bonus) of the inside directors of the Company and the Executives of the Prisa Group, when it has been resolved that it will be paid in whole or in part in Prisa shares:

In May 2014 the inside director Mr. Fernando Abril-Martorell Hernández received 937,857 shares of Prisa, in settlement of the annual variable compensation for 2013. The corresponding expense was entered in the profit and loss account for 2013.

The delivery of shares to certain members of the management team as a part of their variable compensation for 2014 was also approved. The amount thereof is provisioned in the attached profit and loss account.

iii) Long term variable compensation (long term incentive) of inside directors of the Company and the Executives of the Prisa Group:

- The Extraordinary General Shareholders' Meeting held on November 27, 2010, approved a system of compensation (the "2010-2013 Share/Stock Options Delivery Plan") consisting of the delivery of shares and/or share options of the Company to the directors and managers in the Prisa Group, during the years 2010, 2011, 2012 y 2013.
- Under that authorisation, the Nominating and Compensation Committee approved payment of the long term incentive for the 2011/2013 period of certain executives of companies in the Prisa Group (two of which, Mr. Manuel Polanco Moreno and Mr. Jose Luis Sainz Díaz, are inside directors of the Company), by way of delivery of shares of the Company. In 2014 the Company delivered 4,009,306 shares in this category.
- Likewise the Company will settle, in 2015, the long-term incentive for the period 2012/2014 to certain executives of companies of Grupo Prisa (one of whom, Mr Jose Luis Sainz Diaz, is executive director of the Company), by delivering Company shares. In 2014, the Company recorded an expense of EUR 1,317 thousand for this item.
- The Ordinary Shareholders Meeting held on April 28, 2014 authorised a long term incentive of the Company, whereby a given number of ordinary Class A shares of the Company and a given amount of cash may be delivered to a specific group of inside directors of the Company and key executives of the Group, based on their level of responsibility and contribution to the results of the Group, as variable compensation

tied to achievement of long term objectives. The Plan is for a term of three years, from January 1, 2014 to December 31, 2016.

- Prisa entered an expense and the amount of EUR 1,882 thousand in the profit and loss account for 2014. Calculation of the long term incentive (long term incentive, or "ILP") and payment in cash and delivery of shares will occur in 2017, on the terms and conditions established, on proposal of the Nominating and Compensation Committee, by the Board of Directors, which will determine the specific date of delivery of the shares and payment of the cash amount.
- Of the three inside directors, only Mr. Manuel Polanco Moreno is a current beneficiary of the ILP.
- In the profit and loss account for 2014 there is an expense in the amount of EUR 250 thousand, in the category of variable multiyear incentive of the Executive Chairman, Mr. Juan Luis Cebrián Echarri. It will be payable in shares of Prisa, in January 2016, subject to certain conditions (*see note 23*).
- Pursuant to the terms of his contract with the Company, the inside director Mr. Jose Luis Sainz will be entitled to receive a multi-year variable incentive, payable in shares of Prisa, subject to fulfilment of the strategic plans of the Company and his personal performance, for the 2014-2016 and 2017-2018 periods. In the profit and loss account for 2014 there is an expense in the amount of EUR 167 thousand in this category (*see note 23*).

Outside services

The detail of "Outside services" in 2014 and 2013 is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
Independent professional services	129,218	128,875
Leases and fees	56,335	58,540
Advertising	63,721	87,186
Intellectual property	39,603	44,466
Transport	47,843	51,334
Other outside services	239,932	187,786
Total	576,652	558,187

In 2014, "Other outside services" included EUR 44,989 thousands registered by Audiovisual Sport, S.L. as a consequence of the register of the judgement of The Supreme Court in relation with the exploitation of the Football League rights (*see note 24*).

Fees paid to auditors

The fees for financial audit services relating to the 2014 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Deloitte, S.L. and by other entities related to the auditor amounted to EUR 1,775 thousand (2013: EUR 2,432 thousand), of which EUR 180 thousand relate to Prisa (2013: EUR: 448 thousand). Also, the

fees relating to other auditors involved in the 2014 audit of the various Group companies amounted to EUR 269 thousand (2013: EUR 269 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor, and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	2014		2013	
	Principal auditor	Other audit firms	Principal auditor	Other audit firms
Other verification services	539	162	250	296
Tax advisory services	461	108	527	209
Other services	395	348	163	2,623
Other professional services	1,395	618	940	3,128

Fees for professional services provided to Group companies by the auditing firms are registered under “*Outside services*”, except for those related to DTS amounting to EUR 177 thousand (2013: EUR: 318 thousand), which are registered under “*Loss after tax from discontinued operations*” (see note 17).

Operating leases

Various assets and services used by the Group are held under operating leases, the most significant of which are the buildings in Gran Vía 32, Miguel Yuste, Tres Cantos, Caspe and Queluz (Portugal), the provision of analogue, digital terrestrial and satellite broadcasting services, the radio frequencies and TV studios. The most significant lease relates to Media Latina. The schedule for the minimum lease payments arising from these leases is as follows:

Year	Thousands of euros
2015	79,648
2016	75,800
2017	76,170
2018	72,599
2019	65,522
2020 and beyond	609,674
	979,413

Of these future payments, EUR 709,216 thousand are accounted for by DTS, Distribuidora de Televisión Digital, S.A.

The lease contracts for the Gran Vía 32 and Miguel Yuste properties have a term of twenty-five years until July 2033, at the end of which no further extensions will be made unless an agreement is reached in this regard by the parties. The Queluz lease contract expires in 2019. The lease expense for properties in 2014 amounted to EUR 26,681 thousand (EUR 28,521 thousand in 2013) and was recognised under “*Outside services - Leases and fees*”.

The duration of the Tres Cantos lease is 20 years, which is renewable for four consecutive periods of five years each. The lease expense relating to this building amounted to EUR 7,370 thousand (2013: EUR 7,216 thousand) and was recognized under “*Loss after tax from discontinued operations*” in the accompanying consolidated income statement.

Radio frequencies are leased from Media Latina expires in June 2021. The lease expense for 2014 in this connection amounted to EUR 6,782 thousand (2013: EUR 6,901 thousand), recognized under “*Outside services – Leases and fees.*”

The lease for the provision of satellite broadcasting services expires in 2027. The expense relating to these services amounted to EUR 44,152 thousand in 2014 (2013: EUR 43,876 thousand), which is recognized under “*Loss after tax from discontinued operations*” in the accompanying consolidated income statement.

Change in allowances, write-downs and provisions

The detail of the “*Change in allowances, write-downs and provisions*” is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
Change in operating allowances	10,773	12,704
Change in inventory write-downs	9,499	17,366
Change in provision for sales returns	(484)	2,871
Total	19,788	32,941

16) FINANCIAL LOSS

The detail of “*Financial loss*” in the consolidated income statements is as follows:

	Thousands of euros	
	12/31/2014	12/31/2013
Income from current financial assets	1,996	575
Income from equity investments	51	140
Other finance income	208,843	3,575
Finance income	210,890	4,290
Interest on debt	(114,681)	(106,422)
Finance costs on hedging transactions	(1,488)	(2,401)
Adjustments for inflation	(5,672)	(3,700)
Other finance costs	(114,710)	(72,940)
Finance costs	(236,551)	(185,463)
Exchange gains	20,148	19,581
Exchange losses	(35,425)	(19,202)
Exchange differences (net)	(15,277)	379
Change in fair value of financial instruments	1,874	3,830
Financial loss	(39,064)	(176,964)

In 2014, “Other finance income” included capital gains on purchases of debt at a discount using the proceeds of the sale of 13.68% of Mediaset and the share capital increase subscribed by Occher (see notes 3, 11 and 12b).

“Other finance costs” chiefly consists of the expenses involved in arrangements for debt. In 2013 this item included accrual of expenditure in the year and early cancellation of the expenses relating to arrangements for debt prior to refinancing.

17) DISCONTINUED OPERATIONS

On December 31, 2014, as a result of the formalization of the agreement for the sale of 56% of DTS (see note 3- Other significant operations), the result of this transaction is registered in the accompanying consolidated income statements as “Result after tax from discontinued operations”. For purposes of comparison, also the result of DTS for 2013 has been reclassified as a discontinued operation. The detail of this result is as follows:

	12/31/2014	12/31/2013
Operating revenues-	1,160,128	1,156,503
Revenues	1,149,890	1,150,506
Other income	10,238	5,997
Operating expenses- (see note 15)	(1,220,098)	(1,219,383)
Cost of materials used	(871,526)	(850,183)
Staff costs	(75,993)	(83,377)
Depreciation and amortisation charge	(69,859)	(80,270)
Outside services	(186,738)	(192,323)
Variation in operating allowances	(16,187)	(12,971)
Other expenses	205	(259)
Loss from operation	(59,970)	(62,880)
Financial results	(21,653)	(8,670)
Expense tax	(126,118)	212
Loss after tax from discontinued operations	(207,741)	(71,338)

The formalization of the agreement for the sale of 56% of DTS resulted into an accounting loss of EUR 2,088,710 thousand in the consolidated Prisa Group accounts on December 31, 2014, registered under the line “Loss after tax from discontinued operations”, after the additional impairment of EUR 23,789 thousand recognized in December 2014 as a result of business developments until the close of the transaction (see Note 3 - Other significant operations). Also this line included in 2013 an impairment of EUR 844,584 thousand of the goodwill of DTS.

18) BUSINESS SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

The business segments were determined based on the Prisa Group's organizational structure at year-end 2014 considering the nature of the products and services offered, and the customer segments which they target.

At December 31, 2014, Prisa's operations are divided into four main businesses:

- Audiovisual, which obtains revenue mainly from the broadcasting of advertising and audiovisual production of the Portuguese subsidiary Grupo Media Capital, SGPS, S.A.;
- Education, which includes primarily the sale of educational books and the services and materials related to the education systems;
- Radio, the main source of revenue from which is the broadcasting of advertising and, in addition, the organization and management of events and the provision of other supplementary services; and
- Press, which groups together mainly the activities relating to the sale of newspapers and magazines, advertising, promotions and printing;

Segment information about these businesses for 2014 and 2013 is presented below:

	AUDIOVISUAL (MEDIA CAPITAL)		EDUCATION		RADIO		PRESS		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Operating income	179,773	181,716	716,641	738,298	305,136	323,852	260,224	282,487	53,287	60,692	(60,333)	(36,885)	1,454,728	1,550,160
- External sales	177,940	173,104	709,974	736,800	296,894	313,992	221,107	258,366	41,338	42,964	7,475	24,934	1,454,728	1,550,160
- Inter-segment sales	1,833	8,612	6,667	1,498	8,242	9,860	39,117	24,121	11,949	17,728	(67,808)	(61,819)	0	0
Operating expenses	(147,338)	(152,314)	(631,496)	(657,808)	(280,314)	(300,583)	(281,818)	(282,658)	(163,884)	(130,520)	78,842	73,299	(1,426,008)	(1,450,584)
- Cost of materials used	(24,971)	(26,778)	(175,119)	(188,040)	(2,865)	(2,697)	(64,394)	(66,364)	(59)	(105)	6,826	4,210	(260,580)	(279,774)
- Staff costs	(45,179)	(49,943)	(169,140)	(163,882)	(106,306)	(114,448)	(74,208)	(74,849)	(38,408)	(46,272)	(1)	(2,906)	(433,242)	(452,300)
- Depreciations and amortisation charge	(8,477)	(9,396)	(60,189)	(60,157)	(9,619)	(12,227)	(14,572)	(10,276)	(9,681)	(13,717)	1	(1,514)	(102,537)	(107,287)
- Outside services	(67,510)	(65,922)	(201,465)	(215,374)	(150,213)	(159,868)	(120,167)	(124,181)	(43,215)	(37,507)	5,918	44,667	(576,652)	(558,185)
- Change in operating provisions	(1,191)	(238)	(13,779)	(23,725)	(2,287)	(5,290)	(2,484)	(3,496)	(48)	(212)	1	20	(19,788)	(32,941)
- Other expenses	(10)	(37)	(6,630)	(9,026)	(6,053)	(5,993)	(5,993)	(3,492)	(72,473)	(32,706)	66,097	28,822	(33,209)	(20,097)
Profit from operations	32,435	29,402	85,145	80,490	24,822	23,269	(21,594)	(171)	(110,597)	(69,828)	18,509	36,414	28,720	99,576
Finance income	147	574	4,365	3,352	554	1,249	3,643	4,084	261,518	104,816	(57,440)	(105,850)	212,787	8,225
Finance costs	(8,204)	(9,403)	(44,171)	(36,619)	(9,813)	(2,820)	(8,986)	(8,004)	(199,717)	(163,390)	34,316	34,667	(236,575)	(185,569)
Exchange differences (net)	352	(115)	(17,555)	1,770	1,838	(1,040)	(47)	136	(56)	0	28	28	(15,276)	380
Financial profit (loss)	(7,705)	(8,944)	(57,361)	(31,497)	(7,421)	(2,611)	(5,390)	(4,127)	61,937	(58,630)	(23,124)	(71,155)	(39,064)	(176,964)
Result of companies accounted for using the equity method	132	125	(16)	(82)	8,551	4,608	(36)	(6,097)	0	0	27,542	7,383	36,173	5,937
Loss from other investments	0	0	2	0	(43)	(352)	0	0	11,023	(522)	(11,116)	522	(134)	(352)
Profit before tax from continuing operations	24,862	20,583	27,770	48,911	25,909	24,914	(27,020)	(10,395)	(37,637)	(128,980)	11,811	(26,836)	25,695	(71,805)
Income tax	(8,388)	(6,901)	(21,802)	(25,465)	(19,251)	(38,696)	(7,314)	(2,952)	(91,339)	29,932	15,487	2,553	(132,607)	(41,529)
Profit from continuing operations	16,474	13,682	5,968	23,446	6,658	(13,782)	(34,334)	(13,347)	(128,976)	(99,048)	27,298	(24,283)	(106,912)	(113,334)
Profit after tax from discontinued operations	0	0	(104)	(107)	0	0	(466)	(12,109)	(1,003,877)	(588,306)	(1,198,557)	(315,495)	(2,203,004)	(916,017)
Consolidated profit for the year	16,474	13,682	5,864	23,339	6,658	(13,783)	(34,800)	(25,456)	(1,132,853)	(687,354)	(1,171,259)	(339,778)	(2,309,916)	(1,029,351)
Non-controlling interests	0	0	(58)	(116)	(4,219)	(5,283)	(872)	(1,599)	(12)	(23)	78,245	387,667	73,084	380,646
Profit attributable to the Parent	16,474	13,682	5,806	23,223	2,439	(19,065)	(35,672)	(27,055)	(922,893)	(613,442)	(1,093,014)	47,889	(2,236,832)	(648,705)
BALANCE SHEET														
Assets	332,042	334,616	613,360	619,644	430,604	465,644	185,720	236,566	5,513,064	6,317,717	(3,483,220)	(1,277,793)	3,591,570	6,696,394
- Non-current except investments accounted for using the equity method	187,429	191,684	253,364	260,841	235,265	270,550	83,021	103,105	2,954,323	5,182,246	(2,222,738)	(1,707,451)	1,490,664	4,300,975
- Investments accounted for using the equity method	5,145	5,072	0	(59)	49,956	38,673	(921)	(1,035)	0	0	(8,095)	592,482	46,085	635,133
- Current	139,468	137,860	359,996	358,862	145,327	156,360	103,620	134,496	575,007	1,135,471	(387,407)	(162,824)	936,011	1,760,225
- Assets classified as held for sale	0	0	0	0	56	61	0	0	1,983,734	0	(864,980)	0	1,118,810	61
Equity and liabilities	332,042	334,616	613,360	619,644	430,604	465,644	185,720	236,566	5,513,064	6,317,717	(3,483,220)	(1,277,793)	3,591,570	6,696,394
- Equity	134,888	128,529	88,093	92,231	230,793	235,928	67,388	65,106	1,221,019	1,422,142	(2,359,952)	(374,610)	(617,771)	1,569,326
- Non-current	111,954	85,647	186,416	172,771	55,814	57,330	13,278	46,723	3,303,107	3,816,771	(686,045)	(654,549)	2,984,524	3,524,093
- Current	85,200	120,440	338,851	354,642	143,997	172,386	105,054	124,737	367,412	1,078,804	(434,175)	(248,634)	606,339	1,602,375
- Liabilities classified as held for sale	0	0	0	0	0	0	0	0	621,526	0	(3,048)	0	618,478	0

*Others includes: Prisa Brand Solutions, Digital, Promotora de Informaciones, S.A., Prispriint, S.L., Promotora de Actividades América 2010, S.L., Prisa División Inmobiliaria, S.L., Prisa Inc., Prisa División Internacional, S.L.; Prisa Finance (Netherlands) BV, GLP Colombia, Ltda., Dédalo Grupo Gráfico, S.L. and Vertix, SGPS, S.A.

The next table breaks down the cash flow statement for the continuing operations by segment in 2014 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Audiovisual (Media Capital)	18,364	(5,233)	21	0	13,152
Education	112,469	(4,396)	(4,360)	(12,990)	90,723
Radio	17,065	(5,550)	(7,707)	(2,178)	1,630
Press	(10,555)	(766)	(7,418)	(60)	(18,799)
Others	(31,441)	484,000	(522,320)	(596)	(70,357)
Total	105,902	468,055	(541,784)	(15,824)	16,349

The next table breaks down the cash flow statement for the continuing operations by segment in 2013 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Audiovisual (Media Capital)	18,418	(2,623)	(11,517)	-	4,278
Education	75,834	(76,136)	(14,025)	(9,094)	(23,421)
Radio	27,703	(1,681)	(16,027)	(3,429)	6,566
Press	(32,477)	(1,324)	(7,521)	31	(41,291)
Others	(33,853)	(4,428)	141,665	(64)	103,320
Total	55,625	(86,192)	92,575	(12,556)	49,452

The next table breaks down the cash flow statement for the discontinuing operations (generated by DTS, Distribuidora de Televisión Digital, S.A.) in 2013 and 2014 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
2014	(116,883)	(43,333)	158,140	(1,135)	(3,211)
2013	83,584	(58,331)	(49,746)	1,214	(23,279)

The detail of capex for the continuing operations in 2014 and 2013 by business segment is as follows (in thousands of euros):

	2014			2013		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
Audiovisual (Media Capital)	4,910	257	5,167	2,194	477	2,671
Education	13,936	45,283	59,216	21,065	55,071	76,136
Radio	3,460	2,979	6,439	2,975	2,756	5,731
Press	927	2,065	2,992	719	2,456	3,175
Other	56	238	294	458	5,467	5,925
Total	23,289	50,822	74,111	27,441	66,227	93,638

The table below shows a breakdown of the investments of discontinued operations, i.e. by DTS, Distribuidora de Televisión Digital, S.A. in 2014 and 2013 with property, plant and equipment and intangible assets (in thousands of euros):

	2014	2013
Property, plant and equipment	10,961	17,506
Intangible assets	32,398	40,837
Total	43,359	58,343

The Group's activities are located in Europe and America. Operations in Europe are carried out mainly in Spain, although since 2005 the Group has expanded into Portugal. The activities in America are located mainly in Brazil, Mexico and Colombia.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

	Thousand of euros					
	Revenue		Other income		Profit/(loss) before non-controlling interests and tax	
	2014	2013	2014	2013	2014	2013
Europe	728,298	785,681	34,712	28,470	(62,184)	(168,591)
Spain	548,494	605,858	31,503	26,051	(90,670)	(189,894)
Rest of Europe	179,804	179,823	3,209	2,419	28,486	21,303
America	679,917	725,194	11,801	10,815	87,879	96,786
TOTAL	1,408,215	1,510,875	46,513	39,285	25,695	(71,805)

	Thousand of euros			
	Non- current assets (*)		Total assets	
	2014	2013	2014	2013
Europe	723,112	3,416,035	2,960,738	6,078,785
Spain	548,256	3,237,381	2,659,917	5,773,881
Rest of Europe	174,856	178,654	300,821	304,904
America	206,644	224,582	630,832	617,609
TOTAL	929,756	3,640,617	3,591,570	6,696,394

(*) Include property, plant and equipment, goodwill, intangible assets, investments accounted for using the equity method and other non-current assets.

19) TAX MATTERS

In Spain, Promotora de Informaciones, S.A., benefits from the special tax consolidation regime, in accordance with Corporation Tax Law, is the parent company of the group identified by the number 2/91 and composed of those subsidiaries (*see Annex I*) that meet the requirements provided for by legislation regulating the taxation of consolidated profits of corporate groups.

Meanwhile, DTS Distribuidora Televisión Digital, S.A. since 1 January 2011, is the parent company of the Group identified with the number 136/11 which is composed of all those subsidiaries that meet the requirements provided for by legislation.

During 2013, Promotora de Informaciones, S.A. increased its direct percentage share in the share capital of the company Prisa Radio, S.A., reaching a share of more than 75%, such that, having maintained this share throughout 2014, said company and those subsidiaries of Prisa Radio, S.A., in which Promotora de Informaciones, S.A. holds, directly or indirectly, more than 75% share, have been integrated, effective in 2014, into the consolidated tax group number 2/91, of which Promotora de Informaciones, S.A., is the parent company, terminating tax consolidation group number 194/09, of which Prisa Radio, S.A. was the parent company.

The company GLR Services, Inc., also forms its own Tax consolidation group in the United States made up of the set of subsidiaries which meet the requirements of this special tax regime.

The company Vertex, SGPS, S.A. and the subsidiaries meeting the conditions determined by Portuguese regulation, form a Tax consolidation group in Portugal.

The remaining subsidiaries of the Group, file their Tax returns individually, in accordance with applicable tax regulations in each country.

Both during this year and in previous years, some companies of the Group conducted or participated in company restructuring operations subject to the special tax neutrality regime, regulated under Chapter VIII of Heading VII, of the consolidated text of the Corporation Tax Law. The information requirements established under said regulation are shown in the

reports which are included in the financial statements of the relevant companies of the Group, corresponding to the year in which said operations were performed.

In previous years, several companies of the tax Group also benefited from the temporary reinvestment of extraordinary profit under Article 21 of the abolished Corporation Tax Act 43/1995. The information requirements prescribed by said regulation are fulfilled and can be found in the reports which are included in the financial statements of the relevant companies.

For Corporation Tax for the years 2011, 2012 and 2013 various companies in the Group allocated certain income for deduction due to reinvestment in extraordinary profit. The disclosure of this information required by applicable legislation can be found in the reports of the financial statements of the relevant companies in each of the years. Each one of them has complied with the requirement to reinvest the sales price, via acquisition of tangible fixed assets, intangible and financial assets, under the terms and conditions of the legislation.

In July 2014, when presenting Grupo Prisa's consolidated statement of Corporation Tax for the financial year 2013, as in previous years, certain companies in the Tax Group deducted losses due to impairment of representative securities of the companies' share capital from taxable income, for tax purposes with no accounting entry, as provided for under Article 12.3 of Corporation Tax Law. The information requirements prescribed by said regulation are fulfilled and can be found in the reports which are included in the financial statements of the relevant companies.

a) Reconciliation of the accounting and tax profit/loss

The following table shows, in thousands of Euros, the reconciliation of the profit/loss applying the general applicable tax rate in Spain, with the consolidated accounting profit/loss before tax of continue activities, determined under the International Financial Reporting Standards and the expenses due to Tax on Earnings recorded for financial years 2014 and 2013, corresponding to the Group under consolidated accounting.

	Profit and Loss account	
	2014	2013
IFRS CONSOLIDATED PROFIT/LOSS BEFORE TAX OF CONTINUE ACTIVITIES*	25,695	(71,805)
Tax payable amount at 30% **	7,709	(21,542)
Consolidation Adjustments	(2,573)	(5,711)
Temporally Differences	34,178	
Permanent Differences (1)	16,293	(1,432)
Losses carried forward	(3,136)	
Deductions and Allowances (2)	(3,314)	(4,175)
Impact of applying different tax rates (3)	5,149	9,234
CURRENT TAX ON EARNINGS	54,306	(23,626)
DEFERRED TAX ON EARNINGS	(32,562)	-
TAX ON EARNINGS 2014	21,744	-
TAX SETTLEMENT OF OTHER YEARS (4)	106,210	60,915
EXPENSE DUE TO FOREIGN TAXES (5)	3,170	3,447
EMPLOYEE PROFIT SHARING	1,683	1,893
TAX CONSOLIDATION ADJUSTMENTS	(200)	(1,100)
TAX ON TOTAL EARNINGS	132,607	41,529

* Brackets represent income

- (1) Permanent differences arise mainly from different accounting and tax record criteria of the expense derived from certain provisions, non-accountable income and non-deductible expenses. The effect of those companies which having generated losses, do not generate differed tax asset, has also been included.
- (2) The Spanish companies included in the consolidated accounting scope of Grupo Prisa, have applied a deduction for domestic double taxation, derived from dividends that are not removed by the consolidation process and international double taxation.
- (3) It corresponds to the effect derived from taxation at different tax rates, on the profits from American and European subsidiaries.
- (4) This refers to the effect on the profit and loss account of the regularisation of Corporation Tax of previous years and of the deferred taxes (as a consequence of the new Law 27/2014, of 27 November, Corporation Tax). This amount includes mainly, (i) the derecognition in the accounting of investment tax credits in the sum of 55 million Euros, as a consequence of the recovery analysis performed, applying accountancy regulation, (ii) the recognition of deferred tax assets on its balance sheet at the rate of 25% at which they are expected to be recovered, on the amount of 53 million Euros and (iii) the recognition of the deferred tax liabilities at the tax rate they are expected to be cancelled, with an impact as lower tax expense, amounting to 3 million Euros.
- (5) It is the amount of tax expenditure abroad and comes from retentions at origin on income derived from the various exports of services conducted by the Spanish companies in the Group and from dividends.
- (6) It is another component of the expense due to Tax on Earnings in some cases such as Mexico.

b) Differed Tax Assets and Liabilities

2014-

The following table shows the origin and sum of differed tax assets and liabilities, which are booked at the accounting year end 2014 and 2013, in thousands of Euros.

	DIFFERED TAX ASSETS ORIGINATING FROM:				
	31.12.2013	Additions	Withdrawals	Transfers	31.12.2014
Advance for tax disputes	35,740	5,152	(704)	5,687	45,875
Non-deductible financial costs	55,779	52,233	(17,628)	5,143	95,527
Depreciation and non-deductible provisions	9,311	22	(2,708)	(1,744)	4,881
Assets which cannot be capitalised	37				37
Pending losses	923,169	8,129	(31,387)	(768,093)	131,818
Activated deductions pending application	180,966	2,318	(63,482)	(11,856)	107,946
Others	37,712	1,874	(5,765)	1,441	35,262
Total	1,242,714	69,728	(121,674)	(769,422)	421,346

DIFFERED TAX LIABILITIES ORIGINATING FROM:				
	31.12.2013	Additions	Withdrawals	31.12.2014
Provisions for portfolio and goodwill	13,161	1,703	(1,350)	13,514
Differed due to reinvestment in extraordinary profit	4,642		(598)	4,044
Accelerated depreciation	908		(181)	727
Different tax or accounting allocation of revenues		32,214		32,214
Others	10,943	466	(1,895)	9,514
Total	29,654	34,383	(4,024)	60,013

2013-

DIFFERED TAX ASSETS ORIGINATING FROM:				
	31.12.2012	Additions	Withdrawals	31.12.2013
Advance for tax adjustments	26,532	9,208	-	35,740
Non-deductible financial costs	13,209	42,570	-	55,779
Depreciation and non-deductible provisions	12,298	6,737	(9,724)	9,311
Assets which cannot be capitalised	37			37
Pending losses	906,126	19,421	(2,378)	923,169
Activated deductions pending application	345,593	27,583	(192,210)	180,966
Others	40,074	1,116	(3,478)	37,712
Total	1,343,869	106,635	(207,790)	1,242,714

DIFFERED TAX LIABILITIES ORIGINATING FROM:				
	31.12.2012	Additions	Withdrawals	31.12.2013
Provisions for portfolio and goodwill	12,601	2,082	(1,522)	13,161
Differed due to reinvestment in extraordinary profit	5,176	-	(534)	4,642
Accelerated depreciation	957	-	(49)	908
Others	3,443	7,994	(494)	10,943
Total	22,177	10,076	(2,599)	29,654

The tax assets and liabilities on the consolidated balance sheet at accounting year end 2014 are booked at their estimated recovery or cancelation value.

There are no significant temporary differences derived from investments in subsidiaries, branch offices, associated companies and joint businesses, which generate deferred tax liabilities.

There are no significant sums derived from temporary differences associated with non-distributed profits generated by subsidiaries in jurisdictions in which different tax rates are applied, therefore no deferred tax liabilities have been recognised.

Within the breakdown of deferred tax assets, the most significant amounts correspond to (i) tax credits derived from carry forward losses, (ii) with deductions on the tax payable amount under Spanish Corporation Tax related to double taxation and investments (different from the deduction for export activity) and (iii) credits derived from limiting the deductibility of financial expenses mainly, from Prisa's tax consolidation group 2/91. It has been booked in accordance with the criteria defined in the assessment standards.

As a result of the modification of the tax rate of income tax, approved by Law 27/2014, of 27 November Corporation Tax, which reduces to 28 % for the year 2015 and 25% for the years 2016 and following the Company and its subsidiaries, have proceeded to recognize deferred tax assets and liabilities on its balance sheet at the rate at which expects to recognize or cancel. The accounting Group booked the impact of this measure in the sum of 50 million Euros in its profit/loss account.

Because of the change in rules that affect the application of tax deductions, measures introduced by the aforementioned amendment to the Law on Corporate Income Tax Law 27/2014 approved of 27 November, once performed the recovery analysis according to the accounting regulation, the Group companies have proceeded to terminate the accounts on its balance sheet (not for tax purposes) credits for investment tax credits totalling in the tax group of 55 million Euros.

The detail of the losses from previous years which may be offset against future profits arising from Spanish companies is shown below, in thousands of Euros, specifying the year of generation.

Year Incurred	Amount	Recognized	Not Recognized
1997	1,036		1,036
1998	17,059		17,059
1999	75,384		75,384
2000	64,702		64,702
2001	57,314		57,314
2002	85,696	131	85,565
2003	49,216	199	49,017
2004	65,620	254	65,366
2005	7,086	267	6,819
2006	6,405	244	6,161
2007	4,348		4,348
2008	13,342	145	13,197
2009	8,489	28	8,461
2010	3,611	63	3,548
2011	220,004	130,586	89,418
2012	389,879	295,953	93,926
2013	59,869	59,869	0
2014	300	0	300
Total	1,129,360	487,739	641,621

The detail of the carry forward losses, corresponding to foreign companies of the Group, is shown below, broken down by country, in thousands of euros:

Year Incurred	USA	MEXICO	BRASIL	CHILE	ARGENTINA	COLOMBIA	PORTUGAL	TOTAL
1997	103							103
1998	796							796
1999	4,799							4,799
2000	4,929							4,929
2001	3,997							3,997
2002	2,167							2,167
2003	3,540							3,540
2004	3,963							3,963
2005	3,728							3,728
2006	8,351	644						8,995
2007	6,331	232	221					6,784
2008	4,876	1,008	215					6,099
2009	6,310	508	102		546			7,466
2010	5,623	40	82	20	1,132			6,898
2011	7,480	518	886	66	814			9,764
2012	4,720	922	4,446		985	1,091	456	12,620
2013	5,723	1,693	11,425	5,927	1,792		624	27,185
2014	3,536	520	5,647	2,526	51			12,280
TOTAL	80,971	6,085	23,024	8,539	5,320	1,091	1,080	126,110
RECOGNIZED	82	1,652	20,676	8,253		1,091	1,080	32,834
NOT RECOGNIZED	80,889	4,433	2,348	286	5,320		0	75,572
Period for offset	20 years	10 years	No limit	No limit	5 years	No limit	4 and 5 years	

c) Years open to inspection

The years open to inspection related to the main taxes vary for the different consolidated companies, however they do generally consist of the last four financial years, with the exceptions which are presented below.

In financial year 2011, tax audit actions were initiated, related to Taxes on lotteries, tombolas, bets and random combinations, corresponding to years 2007 to 2010, for the company Prisa Televisión, S.A.U. (A company taken over during that year by Promotora de Informaciones, S.A.), which were finalised with the contested adjustment filed which gave rise to a settlement for the sum of 8,570, thousands Euros (tax payable plus interest), against which the Company filed an administrative economic claim before the TEAC. During this financial year, the Court granted a ruling partially admitting the petition, against which the Company filed an administrative dispute appeal before Spain's High Court, which on the date these financial statements were drafted, was pending Ruling. Nevertheless having filed the relevant appeals, the tax debt derived from this Adjustment was paid, accounted for, as a loan to the Treasury.

During financial year 2006, with the inspections finalised for years 1999, 2000, 2001 and 2002 corresponding to consolidated Corporation Tax and Value Added Tax, Retentions and Income into employment/professional accounts, returns from real estate capital and returns from goods and Income Tax for Non-residents (for the period June 2000 to May 2004). Against the settlement agreements, regarding Corporation Tax derived from aforementioned inspections, the relevant appeals and claims were filed. Both the resolutions by the TEAC and the rulings by Spain's High Court, partially admitted the petitions, despite which, the corresponding appeals for reversal were filed before the Supreme Court.

The appeals for reversal related to financial years 2001 and 2002, were inadmissible, for formal reasons, in the same way as the incidents of nullity submitted against the inadmissibility. The Company submitted the corresponding protection appeals before the Constitutional Court.

In the financial year 2013, the Company was informed of the rulings of the Supreme Court which partially granted the petition, ruling on the appeals for reversal regarding Corporation Tax of the years 2000 and 1999, confirming the Inspection criterion regarding the proposal to regularise the deduction due to export activity generated in Grupo Prisa during those years.

Against the settlements derived from the execution by the Tax Authorities of the rulings of the Supreme Court partially admitting petition, related to financial year 1999 (for the sum of 5,736 thousands Euros), financial year 2000 (7,461 thousands Euros) and the judicial decree of inadmissibility corresponding to financial year 2001 (17,069 thousands Euros), the Company filed the corresponding appeals and claims. On the date the financial statements were drafted, the rulings dismissing said appeals were received from the TEAC, which led the parent company to proceed to make provisions in that year for the sum of 15,001 thousands Euros, corresponding, mainly, to the interest derived from the proceedings. Nevertheless, the parent Company is going to proceed to file the corresponding administrative dispute appeals before Spain's High Court. The settlements are suspended and guaranteed.

In financial year 2010, the tax audit on consolidated Corporation Tax corresponding to the years 2003 and 2005 were finalised, with the corresponding contested Adjustment being filed and which includes a settlement for the sum of 20,907 thousands Euros (tax payable plus interest). A ruling dismissing the administrative economic claim was received from the TEAC and the Company proceeded to file an administrative dispute appeal before Spain's High Court, which on the date these financial statements were drafted, is pending ruling. The tax debt derived from the filing of this Adjustment, despite having been appealed, was met, and was accounted for, as a long-term loan to the Treasury.

The tax audit regarding Value Added Tax from June 2004 to December 2006 concluded with adjustments thereon being filed for the sum of 909 thousand Euros which was paid in 2010 and with the contested adjustment filed for the sum of 5,416 thousands Euros, against which the economic administrative claim was filed before the TEAC which partially admitted the petition and against which the Company filed an administrative dispute appeal before Spain's High Court, which on the date the financial statements were drafted, was pending ruling. The tax debt derived from this Adjustment, despite having been appealed, was met, and was accounted for, as a long term loan to the Treasury. During this financial year, the Tax Authorities, declared ruling partially admitting the petition, which led to the 704 thousands Euros being returned to the Company.

During 2013, the inspections of the Tax Consolidation Group for Corporation Tax corresponding to financial years 2006 and 2008 were finalised with the contested adjustment filed for the sum of 9 thousands Euros, a sum which was paid by the Company, while not agreeing with the criteria employed by the inspection for the regularisation, an economic administrative appeal was filed before the TEAC, which is pending resolution. The settlement agreement included the regularisation by the Inspection for the entire sum of the deduction for export activity generated during that period.

The check on the individual Corporation Tax for the financial year 2008 for the entity, Sociedad Española de Radiodifusión, S.L. was finalised with an adjustment being filed for the sum of 219 thousands Euros, which was paid. Regarding this administrative action, the company filed the corresponding Economic Administrative Claim before the TEAC, which is pending resolution.

Regarding Value Added Tax corresponding to the period June 2007 to December 2008, the tax audit finalised in the financial year 2013, with the two adjustments filed, one for the sum of 539 thousands Euros, and the other for the sum of 4,430 thousands Euros which have been both submitted for economic administrative claims before the TEAC and are pending resolution. However, having filed the relevant appeals, the tax debt derived from these Adjustments has been paid during this financial year, accounted for, as a loan to the Treasury.

During the financial year, the partial tax audit, related to Retentions/income on account for personal/professional work, for the period 2009 to 2011 related to certain companies of the group, with adjustments thereon being filed totalling 980 thousands Euros that have been paid during the year.

In 2013 partial tax audits were conducted relating to income tax for 2008 of the consolidated tax group 225/04, of which Dédalo Grupo Gráfico, S.L., was the parent during that year. The aforementioned tax audits were concluded with the issuance of a notice signed on a contested basis, without the issuance of any tax payable and in which the tax loss carry forwards that arose prior to the inclusion of Dédalo Offset, S.L. in the tax group were adjusted (subsidiary in that year, which separated from the tax group in 2012), amounting to 10,167 thousand Euros. Since the parent of this Group did not maintain the examination criteria, it filed the appropriate plea which is pending of resolution. As a consequence of said regularisation, a sanction was also imposed on the Company for the sum of 1,525 thousands Euros, against which the corresponding administrative economic claim was filed which is pending resolution by the TEAC.

During the year, tax audit were initiated in the Tax Consolidation Group 2/91, of which Promotora de Informaciones is the parent company, and in Tax Consolidation Group 194/09, of which Prisa Radio, S.A. was the parent company for Corporation Tax for the financial years 2009 to 2011. Said Inspection also covers Value Added Tax, related to Retentions/income on account for employment/professionals and Retentions on account for Taxation of non-residents for the period May 2010 to December 2011.

The Company and the entity Sociedad Española de Radiodifusión, S.L., in previous years, assessing the two rulings by the Supreme Court (related to financial years 1999 and 2000), which admit the criterion of the Authorities regarding regularisation of the deduction for export activity and insofar as virtually the entire sum of said deduction for export activity was questioned in the inspection of the Tax Group corresponding to Corporation Tax for the period 2003-2005 and in the inspection for the period 2006-2008 proceeded to regularise the entire deduction generated under this item. On the date the annual financial statements were drafted, the entire sum of the deduction for export activity generated by the group and questioned by the inspection was written off or is provisioned.

To this effect, a provision of EUR 46,103 thousands, for the sum of the deduction applied in previous years is maintained and deferred tax assets have been written off in the sum of 191,661 thousands Euros, corresponding to the amount pending deduction (*see note 13*).

On the date the annual financial statements were drafted, the entire sum of the deduction for export activity generated by the group and questioned by the inspection, was written off or is provisioned.

Similarly, the balance of "*Provision for Taxes*" includes an additional sum up to 33,106 thousands Euros (of which, EUR 15,001 thousands have been booked by the Parent Company in the financial year) to cover the estimated unfavourable decisions from the different tax proceedings related above (*see note 13*).

It is not expected that the Company shall have to bear additional liabilities, as a result of the current or of a potential future inspection.

20) ALLOCATION OF RESULTS

The proposal for the allocation of the loss of Promotora de Informaciones, S.A. for 2014 is as follows (in thousands of euros):

	Amount
Basis of appropriation	
Loss for the year	(912,696)
Distribution-	
Prior year losses	(912,696)

21) EARNINGS PER SHARE

Basic earnings/(loss) per share was calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares in circulation during the period.

The impact on the number of ordinary shares of the share subscription rights (warrants) and the conversion of Class B shares is antidilutive. Therefore, basic and diluted earnings per share amounts are the same.

The basic earnings (loss) per share attributed to equity holders of the Parent corresponding to continuing and discontinued operations in 2014 and 2013 were the following:

	Thousands of euros	
	12/31/2014	12/31/2013
Profit/(loss) for the year from continuing operations attributable to the Parent	(33,828)	267,314
Profit/(Loss) after tax from discontinued operations attributable to the Parent	(2,203,004)	(916,017)
Profit/(loss) for the year attributable to the Parent	(2,236,832)	(648,703)
Weighted average number of ordinary shares outstanding (thousands of shares)	1,612,114	1,011,450
Basic earnings/(loss) per share of continuing operations (euros)	(0.02)	0.26
Basic earnings/(loss) per share of discontinued operations (euros)	(1.37)	(0.91)
Basic earnings/(loss) per share (euros)	(1.39)	(0.64)

In 2013, considering the same weighted average number of ordinary shares outstanding than in 2014, basic loss per share of continuing operations was 0.17 euros and of the discontinuing operations was 0.57 euros.

Weighted average number of ordinary shares outstanding in 2014 and 2013:

	Thousands of shares	
	2014	2013
Ordinary shares at December 31	1,052,660	991,323
Share capital increases	564,225	22,514
Weighted average of treasury shares	(4,771)	(2,387)
Weighted average number of ordinary shares outstanding for basic earnings per share	1,612,114	1,011,450

22) RELATED PARTY TRANSACTIONS

The detail of the balances receivable from and payable to associates and related parties in 2013 and 2012 is as follows:

	12/31/2014		12/31/2013	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Trade receivables	3,550	57,719	13,083	14
Receivables- loans	17,111	25,000	21,752	-
Total receivables	24,175	82,719	34,835	14
Trade payables	1,983	11,155	3,171	10
Payables- loans	193	852,384	-	-
Total payables	2,176	863,539	3,171	10

The transactions performed with related parties in 2014 and 2013 were as follows (in thousands of euros):

	12/21/2014			12/31/2013	
	Directors and executives	Group employees, companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities
Services received	90	3,486	10,926	2,717	15,854
Finance expenses	-	-	34,230	-	-
Other expenses	18,769	104	9,132	12,426	1,515
Total expenses	18,859	3,590	54,288	15,143	17,369
Finance income	-	1,655	314	-	113
Dividends received	-	4,496	-	-	4,021
Provision of services	-	13,568	188,990	-	91,527
Other income	-	782	2,215	-	5,421
Total revenues	-	20,501	191,519	-	101,082

All related party transactions have taken place under market conditions.

The aggregate amount of EUR 18,769 thousand relates to the accrued salaries of directors (*see note 23*) and executives.

Senior management compensation-

The total aggregate compensation of members of senior management in 2014, of Promotora de Informaciones, S.A. and other companies in the Group amounts to EUR 4,682 thousand (EUR 6,209 thousand in 2013) and will be paid in the short term.

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

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

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

- i) The theoretical annual variable compensation of executives if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- ii) the accounting adjustment made after the settlement, in 2014, of the long-term variable remuneration for the cycle I (period 2011/2013) of ILP 2011.
- iii) the accounting provision of long-term variable remuneration corresponding to the cycle II (period 2012/2012) of ILP 2011, which will be settled in shares in 2015.
- iv) the accounting provision of long-term variable ILP approved by the Ordinary Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into common shares of the Company and cash.

Transactions between Group employees, companies or entities-

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

The aggregate amount of EUR 4,496 thousand is mainly accounted for by dividends received by Sociedad Española de Radiodifusión, S.L. from its stake in Sistema Radiópolis, S.A. de C.V.

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

Transactions between with significant shareholders -

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

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

The detail of other transactions performed with related parties in 2014 and 2013 is as follows (in thousands of euros):

	12/31/2014			12/31/2013		
	Significant shareholders	Group employees, companies or entities	Other related parties	Significant shareholders	Group employees, companies or entities	Other related parties
Financing agreements: loans granted	-	17,111	-	-	21,752	-
Financing agreements: loans received	858,707	193	-	-	-	-
Financing agreements: capital contributions	456,217	-	-	-	-	-
Guarantees provided (see note 24)	-	-	-	-	-	6,459
Guarantees and collateral received	9,848	-	-	-	-	-
Dividends and other distributed profits	-	-	-	-	-	-
Sale of financial assets	719,086	-	-	-	-	-
Other transactions	26,187	-	-	-	-	-

Transactions between Group employees, companies or entities-

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

Transactions with significant shareholders-

The aggregate amount of EUR 858,707 thousand is mainly accounted for the loans granted by Banco Santander, S.A., Caixabank, S.A., HSBC Holding, PLC and Morgan Stanley to Promotora de Informaciones, S.A. in the amount of EUR 836,633 thousand (see Note 12b).

The aggregate amount of EUR 456,217 thousand includes the capital contributions of Banco Santander, S.A., Caixabank, S.A., HSBC Holding, PLC and Monarch Master Funding 2 (Luxembourg SARL) arising from the mandatory bond conversion, and the share capital increase subscribed by Occher (*see note 11*).

Finally, the aggregate amount of EUR 719,086 thousand includes the estimated selling price of 56% of DTS in the agreement signed with Telefónica de Contenidos, S.A. (*see Note 3 - Other significant operations*).

23) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2014 and 2013, the consolidated companies registered the following amounts in respect of remuneration to Prisa's Board members:

	Thousands of euros	
	12/31/2014	12/31/2013
Fixed remuneration	2,235	2,068
Variable remuneration	3,850	2,281
Attendance fees	485	465
Bylaw-stipulated directors' emoluments	1,349	1,348
Other	6,168	55
Total	14,087	6,217

Regarding the 2014 financial year:

i) The overall compensation of the Board of Directors includes:

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

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

The differences are given by the following:

- Annual variable compensation (bonus): the table above includes the reflection of the amount corresponding to theoretical annual variable compensation of the directors if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- Long-term variable remuneration of the executive directors Mr Manuel Polanco Moreno and Mr. Jose Luis Sainz Diaz, corresponding to cycle I (period 2011/2013) of ILP 2011, which was settled by shares in 2014 (*see note 15*). The accounting expense recorded in the year 2014 amounted to - EUR 64 thousand and is included in the above table. This amount is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- Long-term variable remuneration of the director Mr. Jose Luis Sainz Diaz, corresponding to cycle II (period 2012/2014) of ILP approved in 2011, which will be settled in shares in 2015 (*see note 15*). The above table includes the accounting provision of EUR 58 thousand in the year 2014. The Annual report on Remuneration of Directors reflects the accrued remuneration in the year 2014, which will be liquidated in 2015.
- Long-term variable remuneration (long-term incentive) of the executive director Mr. Manuel Polanco Moreno, authorized by the Annual Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into ordinary shares of the Company and cash, depending on their level of responsibility and contribution to the Group's results in variable remuneration linked to the fulfillment of long-term goals. The above table includes the accounting expenses of EUR 75 thousand for the year 2014 (*see note 15*) and is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- Long-term variable remuneration of the executive director Mr. Jose Luis Sainz payable in shares of PRISA, subject to compliance with the strategic plans of the Company and their personal performance for the periods 2014-2016. In the income statement for the year 2014 is recorded an expense amounting to EUR 167 thousand (*see note 15*) and is not declared in the Report on Remuneration of Directors, within the remuneration accrued in the year 2014.
- The Executive Chairman, Mr. Juan Luis Cebrián Echarri, is entitled, from 2014, to an annual contribution of EUR 1,200 thousand, as retirement bonus, which will be delivered to Mr. Cebrián in full at the end of his contract (31 December 2018), and will be vested even in the event of early termination of the contract. The Company has entered a provision covering the total amount of the retirement bonus (EUR 6,000 thousand) since it has been accrued. This amount is not declared in the Annual

Remuneration Report of the Directors, within the remuneration accrued in the year 2014.

- o Accounting expense amounting to EUR 250 thousand as variable multiyear incentive of the CEO, Juan Luis Cebrian Echarri, which will be payable in shares of Prisa, in January 2016, subject to certain conditions (*see note 15*). This amount is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2014.

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

Information regarding conflict of interest situations of directors-

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2014, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed of the following activities engaged in by members of the Board of Directors, and certain persons related thereto, in companies engaged in activities of the same or an analogous or complementary kind as the one constituting the purpose of the Company or the companies in its Group:

Director	Activity	Person related to the Director	Activity
Juan Luis Cebrián Echarri	Director of the following companies: Le Monde, Le Monde Libre and Societe Editrice Du Monde.	Daughter	Advice and consulting activities on audiovisual and entertainment matters.
Gregorio Marañón	Chairman of Universal Music Spain, S.L.		
Arianna Huffington	Chairman and Director of "The Huffington Post Media Group". 0.01% interest in the share capital of AOL Inc.		
John Paton	CEO of Digital First Media and Director of Guardian Media Group.		
Jose Luis Leal Maldonado	0.05% interest in the share capital of Punto y Seguido, S.A.		
Alain Minc	Director of Caixabank, S.A. (significant shareholder of PRISA and one of the PRISA creditor banking institutions with which the Company's refinancing was signed).	Son	Editor of "Version Femina", "Paris Match" and "Journal du Dimanche" (published by Lagardère Group).
Claudio Boada	Senior Advisor of HSBC in Spain and Portugal (significant shareholder of PRISA and one of the PRISA creditor banking institutions with which the Company's refinancing was signed).		

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, the following Directors of Promotora de Informaciones, S.A. are members of management bodies of certain companies in the Prisa Group: Juan Luis Cebrián Echarri, Jose Luis Sainz Díaz, Manuel Polanco Moreno, Arianna Huffington and John Paton.

24) GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2013, Prisa had furnished bank guarantees amounting to EUR 118,971 thousand mainly in relation to the tax assessments issued by the tax authorities that were signed on a contested basis (EUR 31,530 thousand) and litigation for football rights (EUR 50,000 thousand)(see Note 27).

On 25 July 2014, Prisa reduced the amount of the first-call guarantee granted on 15 June 2011 in favour of Cisco Systems Capital Spain, S.L. to a maximum amount of USD 17,500 thousand. The amount was reduced by Prisa in connection with reduction of the amount of the revolving lease contract from USD 80,000 thousand to USD 40,000 thousand, drawn up between DTS, Distribuidora de Televisión Digital, S.A. and Cisco Systems Capital Spain, S.L. in connection with the lease, development and rental of advanced television-signal decoders for Canal+ and termination of the credit agreement drawn up by the same parties.

To enforce the guarantee, it shall suffice for Cisco Systems Capital Spain, S.L. to inform Prisa that a breach has taken place and to indicate the amount owed, in which event Prisa undertakes to pay the amount requested within 15 calendar days. The maximum amount guaranteed may be claimed either in whole or in part and on one or more occasions and, if the case should arise, the maximum amount will be reduced in accordance with the payments that have been made, and the guarantee on the amount pending shall remain in effect.

The guarantee is irrevocable and it is furnished in a non-specific manner and irrespective of the legal relationship between Cisco Systems Capital Spain, S.L. and DTS, Distribuidora de Televisión Digital, S.A.; hence, it shall be payable upon a simple request, when the first written demand is received, with no need to evidence a prior claim or to bring any action against DTS, Distribuidora de Televisión Digital, S.A. The guarantee shall remain in force until the complete discharge of the obligations covered by it. The amount guaranteed by Prisa at December 31, 2014 was EUR 13,462 thousand.

The guarantee shall be extended and shall cover any extension or broadening of or amendment to the aforementioned guaranteed contracts, and there shall be no need to notify Prisa of such extensions, broadening or amendments.

The Company's directors consider that the possible effect of the guarantees provided on the accompanying consolidated income statements would in no case be material.

25) FUTURE COMMITMENTS

DTS, Distribuidora de Televisión Digital, S.A. and the Media Capital Group have entered into purchase and sale agreements with various suppliers and consumers for future program broadcasting rights and the exploitation of image rights and sports rights. These commitments partially cover the DTS and Media Capital Group companies' programming needs in the years indicated.

By virtue of an agreement entered into with Indra on December 23, 2009, Prisa assumed payment commitments totaling EUR 267,225 thousand with this company for seven years. In 2012, the scope of the project changed, affecting the service in Latin America and Spain, and certain criteria for the invoicing of services were modified, while the straight-line in arrears model was replaced with a consumption-based model. As a result of these changes, the amount of the future commitments initially agreed on has also changed. The amount invoiced during 2010-2014 amounted to EUR 139,020 thousand and the estimated future new commitments for the remainder of the contract to EUR 86,733 thousand.

Future Commitments also included the amounts derivate for the agreement reached with 3i Group, plc. for purchase by Prisa Radio, S.A. of 3i Group plc treasury shares.

At December 31, 2014, the Group had euro and foreign currency payment obligations and collection rights for a net amount payable of approximately EUR 736,079 thousand. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of euros
2015	455,073
2016	134,088
2017	96,304
2018	11,689
2019	38,252
2020 and subsequent years	673
	736,079

Of the total amount of future commitments, EUR 592,484 thousand were accounted for by DTS, Distribuidora de Televisión Digital, S.A.

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfil all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

Past-due payments to creditors-

Past due payments to creditors corresponds to those Spanish creditors (excluding suppliers of non-current financial assets or finance-lease creditors) who are paid after 60 days. This also includes payables to suppliers with which certain Group companies are involved in unresolved litigation.

At December 31, 2014, trade payables over 60 days past due for the Spanish Group companies amounted to EUR 200,622 thousand (trade payables at December 31, 2013 amounted to EUR 210,633 thousand).

The detail of payments made in 2014 and in 2013 is as follows:

	2014		2013	
	Thousands of euros	%	Thousands of euros	%
Past-due more than 60 days	450,439	27.70	420,885	24.71
Others	1,175,894	72.30	1,282,495	75.29
Total payments	1,626,333	100	1,703,380	100
Weighted Average Number of Days Past-Due (DSO)	110		98	

Of the total payments, EUR 1,216,589 thousand were accounted for by DTS, Distribuidora de Televisión Digital, S.A., and the weighted average number of days past-due was 131 days.

The unpaid amount whose deadlines exceed the maximum legal period established in Spain is due partly to the suppliers with which the company has reached agreements for the deferral and instrumentation, where applicable of the payments.

26) ONGOING LITIGATIONS AND CLAIMS

With respect to the litigation in which Prisa Televisión, S.A.U. ("Prisa TV"; currently Prisa¹) has been involved with various cable operators (Auna, Telecable Asturias, Tenaria, Euskaltel, R Telecomunicaciones de Galicia and R Telecomunicaciones de Coruña), all related to the outcome of different arbitration claims filed by these operators before the former Telecommunications Market Commission [*"Comisión del Mercado de las Telecomunicaciones"* (CMT)], claiming the right to receive an offer enabling them to commercialize various channels, which at the time were supplied by Sogecable, S.A. (which subsequently became Prisa TV and is currently Prisa) to its subscribers, Prisa reached various transactional

¹ All references to Prisa TV will be deemed as made to Prisa; on 31 July 2013 the public deed of merger by absorption between Prisa (as absorbing company) and Prisa TV (as absorbed company) was recorded at the Commercial Registry of Madrid. As a result of the merger, Prisa TV has been wound up without liquidation and a block transfer of its entire assets has been made to Prisa under universal succession. Consequently, Prisa has subrogated the position that Prisa TV would respectively hold in any such claims, proceedings, suits or litigation.

agreements, with which it has put an end to its litigation with these cable operators except for the one relating to R Cable and Telecomunicaciones de Galicia, in which the Provincial Court of Madrid, in an order dated 7 March 2014, held in favour of the operator's appeal and reversed the decision of Madrid Commercial Court no. 5, quantifying the damages caused to the said cable operator at €2,418,000, an amount from which €545,000, the amount paid at the time by Prisa in compliance with the Commercial Court's original ruling, must be deducted. The said ruling has not yet been given effect to.

On 24 July 2006 Audiovisual Sport, S.L. ("AVS"), Sogecable, S.A.U. (now Prisa), TVC Multimedia, S.L. and Mediaproducción, S.L. ("Mediapro") reached an agreement for the exploitation of the Football League rights for the 2006/07 season and subsequent seasons. The main object of this agreement was to maintain the televised football exploitation model that had allowed, under AVS' coordination, the broadcasting of all League matches in a peaceful, stable and orderly manner since 1997.

In that agreement, the parties agreed to provide AVS with all agreements governing the rights of various football Clubs for their joint exploitation by the latter company. In addition, it was also agreed to sell to Mediapro the rights for the exploitation of freeview television and the exploitation rights in international markets, as well as Mediapro's entry into AVS's share capital.

Following Mediapro's repeated breaches of the agreement from the moment immediately following its signature, and its failure to pay the amounts owed to AVS, the latter filed a lawsuit against Mediapro on 3 July 2007, which was extended on 31 July 2007.

On 28 September 2007 Mediapro replied to the claim and issued a counter-claim against the other signatories of the agreement of 24 July 2006, claiming that it was void.

On 8 October 2007 Madrid Court of First Instance no. 36 granted the interim measures requested by AVS against Mediapro, holding that the First Division Clubs' rights relating to the 2007/2008 season to which the application for interim measures related belonged to AVS, and also resolving that "Mediapro be forbidden, during the 2007/08 football season, to make any disposal of exploitation of the audiovisual rights assigned to AVS, except for any legitimate use of said rights further to the legal relationship arising from the Agreement of 24 July 2006". In compliance with the said order, AVS submitted to the Court a guarantee for the sum of €50 million to secure compliance with its contractual obligations. The order of 8 October 2007 was revoked by the Provincial Court of Madrid in July 2008, and the above mentioned guarantee remains at the disposal of the Court of First Instance until the end of the proceedings for the settlement of damages, which are subject to the final resolution of the main proceedings.

In addition, in its judgment of 15 March 2010, the Court fully upheld the claim filed by AV, dismissing the counter-claim brought by Mediapro against AVS, Prisa and TVC. In its judgment, the Court ordered Mediapro to pay AVS more than €95 million by way of outstanding amounts owed to AVS under the provisions of the agreement of 24 July 2006, as well as by way of damages arising from the above mentioned breaches. The judgment also ordered Mediapro to provide AVS with the contracts concluded by the latter with the football clubs and to inform them of the assignment of those contracts in favour of AVS.

Mediapro appealed against this judgment (*recurso de apelación*), and AVS requested its provisional enforcement on 9 June 2010. In an order issued on 21 June 2010, the Court dispatched the enforcement requested, although the enforcement was suspended following the application and subsequent declaration of Mediapro's bankruptcy, which is being dealt with by Barcelona Commercial Court number 7 (bankruptcy number 497/2010).

In a ruling dated 14 November 2012, the Provincial Court of Madrid essentially confirmed the lower court's judgment, finding in favour of Mediapro's appeal only with regard to the length of the contract of 24 July 2006, which it declared terminated at the end of the 2008/2009 season.

AVS filed an appeal to the highest instance (The Supreme Court) and alleging a procedural infringement against the said judgment. The Supreme Court, in its judgment dated 9 January 2015, partially admits the first argument of the Mediapro appeal for procedural infringement and condemns Mediapro to pay AVS €32 million plus interests. The judgment enters into the question not solved in the Provincial Court of Madrid in relation to the claim of nullity of the clause fifth of the Agreement dated 24 July 2006. The Supreme Court declares that the ruling of the *Audiencia Nacional* dated 22 May 2013, which is firm and confirms the Ruling of the CNC dated 14 April 2010 that declares the nullity of the clause fifth of the Agreement dated 24 July 2006, is contrary to article 1 of the LDC. The consequence is the entire nullity of the Agreement. Moreover, the ruling extends the effects of such nullity to the clause fifth of the Agreement, since all clauses of the agreement tried to restring the competition.

In the context of the bankruptcy, AVS filed a new claim against Mediapro before Barcelona Commercial Court no. 7, claiming €97 million for damages not covered in the judgment of 15 March 2010.

The said proceedings are currently suspended as a result of the Commercial Court Judge holding, in an order dated 22 September 2010 and appealed against by AVS, that they were subject to a preliminary ruling on civil matters. The Provincial Court has confirmed the Court's ruling, and the proceedings will therefore remain suspended until the preliminary matter has been resolved.

AVS also brought other incidental claims in the bankruptcy proceedings, which have been dismissed in a number of different rulings.

On 15 July 2011 Barcelona Commercial Court no. 7 approved Mediapro's advanced agreement proposal (consisting of a wait of 35 months to collect the bankrupt company's debts, without any debt reduction).

AVS brought an incidental claim opposing the court's approval of the agreement (bankruptcy proceedings incident no. 521/2011). On 23 December 2011 Barcelona Commercial Court no. 7 issued a ruling dismissing AVS' objection, confirming the approval of the advanced agreement proposal, cancelling the effects of the bankruptcy, and setting 23 April 2012 as the effective date of the agreement.

AVS filed an appeal (*recurso de apelación*) against the judgment of Barcelona Commercial Court no. 7, which was dismissed by the Provincial Court of Barcelona in its ruling of 17 December 2014.

In addition, the Provincial Court of Barcelona, in a ruling dated 14 January 2013, dismissed AVS' appeal, confirming that Imagin's credit was an ordinary credit (Mediapro is a guarantor of Imagina in that syndicated loan). This classification allowed Mediapro to reach the necessary majority for the approval of its advanced agreement proposal. The Provincial Court of Barcelona's judgment of 14 January 2013 has been appealed against to the highest instance (*recurso de casación*), and the Supreme Court has not yet ruled on it.

However, in an order dated 30 September 2013, the Provincial Court of Barcelona overturned a ruling of Barcelona Commercial Court no. 7 and granted AVS the interim measures requested by way of security for up to €230 million in relation to a number of standby loans, without requiring AVS to provide its own bond.

This means that, at the end of the 35 months' waiting period stipulated in the approved agreement, Mediapro must either pay that amount into Barcelona Commercial Court no. 7's allocations account or guarantee its payment by providing a bank guarantee, all this as the contingency affecting AVS' loans disappears, and the end result of the amount deposited or guaranteed will then be subject to the outcome of the various lawsuits. Mediapro filed a motion for dismissal of the proceedings on the grounds of invalidity in relation to the order issued by the Provincial Court of Barcelona on 30 September 2013, a request that was expressly rejected in an order issued on 18 December 2013 by the aforementioned Provincial Court.

On 15 September 2014 Mediapro filed a new incidental claim in the bankruptcy proceedings requesting the lifting or, alternatively, the modification, of the interim measures granted by the Provincial Court of Barcelona in its order of 30 September 2013. This motion is being dealt with by Barcelona Commercial Court no. 7.

On the other hand, the contract for the sale of shares concluded between the member Televisió de Catalunya Multimedia, S.L., Televisió de Catalunya, S.A., Prisa and AVS on 15 October 2009 also provided for the abandonment of all ongoing court cases in which any of these companies or their legal representatives were parties as defendants. At present, the said contract is still awaiting the authorisation of the *Generalitat de Catalunya* Government, as its effectiveness was made subject to such authorisation.

By means of a resolution adopted by the former Investigation Directorate of the Spanish Competition Commission [*"Comisión Nacional de Competencia"* (CNC), currently *"Comisión Nacional de los Mercados y la Competencia"* (CNMC)] on 7 December 2012, it was agreed to file sanctioning proceedings for conduct forbidden in Articles 1 and 2 of the Spanish Competition Act [*"Ley de Defensa de la Competencia"* (LDC)], and Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU) against DTS, Distribuidora de Televisión Digital, S.A. ("DTS"), Telefónica S.A. and Mediapro, in relation to the commercialization of Canal+ Liga and Canal+ Liga de Campeones, under reference number S/0436/12. The petition for an agreement to terminate the proceedings, according to the commitments proposed by DTS to which Telefónica, S.A. adhered, has been rejected by a resolution dated 29 March 2014

issued by the Antitrust Division [*"Sala de Competencia"*] of the CNMC, who has requested the Investigation Directorate to pursue the proceedings.

DTS filed a contentious-administrative appeal against this resolution of the CNMC before the *Audiencia Nacional*, in which it also requested the suspension of the ruling forming the subject matter of the appeal. On 6 November 2014 the CNMC resolved to temporarily suspend the processing of the disciplinary proceedings until the *Audiencia Nacional* has resolved on DTS's request for suspension in the above mentioned contentious-administrative appeal. On 19 January 2015, the *Audiencia Nacional* has denied the suspension of the contentious-administrative appeal.

Pursuant to the provisions established in the agreement signed on 31 July 2013 by DTS and Mediapro, DTS has subjected to arbitration conducted by the International Court of the International Chamber of Commerce in Paris the resolution of its current dispute with Mediapro regarding "effective verification" of the purchase cost of the respective "audiovisual rights", provided by DTS and Mediapro under the agreement of 16 August 2012; this agreement regulates the television exploitation of the First and Second Division League National Championship and Copa de S.M. el Rey (except the final) for the 2012/2013 - 2014/2015 seasons, both inclusive.

In its claim, filed on 19 August 2013, DTS is requesting that the Court, depending on the outcome of this verification, definitively establish the amount of consideration and payments to be made by DTS and Mediapro for the three sports seasons regulated in the agreement of 31 July 2013, including in its arbitral award any adjustments required in such consideration and payments, as well as ordering a return to DTS of the excess amount paid during the seasons already completed at the delivery date of the arbitral award, together with default interest. Mediapro responded to this claim by in turn filing a counter-claim against DTS requesting, amongst others, that effective verification of the costs be limited to the first two seasons of the three foreseen in the agreement of 16 August 2012. DTS has replied to this claim.

In addition and following the due diligence carried out by the experts appointed by the parties for that purpose, on 10 July 2014 DTS and Mediapro filed their claim and counterclaim respectively, which were answered in respective pleadings dated 9 September 2014. The conclusions hearing took place on 19 November 2014.

Additionally, on March 20, 2014 DTS requested the adoption of cautionary measures against Mediapro consisting in, as main request, the delivery of a guarantee in favour of DTS for €109,784,000 to secure the compliance of a possible sentence to a refund of any premium or adjustment already paid by DTS (from the start of the 2012/13 season and the submission of the application), and, as an additional request, the delivery of another guarantee of €71,659,000 to meet the performance of an eventual sentence to a refund of any premium that DTS might pay Mediapro from the submission of the application until the conclusion of 2014/15 season.

On 25 July 2014 the Arbitral Tribunal rejected the application for interim measures submitted by DTS but ordered Mediapro to provide DTS, by 15 August 2014, with a written statement

by FUTMEDIA GESTIÓN DE DERECHOS, S.L. (“FUTMEDIA”) in which the latter company accepts a joint and several obligation with Mediapro to pay DTS, if ordered to do so in proceedings, the cost of any rights other than the “LFP audiovisual rights” set out in the contract concluded between Mediapro and FC Barcelona (contract of 9 June 2012). FUTMEDIA provided DTS with a letter dated 1 August 2014 with the content ordered by the Court. After the conduct of the proceedings, all that remains is for the arbitral award to be issued.

Furthermore, DTS has claimed from Cableuropa, S.A.U. (ONO) an amount of EUR 3,453 thousand to a partial breach of the payment obligation foreseen in the agreement signed by DTS and ONO on 28 September 2012, allowing a non-exclusive broadcasting in ONO’s television services of “Canal+ Liga” over the 2012/13 to 2014/15 seasons, both inclusive. First Instance Court No. 46 in Madrid was initially entrusted with the matter, but ONO submitted a declinatory plea based on territorial incompetence and by order dated February 20, 2014, the Madrid Court has found the POZUELO DE Alarcón First Instance Courts competent.

In its reply to the claim, ONO announced the existence of another claim filed by it against DTS in the Commercial Courts of Madrid regarding the legality of the guaranteed minimum specified in the abovementioned 28 September 2012 agreement. This claim has been entrusted to Commercial Court No. 3 in Madrid, where admission of the claim is pending.

In an order dated 7 July 2014, Pozuelo de Alarcón Court of First Instance no. 1 resolved to suspend the proceedings initiated by DTS until a final judgment has been issued in the proceedings conducted by Madrid Commercial Court no. 3, on the grounds that they are subject to the resolution of a civil issue in the claim brought by ONO against DTS.

In the ordinary proceedings being conducted by Madrid Commercial Court no. 3, DTS has brought a counter-claim against ONO in which it asks the Commercial Court to hold that DTS’ actions when specifying the minimums guaranteed in its contract with ONO were in accordance with the law, claiming a payment of €16,749 thousands, plus the applicable legal interest from the date of filing of the counter-claim, from ONO for failure to pay in accordance with the financial obligations set forth in the contract of 28 September 2012.

The filing of this counter-claim by DTS before the Commercial Court has caused the latter to abandon the above mentioned proceedings that were being conducted by Pozuelo de Alarcón Court of First Instance no. 1, a withdrawal that was declared in an order issued on 12 November 2014 and against which ONO has lodged an appeal (*recurso de apelación*) which is currently being processed.

Similarly, DTS has filed a claim for collection under a bill of exchange against Grupo Santa Mónica Sports, S.L. on the basis of the company’s alleged failure to pay under five promissory notes, claiming payment of a total of €521,000. This claim is being conducted by Madrid Commercial Court no. 12 and is currently in process.

On the other hand, the company Televiú International 2005, S.L. has sued DTS requesting compensation for the damages allegedly suffered by it as a result of a claim brought by DTS against the said company in 2008, a claim which was based on the marketing in Spain of the technical equipment necessary to access broadcasts from a British pay-TV platform. In its

claim, Teleview International 2005, S.L. quantifies the damages at €3,035,000. The proceedings are being conducted before Málaga Commercial Court no. 2, and DTS has replied to the claim. Additionally, the European Commission resolved on January 13, 2014, to initiate proceedings for the assessment of whether certain agreements signed by DTS with the major studios in the U.S. may infringe Article 101 TFEU and Article 53 of the Agreement on the European Economic Area. DTS has responded to the European Commission's various requests for information. The initiation of proceedings does not mean that the Commission has proof of infringement, but simply wants to treat the matter as a priority.

Grupo Godó de Comunicación, S.A., holding 18.37% of Prisa Radio, S.A. ("Prisa Radio"), and Mr. Javier Godó Muntañola (vice chairman of SER) and Mr. Carlos Godó Valls, external proprietary director of Prisa Radio, have filed a claim to challenge the resolutions adopted on 5 and 18 December 2013 by the Board of Prisa Radio, regarding renewal of the personal guarantee granted by the company in relation to the agreements to restructure and extend Prisa's financial debt, which were formalised in a public deed on 11 December 2013 by Prisa and all of its banks and creditor financial institutions. Once the claim has been replied and the preliminary hearing held, the Commercial Court No. 4 of Madrid, who has been entrusted with the procedure, has scheduled the trial on April 15, 2015.

The Company's Directors, internal and external legal advisors do not believe that resolution of this litigation will entail any relevant liabilities not registered by the Company.

In addition, the Company has other litigation for smaller amounts. The Directors, internal and external advisors do not consider that any relevant liabilities will arise from this litigation.

27) EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

28) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRISA EDUCACIÓN					
<i>Integración Global</i>					
Avalia Qualidade Educacional Ltda. Santillana Infantil y Juvenil, S.L.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing Publishing	Santillana Educación, S.L. Santillana Educación, S.L. Edicions Obradoiro, S.L.	95.93% 100.00% 1 acción	2/91
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	94.90% 4.80% 0.10% 0.10% 0.10%	
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.98% 0.02%	2/91
Ediciones Santillana Inc. Ediciones Santillana, S.A. (Argentina)	1506 Roosevelt Avenue. Guaynabo. Puerto Rico Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing Publishing	Santillana Educación, S.L. Santillana Educación, S.L. Ítaca, S.L.	100.00% 95.00% 5.00%	
Ediciones Santillana, S.A. (Uruguay) Edicions Obradoiro, S.L.	Juan Manuel Blanes 1132 Montevideo Uruguay Ruela de Entrecercos. 2º B. 15705. Santiago de Compostela	Publishing Publishing	Santillana Educación, S.L. Santillana Educación, S.L. Ítaca, S.L.	100.00% 99.99% 0.01%	2/91
Edicions Voramar, S.A. Editora Pintangua, LTDA (Anteriormente Editora Altea, Ltda.)	Valencia, 44. 46210. Pincaya. Valencia Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brasil	Publishing Publishing	Santillana Educación, S.L. Ítaca, S.L. Editora Moderna, Ltda. Ítaca, S.L.	99.99% 0.01% 100.00% 1 acción	2/91
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 acción	
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (México)	100.00% 0.00%	
Editorial Santillana, S.A.S (Colombia) (Anteriormente Editorial Santillana, S.A)	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	94.90% 5.10% 0.00% 0.00% 0.00%	
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%	
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevard Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.00% 1.00%	
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	Santillana Educación, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	99.95% 0.01% 0.01% 0.01% 0.01%	
Editorial Santillana, S.A. (Venezuela) Editorial Santillana, S.A. de C.V. (El Salvador)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela 3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing Publishing	Santillana Educación, S.L. Santillana Educación, S.L. Ítaca, S.L.	100.00% 99.95% 0.05%	
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Nuevo México, S.A. de C.V.	100.00% 1 acción	
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%	2/91

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Grupo Santillana de Ediciones, S.L. Inevery DPS, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing Editorial, cultural, educational, leisure and entertainment services; and development and commercialization of educational content.	Promotora de Informaciones, S.A. Grupo Santillana de Ediciones, S.L. Ítaca, S.L.	75.00% 100.00% 0.00%	2/91 2/91
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution	Grupo Santillana de Ediciones, S.L. Santillana Educación, S.L.	99.99% 0.02%	2/91
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies	Santillana Educación, S.L. Editorial Santillana, S.A. de C.V. (México)	100.00% 0.00%	
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 acción	
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (México)	99.98% 0.02%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sala 2- Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 acción	
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.99% 0.01%	
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 acción	
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	Santillana Educación, S.L. Ediciones Santillana, S.A. (Argentina)	99.89% 0.11%	
Santillana, S.A. (Perú) Santillana Canarias, S.L.	Avenida Primavera 2160. Santiago de Surco. Lima. Perú Urbanización El Mayorazgo. Parcela 14, 2-7B. Santa Cruz de Tenerife	Publishing Publishing	Santillana Educación, S.L. Santillana Educación, S.L.	95.00% 99.00%	2/91
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, N° 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	Ítaca, S.L. Santillana Educación, S.L.	1.00% 99.70%	
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	Ed. Grazelema, S.L. Ítaca, S.L.	0.15% 0.15%	
Santillana Ediciones Generales, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100.00% 1 acción	2/91
Santillana Editores, S.A.	R. Mario Castelhana, 40 - Queluz de Baixo - 2794-084 Barcarena - Portugal	Publishing	Grupo Santillana de Ediciones, S.L. Ítaca, S.L.	100.00% 1 acción	2/91
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana de Ediciones, S.L. Ítaca, S.L.	100.00% 0.00%	2/91
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Complementary educational services	Santillana Formación, S.L.	61.42%	
Instituto Universitario de Posgrado, S.A. (en liquidación)	Av. de los Artesanos, 6 Tres Cantos. Madrid	Complementary educational services			
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Consultancy services for the obtainment of quality certification by schools	Santillana Sistemas Educativos, S.L. Distribuidora y Editora Richmond S.A.	94.45% 5.55%	2/91
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana de Ediciones, S.L. Ítaca, S.L.	99.99% 0.01%	
Santillana USA Publishing Co. Inc. Sistemas de Ensino Uno, Ltda.	2023 NW 84th Avenue. Doral. Florida. EE.UU. Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing Publishing	Grupo Santillana de Ediciones, S.L. Santillana Sistemas Educativos, S.L. Ítaca, S.L.	100.00% 100.00% 1 acción	
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Sistemas Educativos, S.L. Lanza, S.A. de C.V. Nuevo México, S.A. de C.V.	99.95% 0.05% 1 acción	
Zubia Editorial, S.L.	Polígono Lezama Leguizamón. Calle 31. Etxebarri. Vizcaya	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99.90% 0.10%	2/91

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRISA NOTICIAS <i>Integración Global</i> Espacio Digital Editorial, S.L. Prisa Noticias, S.L. Prisa Eventos, S.L.	Gran Vía, 32. Madrid Gran Vía, 32. Madrid Miguel Yuste, 40 Madrid	Edition and exploitation of Huffinton Post digital for Spain. Operation of press media Sole rights of advertising in all the means and designs. Organization management and comercialization of activities and cultural sports, promocionals.	Prisa Noticias, S.L. Promotora de Informaciones, S.A. Prisa Noticias, S.L.	100.00% 100.00% 100.00%	2/91 2/91 2/91
<i>Método de la Participación</i> Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. Le Monde Libre Societé Comandité Simple Betmedia Soluciones, S.L.	Juan Ignacio Luca de Tena, 7. Madrid 17, Place de la Madeleine. Paris Rua de Garrucha, 8, Santa Crua, 15179 A Coruña	Publication and operation of newspapers, magazines in digital format Development, management and operation of websites, platforms and software to perform game-related activities	Prisa Noticias, S.L. Prisa Noticias, S.L. Prisa Noticias, S.L.	50.00% 20.00% 25.00%	
EL PAÍS <i>Integración Global</i> Agrupación de Servicios de Internet y Prensa, S.L.	Valentín Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media	Diario El País, S.L. Grupo Empresarial de Medios Impresos, S.L. Prisa Digital, S.L.	93.60% 5.90% 0.50%	2/91
Diario El País, S.L. Diario El País Argentina, S.A.	Miguel Yuste, 40. Madrid Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publication and operation of El País newspaper Operation of El País newspaper in Argentina	Prisa Noticias, S.L. Diario El País, S.L. Diario El País México, S.A. de C.V.	100.00% 87.48% 12.82%	2/91
Diario El País Do Brasil Distribuidora de Publicações, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil	Diario El País, S.L. Ediciones El País, S.L.	99.99% 0.01%	
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico	Diario El País, S.L. Promotora de Informaciones, S.A. Lanza, S.A. de C.V.	94.75% 5.81% 1 acción	
Ediciones El País, S.L. Ediciones El País (Chile) Limitada.	Miguel Yuste, 40. Madrid Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication, operation and sale of El País newspaper Publication, operation and sale of El País newspaper in Chile	Diario El País, S.L. Ediciones El País, S.L. Grupo Empresarial de Medios Impresos, S.L.	99.99% 100.00% 0%	2/91
Pressprint, S.L.U.	Valentín Beato, 44. Madrid	Production, printing, publication and distribution of products	Diario El País, S.L.	100.00%	2/91
<i>Método de la Participación</i> Ediciones Conelpa, S.L.	Paseo de la Castellana. 9-11. Madrid	Publication and operation of magazines in physical and digital format	Ediciones El País, S.L.	50.00%	
PRENSA ESPECIALIZADA <i>Integración Global</i> Diario As, S.L. As Chile SPA Estructura, Grupo de Estudios Económicos, S.A.	Valentín Beato, 44. Madrid Eliodoro Yáñez 1783, Providencia. Santiago. Chile Miguel Yuste, 42. Madrid	Publication and operation of As newspaper Publication and operation of Cinco Días newspaper Ownership of shares of publishing companies	Grupo Empresarial de Medios Impresos, S.L. Diario As, S.L. Grupo Empresarial de Medios Impresos, S.L. Promotora de Informaciones, S.A.	75.00% 100.00% 100.00% 0.00%	2/91 2/91
Grupo Empresarial de Medios Impresos y digitales, S.L. (Anteriormente Grupo Promotora General de Revistas, S.A.)	Gran Vía, 32. Madrid Valentín Beato, 48. Madrid	Ownership of shares of publishing companies Publication production and operation of magazines	Prisa Noticias, S.L. Grupo Empresarial de Medios Impresos, S.L. Promotora de Informaciones, S.A.	100.00% 99.96% 0.04%	2/91 2/91
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation provision services	Promotora General de revistas,S.A.	100.00%	2/91

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF	TAX GROUP (*)
PRISA RADIO					
RADIO ESPAÑA					
<i>Integración Global</i>					
Antena 3 de Radio, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L. Unión Radio Servicios Corporativos, S.A.	65.39% 34.61%	
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	99.56%	
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	97.03%	
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Prisa Radio, S.L.	50.00%	
Gestión de Marcas Audiovisuales, S.A.	Gran Vía, 32. Madrid	Production and recording of sound media	Prisa Radio, S.L.	100.00%	2/91
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of music services	Prisa Radio, S.L.	100.00%	2/91
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	93.42%	
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	Ediciones LM, S.L.	40.00%	
			Prisa Radio, S.L.	50.00%	
La Palma Difusión, S.A.	Almirante Díaz Pimenta, 10. Los Llanos de Aridane. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	46.25%	
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of services to radio broadcasting companies	Promotora de Informaciones, S.A.	73.49%	2/91
			Prisa Radio, S.L.	2.03%	
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	95.57%	
			Propulsora Montañesa, S. A.	4.32%	
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	95.00%	
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	99.32%	
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	44.33%	
			Radio España de Barcelona, S.A.	22.17%	
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	83.33%	
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusión, S.A.	66.00%	
			Sociedad Española de Radiodifusión, S.L.	24.00%	
Sociedad Española de Radiodifusión, S.L.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Prisa Radio, S.L.	99.99%	2/91
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	74.60%	
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	100.00%	
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	50.00%	
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	72.59%	
			Compañía Aragonesa de Radiodifusión, S.A.	4.14%	
			Radio España de Barcelona, S.A.	1.58%	
			Propulsora Montañesa, S. A.	0.95%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Antena 3 de Radio, S.A.	75.10%	
Unión Radio Digital, S.A.	Gran Vía, 32. Madrid	Operation of digital radio broadcasting concession	Sociedad Española de Radiodifusión, S.L.	60.00%	
			Antena 3 de Radio, S.A.	40.00%	
Unión Radio Online, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Prisa Radio, S.L.	99.97%	2/91
			Nova Ediciones Musicales, S.A.	0.03%	
Unión Radio Servicios Corporativos, S.A.	Gran Vía, 32. Madrid	Holdings in radio broadcasting companies	Prisa Radio, S.L.	100.00%	2/91
<i>Método de la Participación</i>					
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	Prisa Radio, S.L.	35.99%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	Prisa Radio, S.L.	33.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF	TAX GROUP (*)
RADIO INTERNACIONAL					
<i>Integración Global</i>					
Abril, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	Iberoamericana Radio Chile, S.A.	100.00%	
Aurora, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
Blaya y Vega, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	Iberoamerican Radio Holding Chile, S.A.	99.98%	
Caracol, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Comercializadora Iberoamericana Radio Chile, S.A.	0.02%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	Radiodifusion Iberoamerican Chile S.A.	100.00%	
Caracol Estéreo, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
CHR, Cadena Hispanoamericana de Radio, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	77.05%	
			GLR Broadcasting LLC	100.00%	
			Sociedad Española de Radiodifusión, S.L.	77.04%	
			Caracol, S.A.	48.15%	
			Caracol Estéreo, S.A.	46.79%	
			Promotora de Publicidad Radial, S.A.	5.06%	
			Compañía de Comunicaciones C.C.C. Ltda.	0.00%	
			Radio Mercadeo, Ltda.	0.00%	
			GLR Chile Ltda .	99.84%	
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Production and sale of CD's, advertising, promotions and events	Sociedad Española de Radiodifusión, S.L.	0.16%	
Compañía de Comunicaciones C.C.C. Ltda.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Caracol, S.A.	43.45%	
			Promotora de Publicidad Radial, S.A.	19.27%	
			Sociedad Española de Radiodifusión, S.L.	16.72%	
			Caracol Estéreo, S.A.	11.13%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	4.42%	
			Iberoamerican Radio Holding Chile, S.A.	99.92%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0.08%	
Compañía de Radios, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	Comercializadora Iberoamericana Radio Chile, S.A.	66.67%	
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	Iberoamericana Radio Chile, S.A.	33.33%	
Comunicaciones Santiago, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	Sociedad Radiodifusora del Norte, Ltda.	75.00%	
Consortio Radial de Panamá, S/A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Advisory services and commercialisation of services and products	Iberoamericana Radio Chile, S.A.	25.00%	
Corporación Argentina de Radiodifusión, S.A.	Beazley 3860. Buenos Aires. Argentina	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	100.00%	
			GLR Services Inc.	98.95%	
			Ediciones Santillana, S.A. (Argentina)	1.05%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	76.80%	
Emisora Mil Veinte, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	75.72%	
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	Comunicaciones Santiago, S.A.	99.00%	
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL. 33137. EE.UU.	Operation of radio broadcasting stations	Iberoamericana Radio Chile, S.A.	1.00%	
GLR Chile, Ltda.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	GLR Services Inc.	100.00%	
GLR Colombia, Ltda.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.	100.00%	
			Caracol, S.A.	0.00%	
			Sociedad Española de Radiodifusión, S.L.	99.00%	
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie. Paris. Francia	Radio broadcasting	Prisa División Internacional, S.L.	1.00%	
			Sociedad Española de Radiodifusión, S.L.	40.00%	
			Prisa División Internacional, S.L.	20.00%	
GLR Networks, LLC	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL. 33137. EE.UU.	Provision of services to radio broadcasting companies	GLR Services Inc.	100.00%	
GLR Services Inc.	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL. 33137. EE.UU.	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.	100.00%	
GLR Southern California, LLC	3500 Olive Avenue Suite 250 Burbank, CA 91505. EE.UU.	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.	100.00%	
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	GLR Broadcasting LLC	100.00%	
			Grupo Latino de Radiodifusion Chile Ltda .	100.00%	
			Sociedad Española de Radiodifusión, S.L.	0.00%	
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	Iberoamericana Radio Chile, S.A.	100.00%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
La Voz de Colombia	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	75.64%	
LS4 Radio Continental, S/A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	Caracol, S.A.	0.01%	
			GLR Services Inc.	70.00%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	
Promotora de Publicidad Radial, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	77.04%	
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Radio broadcasting	Comercializadora Iberoamericana Radio Chile, S.A.	99.00%	
			Iberoamericana Radio Chile, S.A.	1.00%	
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Holding	Iberoamericana Radio Chile S.A.	100.00%	
			Sociedad Española de Radiodifusión, S.L.	0.00%	
Radio Estéreo, S/A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	GLR Services Inc.	70.00%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF	TAX GROUP (*)
Radio Mercadeo, Ltda.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L. Caracol, S.A. Caracol Estéreo, S.A. Emisora Mil Veinte, S.A. Promotora de Publicidad Radial, S.A. Ecos de la Montaña Cadena Radial Andina, S.A.	48.40% 29.85% 0.35% 0.35% 0.35% 0.01%	
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile S.A.	80.00% 20.00%	
Sociedad de Radiodifusión El Litoral, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Rental of equipment and advertising sales	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.90% 0.10%	
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. EE.UU.	Real estate development services	Sociedad Española de Radiodifusión, S.L. Prisa División Internacional, S.L.	99.99% 1 acción	
<i>Método de la Participación</i>					
Cadena Radiodifusora Mexicana, S.A. de C.V. (*)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%	
GLR Costa Rica, S.A.	Llorente de Tibás. Edificio La Nación. San José. Costa Rica	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	50.00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99.97%	
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	0.03% 99.00%	
Radio Tapatía, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	1.00% 99.00%	
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Sistema Radiópolis, S.A. de C.V.	1.00% 99.99%	
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Sistema Radiópolis, S.A. de C.V.	0.01% 100.00%	
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Xezz, S.A. de C.V.	0.00% 100.00%	
Sistema Radiópolis, S.A. de C.V. (1)	Avenida Vasco de Quiroga 2000. México D.F. México	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Sociedad Española de Radiodifusión, S.L.	0.00% 50.00%	
Xezz, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.00% 1.00%	
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Exploitation of media	Iberoamericana Radio Chile, S.A.	50.00%	
Promotora Radial del Llano, LTDA	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de publicidad Radial, S.A.	25.00% 25.00%	
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the Latin radio market in the US	GLR Services INC.	25.00%	
Green Emerald Business Inc.	Calle 54. Obarrio N° 4. Ciudad de Panamá. Panamá	Development of the Latin radio market in Panama	Sociedad Española de Radiodifusión, S.L.	34.95%	
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	El Dorado Broadcasting Corporation	100.00%	
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. EE.UU.	Advisory services on business administration and organisation	Sociedad Española de Radiodifusión, S.L.	48.98%	
MÚSICA					
<i>Integración global</i>					
Compañía Discográfica Muxxic Records, S.A.	Gran Vía, 32. Madrid	Production and recording of sound media	Gran Vía Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	100.00% 1 acción	2/91
Gran Vía Musical, S.A.S.	Calle 67. N° 7 - 37. Piso 7°. Bogotá. Colombia.	Provision of music services	Gran Vía Musical de Ediciones, S.L.	100.00%	
Lyrics and Music, S.L.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
Merchandising on Stage, S.L.	Ulises, 49. 28043. Madrid	Production and/or import of textile articles, jewellery, graphic materials, phonographic and/or audiovisual media and the related silkscreen printing, embossing or printing by any means or process	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
Nova Ediciones Musicales, S.A.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L. Promotora de Informaciones, S.A.	100.00% 1 acción	2/91
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	70.00% 0.01%	
RLM, S.A.	Puerto de Santa María, 65. 28043. Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L.	50.50%	
RLM Colombia, S.A.S	Calle 67. N° 7 - 37. Piso 7°. Bogotá. Colombia.	Production and organisation of shows and events	RLM, S.A.	100.00%	
Sogecable Música, S.L.	Gran Vía, 32. Madrid	Creation, broadcasting, distribution and operation of thematic television channels	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
<i>Método de la Participación</i>					
My Major Company Spain, S.L.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	50.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF	TAX GROUP (*)
AUDIOVISUAL					
DTS					
<u>Integración Global</u>					
Centro de Asistencia Telefónica, S.A.	Campezo,1. Madrid	Provision of services	DTS, Distribuidora de Televisión Digital, S.A.	99.61%	136/11
Compañía Independiente de Televisión, S.L. Cinemanía, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid Avenida de los Artesanos, 6. Tres Cantos. Madrid	Management and exploitation of audiovisual rights Operation of thematic television channels	Compañía Independiente de Televisión, S.L. DTS, Distribuidora de Televisión Digital, S.A.	0.39% 99.95%	136/11 136/11
DTS, Distribuidora de Televisión Digital, S.A.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Television services	Compañía Independiente de Televisión, S.L. DTS, Distribuidora de Televisión Digital, S.A. Promotora de Informaciones,S.A.	90.00% 10.00% 56.00%	136/11 136/11
TELEVISIONES LOCALES					
<u>Integración Global</u>					
Axarquía Visión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
Canal 4 Navarra, S.L.U.	Avenida Sancho el Fuerte, 18. Pamplona	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Collserola Audiovisual, S.L. (En liquidación)	Plaza Narcís Oller. N° 6 1°. 1°. 08006. Barcelona	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	92.00%	2/91
Málaga Altavisión, S.A.(En liquidación)	Paseo de Reding, 7. Málaga	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	87.24%	2/91
Marbella Digital Televisión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
Productora Asturiana de Televisión, S.A.	Asturias, 19. Oviedo	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	59.99%	
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	61.45%	
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	66.00%	
Promoción de Actividades Audiovisuales en Canarias, S.A.U.	Avenida Anaga, 35. Santa Cruz de Tenerife	TV communication activities in the Canary Islands	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Promotora de Emisoras, S.L	Gran Vía, 32. Madrid	Radio broadcasting services	Promotora de Informaciones, S.A.	100.00%	2/91
Promotora de Emisoras de Televisión, S.A.	Gran Vía, 32. Madrid	Operation of TV channels	Promotora de Emisoras, S.L. Promotora de Informaciones, S.A.	75.00% 25.00%	2/91
Telecomunicaciones Antequera, S.A.U.	Aguardenteros, 15. Antequera. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
TV Local Eivissa, S.L.U.	Avenida San Jordi s/n. Edificio Residencial. Ibiza	Provision of television services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
<u>Método de la Participación</u>					
Riotedisa, S.A.	Avenida de Portugal, 12. Logroño	Audiovisual productions for TV	Promotora de Emisoras de Televisión, S.A.	49.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

(*) Grupo de consolidación fiscal DTS Distribuidora de Televisión Digital, S.A. 136/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
MEDIA CAPITAL					
<i>Integración Global</i>					
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇÃO)	Avenida Liberdade. Nº 144/156 - 6º Dto. 1250-146. Lisboa. Portugal	Creation, development, translation and adaptation of texts and ideas for television programmes, films, entertainment, advertising and theatre	Plural Entertainment Portugal, S.A.	100.00%	
Drums Comunicações Sonoras, Unipessoal, LTDA. (DRUMS)	Rua Tenente Valadim, nº 181, Porto Portugal	Activity sound broadcasting domains of production	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting	Media Capital Rádios, S.A. (MCR II)	100.00%	
Empresa de Meios Audiovisuais, Lda. (EMAV)	Quinta Do Olival Das Minas. Lote 9. Vialonga. 2625-577. Vialonga. Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.)	Plural Entertainment Portugal, S.A.	100.00%	
Empresa Portuguesa de Cenários, Lda. (EPC)	Quinta Do Olival Das Minas. Lote 9. Vialonga. 2625-577. Vialonga. Portugal	Design, construction and installation of decorating accessories	Plural Entertainment Portugal, S.A.	100.00%	
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhamo nº 40. Queluz de Baixo. Portugal	Holdings	Vertex, SGPS, S.A	94.69%	
Leirimedia Produções e Publicidade, LDA	Avenida Dr.Fco. Sá Carneiro,Quinta da cascalheira,lote8 loja1 LEIRIA	Information and communication activities	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Media Capital Digital, S.A. (Anteriormente Editora Multimédia, S.A.)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consultancy, sales (mail order, telephone and other) of goods and services as well as the acquisition, supply, preparation and dissemination of journalism by any means	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic arts and the reproduction of recorded media: magazines, audio publication, video reproduction and the provision of services related to music, the radio, television, film, theatre and literary magazines	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produções, S.A. (MCP)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produções - Investimentos, SGPS, S.A.	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Holdings	Media Capital Produções, S.A. (MCP)	100.00%	
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in the areas of accounting and financial consultancy; performance of radio broadcasting activities in the areas of the production and transmission of radio programmes	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Holdings	Grupo Media Capital, SGPS, S. A.	100.00%	
Moliceiro, Comunicacao Social, S.A.	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting activity	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Multimedia, S.A. (CLMC)	Rua de Santo Amaro à Estrela. Nº 17 A. 1249-028. Lisboa. Portugal	Distribution of film activities, video, radio, television, audiovisual and multimedia	Media Global, SGPS, S.A.(MEGLO)	100.00%	
Penalva do Castelo FM Radiodifusão e Publicidade ,Lda.	Rua de Santo Ildefonso, nº 14 Penalva do Castelo - Portugal	Broadcasting in production areas and programs transmission	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	100.00%	2/91
Plural Entertainment España, S.L.	Gran Via, 32. Madrid	Production and distribution of audiovisual content	Media Capital Produções - Investimentos, SGPS, S.A.	100.00%	2/91
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. EE.UU.	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	100.00%	
Plural Entertainment Portugal, S.A.	R. José Falcao. 57 - 3º Dt. 1000-184. Lisboa. Portugal	Production of video and film, organisation of shows, rental of sound and lighting, advertising, sales and representation of registered videos	Media Capital Produções - Investimentos, SGPS, S.A.	100.00%	
Polimedia - Publicidade e Publicações, Lda.	Quinta de Sao José Lote 2 3º Piso Loja 8 Vila Real	Broadcasting in production areas and programs transmission	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
PRC Produções Radiofonicas de Coimbra,Lda.	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra.	Cinema production, video and television programs	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Produção de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhamo. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic art and reproduction of recorded media: magazines, audio publication, video reproduction; and provision of services related to music, radio, television, film, theatre and literary magazines	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Producciones Audiovisuales, S.A. (NBP IBÉRICA) Produções Audiovisuais, S.A. (RADIO CIDADE)	Almagro 13. 1º Izquierda. 28010. Madrid Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Inactive Radio broadcasting, production of audio or video advertising spots Advertising, production and recording of discs. Development and production of radio programmes	Plural Entertainment Portugal, S.A. Media Capital Rádios, S.A. (MCR II)	100.00% 100.00%	
Projectos de Media e Publicidade Unipessoal, Lda. (PUPLIPARTNER)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Design, preparation and performance of advertising projects (advisory services, promotion, supply, marketing and the distribution of media goods and services)	Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	100.00%	
R 2000 - Comunicação Social, Lda. Radio Comercial, S.A. (COMERCIAL)	Praceta Pedro Escuro, 10, 4º dt. Santarém Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission Radio broadcasting in the areas of programme production and transmission	Produções Audiovisuais, S.A. (RADIO CIDADE) Media Capital Rádios, S.A. (MCR II)	100.00% 100.00%	
Rádio do Concelho de Cantanhede.Lda. Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Portugal	Radio broadcasting in the areas of programme production and transmission Issuers' exploitation of broadcasting, withdrawal, selection and diffusion of information and of cultural, recreative and advertising programs for audio-visual, wireless and telematic means	Radio Comercial, S.A. (COMERCIAL) Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	75.00% 100.00%	
Rádio Manteigas Radiodifusão, Lda. Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Joaquim Pereira de Matos nº 78 1º Esq. Manteigas Portugal Rua Capitaio Tenente Oliveira e Carmo. 10-3. Quita Da Lomba. Barreiro. Portugal	Radio broadcasting in the areas of programme production and transmission Activity of broadcasting, as well as the presentation of other services in the area of social communication	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA) Radio Comercial, S.A. (COMERCIAL)	100.00% 100.00%	
Radiodifusão, Lda. (FLOR DO ÉTER)	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Portugal	Production, accomplishment and commercialization of cultural and recreative, sports and informative programs for wireless and audio-visual means, promotion of exhibitions and cultural and artistic conferences, assembly of and with equipments of sound and image	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Rádio Sabugal - Radiodifusao e Publicidade ,Lda. Rádio Voz de Alcanena, Lda. (RVA)	Rua Antonio José de Almeida nº 17 Sabugal Portugal Praceta Pedro Escuro, 10, 4º dt. Santarém Portugal	Radio broadcasting in the areas of programme production and transmission Production and emission radio programs with educational, informative, recreative and cultural characteristics.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA) Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00% 100.00%	
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Tenente Valadim. Nº 181. 4100-479. Porto. Portugal	Services, publication and commercialization of electronic goods services. Activities of publication, production and distribution in media.	Editora Multimédia, S.A. (MULTIMÉDIA)	100.00%	
SIRPA. Sociedad de Imprensa Radio Paralelo, Lda. Sociedade de Produção e Edição Audiovisual, Lda (FAROL)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Broadcasting in the fields of production Production of multimedia, audiovisual and phonogram storage media	Radio Comercial, S.A. (COMERCIAL) Media Capital Música e Entretenimento, S.A (MCME)	100.00% 100.00%	
Televisao Independente, S.A. (TVI)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Performance of any TV-related activity such as the installation, management and operation of any TV channel or infrastructure	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Tesela Producciones Cinematográficas, S.L. Vertex, SGPS, S.A.	Gran Vía, 32. Madrid Rua de las Amoreiras, 107. Lisboa. Portugal	Production and distribution of audiovisual content Holdings	Plural Entertainment España, S.L. Promotora de Informaciones, S.A.	100.00% 100.00%	2/91
<u>Método de la Participación</u>					
Plural - Jempsa, S.L. Plural Entertainment Brasil Produção de Vídeo, Ltda. Productora Canaria de Programas, S.A. Sociedad Canaria de Televisión Regional, S.A. Chip Audiovisual, S.A. Factoria Plural, S.L.	Gran Vía, 32. Madrid Rua Padre Adelino. Nº 758, 3º andar, Quarta Parada. CEP 03303-904. Enrique Wolfson, 17. Santa Cruz de Tenerife Avenida de Madrid s/n. Santa Cruz de Tenerife Coso, 100. Planta 3ª puerta 4-50001. Zaragoza Calle Biarritz, 2. 50017 Zaragoza	Production and distribution of audiovisual content Inactive Development of a promotional TV channel for the Canary Islands Audiovisual productions for TV Audiovisual productions for TV Production, realization and distribution of audio-visual	Plural Entertainment España, S.L. Media Capital Produções - Investimentos, SGPS, S.A. Plural Entertainment España, S.L. Plural Entertainment España, S.L. Factoria Plural,S.L. Plural Entertainment España, S.L.	19.00% 49.00% 40.00% 40.00% 50.00% 15.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2014	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
DIGITAL					
<i>Integración Global</i>					
Infotecnia 11824, S.L.	Ronda de Poniente 7. Tres Cantos. Madrid	Provision of telecommunication services	Prisa Digital, S.L.	60.00%	
Prisa Digital, S.L.	Gran Vía, 32. Madrid	Provision of internet services	Promotora de Informaciones, S.A. Prisa División Inmobiliaria, S.L.	100.00% 1 Acción	2/91
IMPRESIÓN					
<i>Integración Global</i>					
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies	Promotora de Informaciones, S.A. Grupo Empresarial de Medios Impresos, S.L.	100.00% 0.00%	2/91
Bidasoa Press, S.L.	Calle Malilla Nº 134. 46026. Valencia	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	2/91
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid	Printing of publishing products	Prisaprint, S.L.	100.00%	2/91
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	2/91
Norpremsa, S.A.	Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	2/91
PRISA BRAND SOLUTIONS					
<i>Integración Global</i>					
Prisa Digital Inc. Prisa Brand Solutions, S.L.U. Solomedios, S.A.	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU. C/ Valentín Beato, 48. Madrid C/ Valentín Beato, 48. Madrid	Internet services provider Services of advertising and public relations Advertising management	Prisa Brand Solutions, S.L.U. Promotora de Informaciones, S.A. Prisa Brand Solutions, S.L.U. Promotora de Informaciones, S.A.	100.00% 100.00% 99.97% 0.03%	2/91 2/91
OTROS					
<i>Integración Global</i>					
Audiovisual Sport, S.L. GLP Colombia, Ltda Liberty Acquisition Holdings Virginia, Inc. Prisa División Inmobiliaria, S.L. Prisa División Internacional, S.L. (En liquidación)	Calle Diagonal, 477. Barcelona Carrera 9, 9907 Oficina 1200. Bogotá. Colombia Gran Vía, 32. Madrid Gran Vía, 32. Madrid Gran Vía, 32. Madrid	Management and distribution of audiovisual rights Operation and sale of all manner of advertising Holdings Lease of commercial and industrial premises Holdings in foreign companies	Promotora de Informaciones, S.A. Prisa División Internacional, S.L. Promotora de Informaciones, S.A. Promotora de Informaciones, S.A. Promotora de Informaciones, S.A.	80.00% 100.00% 100.00% 100.00% 100.00%	2/91 2/91 2/91
Prisa Finance (Netherlands) BV Prisa Inc. Promotora de Actividades América 2010, S.L.	Gran Vía, 32. Madrid 2100 Coral Way Suite 200 Miami 33145 U.S.A. Gran Vía, 32. Madrid	Holdings in and financing of companies Management of companies in the US and North America Production and organisation of activities and projects marking the bicentenary of American Independence	Promotora de Informaciones, S.A. Prisa División Internacional, S.L. Promotora de Informaciones, S.A.	100.00% 100.00% 100.00%	2/91
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, co-ordination and management of all manner of international and national projects marking the bicentenary of American Independence	Promotora de Actividades América 2010, S.L. Prisa División Internacional, S.L.	100.00% 1 acción	
Promotora Audiovisual de Colombia PACSA, S.A.	Calle 70. Nº 4-60. 11001. Bogotá. Colombia	Audiovisual and communication activities	Promotora de Informaciones, S.A. Promotora de Actividades Audiovisuales de Colombia, Ltda.	53.00% 1.00%	
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23. Bogotá. Colombia	Production and distribution of audiovisual content	Grupo Latino de Publicidad Colombia, Ltda. Prisa División Internacional, S.L. Promotora de Informaciones, S.A.	1.00% 99.00% 1.00%	
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of administrative, financial, personnel, resource selection services	Promotora de Informaciones, S.A.	100.00%	2/91
<i>Método de la Participación</i>					
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales	Promotora de informaciones, S.A.	25.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

KEY FINANCIAL AGGREGATES OF THE COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

APPENDIX II

INVESTEE	December 2014							
	TOTAL ASSETS	CURRENTS ASSETS	NON CURRENT ASSETS	CURRENT LIABILITIES	NON CURRENT LIABILITIES	EQUITY	OPERATING INCOME	NET PROFIT
<i>(Miles €)</i>								
PRESS								
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	1,100	1,039	61	1,061	540	(501)	585	(277)
Le Monde Libre	N/D	N/D	N/D	N/D	N/D	(8,512)	N/D	(1,734)
Betmedia Soluciones, S.L.	375	218	157	207	6	162	1,052	15
EL PAÍS								
Ediciones Conelpa, S.L.	3,928	3,209	719	5,565	0	(1,637)	7,803	212
RADIO								
RADIO IN SPAIN								
Radio Jaén, S.L.	1,203	703	501	224	980	934	899	6
Unión Radio del Pirineu, S.A.	587	570	17	237	350	350	459	61
INTERNATIONAL RADIO								
El Dorado Broadcasting Corporation	494	0	494	1,911	(1,417)	(1,417)	0	0
Green Emerald Business Inc.	2,020	1,245	774	1,292	727	(2,950)	1,383	(613)
WSUA Broadcasting Corporation	4,283	1,594	2,689	3,385	898	(4,703)	409	(25)
W3 Comm Concesionaria, S.A. de C.V.	808	466	343	1,595	(786)	(786)	475	43
Cadena Radiodifusora Mexicana, S.A. de C.V.	24,619	0	24,619	0	0	0	0	0
GLR Costa Rica, S.A.	1,490	428	1,062	310	1,180	1,180	2,314	110
Radio Comerciales, S.A. de C.V.	2,764	0	2,764	0	0	0	0	0
Radio Melodía, S.A. de C.V.	289	0	289	0	0	0	0	0
Radio Tapatia, S.A. de C.V.	436	0	436	0	0	0	0	0
Radiotelevisora de Mexicali, S.A. de C.V.	4,626	0	4,626	0	0	0	0	0
Servicios Radiópolis, S.A. de C.V.	685	0	685	0	0	0	0	0
Servicios Xezz, S.A. de C.V.	23	0	23	0	0	0	0	0
Sistema Radiópolis, S.A. de C.V.	55,645	44,378	11,267	16,396	39,249	39,249	47,899	17,710
Xezz, S.A. de C.V.	173	0	173	0	0	0	0	0
Multimedios GLP Chile SPA	1,161	0	1,161	0	0	0	0	0
Promotora Radial del Llano, LTDA	337	0	337	0	0	0	0	0
AUDIOVISUAL								
MEDIA CAPITAL								
Plural - Jempsa, S.L.	6,223	814	5,409	5,029	935	259	34	(99)
Plural Entertainment Brasil Produção de Vídeo, Ltda. (Anteriormente, NBP Brasil, S.A.)	22	22	0	408	0	(386)	0	(18)
Productora Canaria de Programas, S.A.	1,572	1,551	20	184	0	1,388	0	4
Sociedad Canaria de Televisión Regional, S.A.	2,031	2,031	0	174	0	1,857	1,016	(71)
Factoría Plural, S.L.	5,826	5,180	646	3,576	0	2,250	8,925	1,188
Chip Audiovisual, S.A.	3,015	2,575	440	1,621	236	1,158	3,641	217
OTHERS								
LOCAL TELEVISION								
Riotedisa, S.A.	382	1	381	1,080	(699)	(699)	0	(12)
OTHERS								
Canal Club de Distribución de Ocio y Cultura, S.A.	320	320	0	0	7	313	148	241

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Directors' Report for 2014

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES
CONSOLIDATED DIRECTOR'S REPORT FOR 2014

1. POSITION OF THE COMPANY

Organizational structure

PRISA is the world's leading Spanish and Portuguese-language business group in the fields of education, information and entertainment, thanks to its multichannel range of top-quality products. Present in 22 countries, it reaches more than 60 million users through its global brands EL PAÍS, 40 Principales, Santillana. As leader in General-interest Press, Comercial TV, Music and Spoken-word radio, Education, and Publishing, it is one of the largest media groups in the world with an extraordinary range of assets. Its presence in Brazil and Portugal and among the growing Hispanic community in the US has given the group an Ibero-American dimension and has opened up a potential global market of 700 million people.

With over 250 web sites, visited by 30.0 million unique monthly users (source: comScore Dec'13) (94 millones de navegadores únicos (Fuente: Adobe Omniture+Netscape, Dic'14)), PRISA is at the forefront of multi-channel and multi-device distribution and, with the launch of an ambitious strategy for content distribution, offering myriad differentiated products and services through all types of devices.

The commitment to society is the essence of PRISA. From the very beginning, the founders and promoters of EL PAÍS have been committed to Spanish society, to defending and expanding democratic liberties for all. Aware of and committed to this reality, this maxim remains valid in the Company more than three decades later and now extends to all of Latin America.

The Group is divided into four business areas: **Education, Press, Radio and Audiovisual**, all of which are undergoing a rapid process of digital transformation.

Santillana is the leading company in Spain and Latin America in the creation of content and educational services. With more than 124 million books sold each year, the company has been synonymous with quality, innovation and service to teaching staff since its inception in 1960.

With five decades of experience in the sector and an international presence in 22 countries, Santillana has consolidated its lead across all publishing segments, and has established deep roots in all of its local and regional markets.

To further develop its operations in Latin America, in April 2010 Santillana partnered with DLJ South American Partners, who now have a 25% stake.

The company is committed to education, which we approach in a comprehensive and innovative fashion, embracing educational content and services. The present and the

future of Santillana can thus be summed up by two chief goals: to improve the quality of education in all those countries where we have operations, and to forge ahead with the introduction of new technologies that will enable us to offer quality products and services that will meet new user needs. One of the educational projects that best express this commitment is Sistema UNO, which is a new way of relating to the education community and which will enable us rise to the educational challenges of the 21st century.

PRISA Noticias is the group's business unit that encompasses all PRISA's news brands originally in print editions and now also available in multi-platform format: El País, Cinco Días, AS, El Huffington Post, Le Monde, Rolling Stone, Cinemanía, Claves, Car, as well as other corporate magazine publications. The online audience of the flagship papers amounts to nearly 23.5 million users (source: Comscore, December 2014).

PRISA Radio is the world's largest Spanish-language radio broadcasting group with nearly 28 million listeners, 7 million unique users online (comScore) and more than 1,250 stations, either directly owned or associates, spread out over twelve countries.

Throughout these twelve countries, the company has developed a business model which values, above all, content and which favors the development of global brands. This in turn fosters synergies on costs and on advertising sales as well as the development of new formats across the board, both in general-interest radio as well as in music radio. PRISA Radio has a global presence with a local outlook and this allows the company to benefit from an exchange of ideas throughout the network, while, at the same time, boosting the value of the parent group.

In the constantly changing digital environment, particular emphasis is placed on creating dynamic content for all platforms and promoting interaction with listeners, leveraging the possibilities of social networks and boosting the brands' profile in these networks.

PRISA Radio enjoys an excellent position in the major Spanish-language radio markets, and is the absolute leader in Spain, Colombia and Chile.

In **audiovisual** area, Media Capital is the leading media group in Portugal. In the television segment, it owns TVI - the leading Portuguese free-to-air TV broadcasting channel- the second largest radio group in Portugal (MCR), and Media Capital Digital, a multimedia company whose principal brand, IOL, is the second largest national internet gateway.

The Group has also strong positions in other business related to the media sector, such as Audiovisual Production - through the multinational company (and, among others, Emmy winner for best telenovela ("Mi amor") in 2010) Plural Entertainment - music edition and musical events, by Farol Musica.

Corporate governance

Except for matters reserved to the General Meeting, the Board of Directors of Prisa is the highest decision-making body within the Company.

The Board policy is to focus its activity on the general functions of supervision and determination of policies and strategies of the Company, and to delegate ordinary

management of the Company to the Managing Director and, if applicable the Executive Chairman, with the assistance of the Company's management team.

In accordance with the Board of Directors Regulations of the Company and the provisions of the Capital Companies Act, the Board has exclusive authority regarding certain general strategies and policies of the Company, as well as regarding certain decisions (inter alia, the strategic or business plan, management objectives and the annual budget, financing and investment policy, tax strategy, risk management and control, approval of financial information, approval of financial projections, dividend policy, treasury share policy, strategic alliances of the Company or its controlled companies, definition of the Group's structure, corporate governance and corporate social responsibility policies, general compensation policy, appointment and removal of certain executives, investments or transactions of any kind that by reason of their high amount or special characteristics are of a strategic nature or involve special tax risk to the Company, approval of creation or acquisition of interests in special-purpose vehicles or entities domiciled in countries or territories considered to be tax havens, resolutions related to mergers, splitups and any relevant decision having to do with the status of the Company as a listed company, approval of related party transactions, annual evaluation of the functioning of the Board of Directors.....)

The Board of Directors of Prisa currently is comprised of sixteen directors: three inside directors, three proprietary directors, eight independent directors and another two external director. They have various academic backgrounds and outstanding professional careers.

Also, the Board currently has the following positions: Executive Chairman, Vice Chairman, Managing Director, Secretary and Assistant Secretary.

Without prejudice to the authority of the Chairman and the Managing Director, and within the framework of the regulatory provisions regarding authority reserved to the Board itself, it has a Delegated Committee.

In addition the Prisa Board of Directors has formed another four Committees, with reserved authority in their respective areas: (i) Audit, (ii) Corporate Governance, (iii) Nominating and Compensation and (iv) Technology Transformation.

Performance

Operating targets and strategy

The Group's operating targets and strategies for each business area are as follows:

Santillana's objectives revolve around gearing its efforts towards education, which is currently undergoing a deep digital and teaching transformation. In Latin America, the two most well-rounded education offerings and with the greatest elements of innovation, Sistema Uno and Santillana Compartir, have seen strong take-up, driving up their combined share of the total. 2014 was an important year for consolidating both education models and showcasing their contribution to learning.

In 2015, Santillana intends to put the emphasis and all its efforts on existing educational projects in a bid to enrich its content, services and technological offering to learning centres, students and families. And all underpinned by innovation and research in propositions to improve the quality of education and yield the best learning results in all the countries where the Company has operations. Santillana is witnessing a major transformation of the sector and its duty is to play a leading role.

The objective in **Radio** is to retain the leadership position in 2015 in Spain, Chile and Colombia, and to improve the positioning in the rest of the countries, strengthening the commercial model and streamlining structures to achieve operational improvements in all operations.

Efforts in radio will remain geared towards leading the digital transformation process and boosting audience; Prisa Radio has become a benchmark among digital radio groups, with more than 8 million unique digital listeners and more than 29 million followers on social networks. This includes further tailoring web content to the various access devices, steering consumption of audio towards mobile devices, reinforcing Yes FM (a new web-based mobile product that allows users to listen to the music they want, supported by advertising) and growing the musical business in Latin America.

The goals for the **Press** business in 2015 including becoming the audience leader in all media, raising the profitability of the traditional business and focusing on international expansion, transformation and digital growth in all products.

Growth of online audience, commitment to users, improvement in the commercial model and development of mobility and audiovisual content are the key strategic planks that will help the Group towards becoming the overall leader in the Latin America market in general, sports and economic press.

In the **Audiovisual** business area, the Media Capital Group's objectives are to keep up efforts to streamline processes and cost structures, focus on strategic growth areas, seek new revenue-generation models - mainly through new forms of advertising - and maintain innovation, quality and diversity in the content offering. After merging their editorial and commercial departments, TVI and Media Capital Digital (MCD) will continue to extract synergies from their knowledge of the digital area and exclusive broadcast content to create innovative and interactive apps.

TVI's goal is to retain its leadership and take the best offering of series, entertainment and news content from Portugal to other markets with a strong Portuguese-speaking population. Currently, it offers these in 14 countries through 25 distribution platforms: Angola, Mozambique, Cape Verde, Spain, France, Andorra, Switzerland, Monaco, Luxembourg, Timur, the United States, Puerto Rico, Australia and New Zealand.

In general, the **Group** has gone to great lengths in recent years to clamp down on costs, achieving considerable reductions in personnel and other operating expenses, and scaling back capex to the bare minimum required for its operations. Efforts will remain geared towards controlling costs and capex, channeling available resources to growth areas.

Financial targets and strategy

Prisa signed a new refinancing agreement with banks in December 2013 aimed at providing the Group with financial stability, extending debt maturities and affording it more time and flexibility to reduce debt with proceeds from the disposal of non-strategic assets, leveraging certain assets and other corporate transactions.

The objectives of the refinancing were to achieve an appropriate capital structure for the Company in the medium term, removing the financial burden of interest payments and aligning debt more closely to the cash flow generation of the various business areas. The agreement allows the Group to achieve a more coherent set of assets, with exposure to regions and businesses with scope for growth and cash generation, while preserving operational synergies.

In 2014, the Company made great strides in the execution of the refinancing plan, slashing debt by nearly EUR 780 million by repurchasing debt at a discount (c. 25%) with proceeds from the sale of shares of Mediaset España and the capital increase subscribed by Consorcio Transportista Occher SA.

The Company also signed an agreement to sell its pay TV business, Canal+, to Telefónica. This transaction is currently awaiting approval by the competent authorities.

Looking ahead to 2015, the focus will remain on executing the refinancing plan.

2. BUSINESS PERFORMANCE

Financial result

Key highlights for 2014 include:

- Group **operating income** in 2014 amounted to EUR 1,454.7 million (-6.2%) and **EBITDA** to EUR 183.4 million (-28.8%).
- **Advertising revenue** totalled EUR 490.4 million (-1.3%), with a 2.8% decrease in advertising in Spain, but a 10.2% increase in Portugal for the year, consolidating the recovery seen in recent months.
- **Latin America and the US** represented 47.5% of the Group's revenues and 94.0% of EBITDA. Latin America posted further growth in local currency (by Santillana and in radio) despite the economic slowdown in some economies (e.g. Chile and Colombia).
- **Cost cutting** and control over capex were implemented throughout the Group, with resources allocated to growth, mainly of Santillana.
- Operating expenses in **Education** amounted to EUR 716.6 million (-2.9%), with a negative currency effect of EUR 66.7 million, and EBITDA to EUR 170.7 million, broadly in line with 2013 levels.

Campaigns in the South area performed well in local currency for the most part, while campaigns in the North area also fared well. In Spain, the campaign drove growth compared to 2013, despite the challenges of implementing the new law on education thanks to the commercial efforts and cost control.

Last year featured further development of the digital education systems (UNO) in Latin America, with considerably higher profitability and growth in enrolment.

- **Radio** operating expenses amounted to EUR 305.1 million (-5.8%), with a negative currency effect of EUR 11.6 million, and EBITDA to EUR 45.7 million (-2.2%). Advertising in Spain decreased 2.4%, but grew throughout Latin America in local currency except in Chile, due to the country's economic downturn.

Noteworthy was the operating improvement in Spain, with EBITDA soaring EUR 8.6 million to EUR 11.3 million.

- **Press** operating income was down 7.2% at EUR 260.2 million. Advertising revenue was 2.9% lower (El País -5.2% and AS +7.0%), while traditional revenue slumped 9.6%, undermining to some extent the good performance by digital advertising revenue, which rose 18.4%.
- **Media Capital** operating income reached EUR 179.8 million (-1.1%) and EBITDA amounted to EUR 42.1 million (7.8%). Advertising revenue advanced 11.1%, with solid performances in TV (+11.4%) and radio (+9.2%).
- The Group continues to press on with its **refinancing plan** and in 2014 carried out a series of transactions under the scope of its debt-reduction commitment, such as the sale of a 13.68% of stake in Mediaset España Comunicación, S.A., the agreement with Telefónica de Contenidos, S.A.U. to sell a 56% stake in DTS and the capital increase subscribed by Consorcio Transportista Occher, S.A. de C.V.

Market environment

Economic environment in Spain and Portugal

Despite the difficult economic environment that Spain and Portugal are going through since the beginning of the crisis in 2007, since 2013 a quarterly change in trend is taking place.

During 2014 positive growth rates have returned (+1.4% in Spain and +1.0% in Portugal), and are expected to continue in 2015 (+2.1% in Spain and +1.5% in Portugal):

- Spanish GDP fell by -1.2% in 2013, although quarterly GDP went from a -2% decrease in the 1Q to a fall of just -0.2% in the 4Q (according to INE, Spanish Statistic Institute). In 2014, according to INE, GDP grew by +0.7% in 1Q; by +1.3% in 2Q and +1.6% in 3Q (in September 2014 a change of the year of calculation basis from 2008 to 2010 has taken place).
- As for **Portugal**, in 2013 GDP fell by -1.4% and the same change in trend took place although with much higher volatility. GDP went from declining by -3.8% on 1Q to

grow by +1.6% on 4Q 2013 (according to Bank of Portugal). In 2014 growth has been confirmed: in 1Q growth was +1.0%, +0.9% in 2Q and 1.1% in 3Q (last data available)

The improvement observed in the economic environment has had its reflection in private consumption. Private consumption in Spain went from a fall of -2.8% in 2012 to a fall of just -2.0% in 2013 (according to INE), in the sixth consecutive year of declines. According to the information compiled by consensus by FUNCAS, we can estimate a growth of this variable between +2.2% for 2014 and +2.5% for 2015.

In terms of quarterly evolution, private consumption has also showed a significant turnaround from 2013 when it happened to fall -9.9% in Q1 to grow by +0.5% in Q4. During the first quarter of 2014, private consumption has remained flat according to INE, growing again by 0.3% in the second quarter. This trend is confirmed in the 3Q and 4Q with growth of +0.5% and 2.5% respectively. Therefore, this variable shows a slight growth of 0.8% in average quarterly rates.

For 2015 an improvement in the economic environment is expected for both Spain and Portugal. Starting from GDP growth of +1.4% in Spain (Funcas) and +1.0% in Portugal (according to IMF), for 2015 expected growth is +2.1% and +1.5% respectively.

Advertising market evolution

The Group's divisions are directly exposed to the Spanish advertising market through Radio, Press and Digital, as well as Pay TV, though less so. In addition the Group is also exposed to the Portuguese advertising market through its FTA TV (TVI) and Radio businesses.

During 2013, advertising investment showed a change in trend, in line with that of the economic environment. According to public sources (i2p) **advertising investment in Spain fell by -10.1% in 2013** compared to a fall of -18.0% in 2012. This consecutive trend is confirmed in 2014, year in which advertising market has recorded a total growth of +5%.

The behaviour of the market in the **third and fourth quarter 2013 showed an important improvement.** Advertising investment in Spain went from a fall of -16.8% in the first quarter to a fall of just -1.7% in the fourth. It still fell in 1Q 2014 by -1.1%, changing its trend in 2Q, increasing +4.3%. This trend is confirmed in 3Q with a quarterly growth rate of +7.2%, reaching the same growth in 4Q 2014 (+7.2%).

The evolution by sectors shows the improvement in 2014, with a positive performance of all sectors except press, where the falls have been relaxed compared to 2013, as observed in 2Q, 3Q and 4Q 2014.

Economic environment in Latin America

Growth in countries to which PRISA is exposed has been uneven, with economic conditions worsening in some countries (Brazil, Chile), while showing larger growth in others. Growth trend will be recovered in all countries according to IMF 2014, 2015 and 2016 estimates (October 2014).

Group's results in Latin America have been negatively impacted by the **weakness of the Exchange rate** in the region. This negative impact reached 79.3 million Euro at revenue

level and 22.5 million Euro at EBITDA in 2014. As a result, reported adjusted revenues from Latin America fell by -2.3% compared to the growth of +9.4% at constant currency, and adjusted EBITDA falls by -2.4% compared to +10.5% at constant currency (excluding the impact from the change in consolidation perimeter of the Group).

The impact of exchange rate volatility stabilized for major Latin American currencies in 3Q, but volatility resumed in the last months of 2014, as shown in the attached chart and table.

During 2014, the currencies in Brazil, Argentina, Chile and Venezuela have represented 83% of the impact on revenues and 85% of the impact on EBITDA.

3. HUMAN RESOURCES

Social objectives and policies

Our Human Resources policy is a reflection of our conviction that our human capital is our best guarantee for meeting our commitments to society. We believe that:

- There is only one way to inform, educate and understand people, and that is through people.
- There is only one way to be world leaders in communication, and that is by developing leaders among our team members.
- There is only one way to be responsible in society, and that is by having independent and socially committed professionals.

All the Group's companies believe in strict respect for the basic labor rights as recognized by the International Labor Organization, especially in issues related to equality and non-discrimination on the basis of sex, ideology or beliefs as well respect for the labor laws of the country in which each company operates.

Apart from certain company directors, all our staff are subject to labor agreements in each of their companies. These agreements substantially improve working conditions and thus provide our professionals with a stimulating and competitive working environment, free of financial concerns, with job security, independence and sophisticated technology. Staffs enjoy total freedom to participate in trade unions and the Group fosters social dialogue. PRISA's commitment to human capital has the following main goals:

- To promote and foster the defense and effective practice of the principle of equality between the sexes, ensuring the same rights to access to work and professional development at all levels.
- To increase women's chances of gaining posts of greater responsibility within the Company, thus reducing inequalities.
- To prevent discrimination on grounds of sex by means of a special protocol for taking action where necessary in some business units.
- To establish measures those favor the balance between the personal lives and professional responsibilities of our employees.

Employee training

Training and the continuing professional development of employees is a key element in the Group's policy to maintain the highest standards of professionalism, quality and career advancement.

Prisa employees have access to a wide range of training options thanks to the opportunities that the Company makes available to all its professionals. These opportunities are structured using different tools, through both on-site training and online training (Campus Prisa).

Campus PRISA is an on-line training portal for all Group employees and is focused on developing employees' skill sets, and to complement the process of sectorial professional retraining that is demanded by the dramatic metamorphosis of the traditional media economy into a digital one.

With nearly 2,081 students enrolled in various courses including specialized courses are digital aspects that have become another tool that fosters transformation and the improvement of the working environment. All course modules are being designed and taught by employees of the organization, which is once again promoting a culture of knowledge and creativity among the workforce.

In parallel, we have developed a series of classroom sessions, workshops and seminars devoted to innovation and knowledge and training in technical innovation team.

The goal for 2015 is to increase the offer of courses to meet the most urgent needs that might be detected anywhere in the organization.

Mi Idea! This is an open innovation platform aimed at getting all employees more involved by making suggestions, sharing ideas for improvement projects and even intellectual property patents. The number of users during the year were 3,731 and the number of spontaneous ideas proposed 301. This tool is designed to identify both individual talent as well as any groundbreaking new ideas that may emerge from any part of the organization. Moreover, the innovation departments and the Agents of Change of each business unit set challenges to encourage participation and thereby gather the seeds of ideas for projects that will improve all Group businesses.

Factory Experience (FEX) launched in late 2013 is another initiative to promote the development of the collective intelligence of the Group through the identification of skilled employees, who are responsible for providing useful knowledge throughout the organization. It features an on-line platform, which is accessible to all employees. On this platform, experience and knowledge gained from the projects business, organization and relevant technology is also integrated. The number of users during the year were 1,994 and the number of ideas published 69 pieces of knowledge.

Equality in diversity

Grupo Prisa endorses supports and promotes all policies that contribute to equal opportunities and non-discrimination based on race, gender, political or religious beliefs. In their daily management, Group companies strictly comply with these principles.

It is worth reiterating that Prisa has adopted a Code of Conduct, mandatory for all employees, in which pluralism and respect for all ideas, cultures and people, are set out as the company's core values. Prisa is committed to respecting and protecting human rights and civil liberties, with the chief objective being respect for human dignity.

A statement of principles is available on the Group's Intranet and the Intranets of the individual Business Units that inform and guide company operations in the areas of equality, diversity and the integration of disadvantaged groups.

The Group ensures that many of its service needs are met through special employment centers, whose staff is composed of persons with disability.

The principles that inspire both the Group and its workers are:

- Compliance with the principle of equal treatment at work.
- Rejection of any discrimination on grounds of sex, marital status, age, race or ethnicity, religion or belief, disability, sexual orientation, political beliefs, trade union membership, etc.
- Special attention to the implementation of equal opportunities between men and women in access to employment, promotion, training, job security and pay equity.
- Commitment to creating positive work environments, to preventing bullying and harassment and to pursuing and resolve any cases that might occur.

Occupational health and safety

Prisa remained committed to its objective of promoting a preventive culture throughout its businesses. Noteworthy in this regard is the Group's commitment to comprehensive compliance with current regulations and the integration of risk prevention in the management of companies.

The main initiatives undertaken by the Joint Prevention Service have focused on encouraging training that will contribute to the physical welfare of workers (posture, computer workstations, lighting improvements in the workplace, etc.) and through specific preventive projects aimed at improving working conditions to increase our employees levels of protection and welfare while they work.

Social benefits

It is Group policy to provide companies with adequate resources so as to offer employment benefits that will be sufficiently attractive to the very best professionals. It is worth noting that Prisa operates in 22 countries. Each market in which it operates has special characteristics to which Human Resource Management Policy must be sensitive and thereby be in a position to offer an appropriate response to both the needs and the expectations of the professionals joining these companies.

Within this framework, in 2012 a program of flexible remuneration Spain was enhanced in 2013 and 2014, expanding the supply and improving conditions was designed. In Portugal has also implemented the flexible remuneration system in 2014 (ticket and ticket nursery

education) and is expected to expand the products in 2015. The Group companies in Latin America social benefits in many cases are regulated by the legislation of each country and are mandatory

Flexibility measures

PRISA's companies have come to understand the very real benefits of offering balanced work days that provide an optimum balance for our staff's professional and personal lives. Many of our companies offer employees flexible work days, home working, and the possibility of working intensive shifts in summer, at Christmas and Easter.

Additionally, in Spain, during 2013, these measures favoring a balance between work and personal life have been maintained, with the plan consisting of four elements:

- Special voluntary leave with guaranteed readmission, financial benefits and social security contributions.
- Longer annual holiday with financial benefits and social security contributions.
- Longer weekend (4-day working weeks) while maintaining social security contributions.
- Leave for training with help to cover costs as well as social security contributions.
- Reduced working hours without any legal guardian

4. ENVIRONMENT

PRISA is committed to reducing the costs and the impact that our operations may have on the environment. The Group's Environmental Security Policy includes a series of basic principles in the area of legal compliance that contribute to the continuous improvement of our operations:

- Prisa will comply with all applicable legal requirements, and will, whenever possible, make every effort to anticipate them.
- The group will actively strive to reduce and prevent pollution and waste, and to conserve energy in all its operations.
- The group will require its suppliers to conduct their operations in an environmentally responsible manner.
- The group will ensure the safety of industrial operations, to avoid negative impact on the environment.

This policy is divided into three levels of action:

- *f.* Emission control
- *f.* Consumption control
- *f.* Waste Control

The aim is to provide safe products and services that respect the environment throughout their life cycle, and to conduct operations in an environmentally responsible manner.

The expenses incurred in respect of environmental compliance, which have not been material, are charged to the income statement as they arise.

The Group believes that it have no environmental responsibilities, expenses, assets, provisions or contingencies that might be material in relation to our equity, financial condition and results of operations.

5. LIQUIDITY AND CAPITAL RESOURCES

Financing

Note 12b "Financial Liabilities" of the accompanying notes to the consolidated financial statements of Prisa for 2014 provide a description of the use of financial instruments by the Group.

Contractual commitments

Note 15 "Operating Expenses- Operating leases" and note 25 "Future Commitments" to the consolidated financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received and any operating leases for buildings and the radio frequencies.

6. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

The activities of the subsidiaries of the Group and therefore its operations and results are subject to risks that can be grouped into the following categories:

- Strategic and operational risks.
- Financial risks.

In the Corporate Governance Report (see Section E) are detailed and specific actions organs that are used to identify, valuate and manage these risks.

Strategic and operational risks of the business of the Group

Macroeconomic risks-

The economic situation of Spain and Portugal has experienced an important slowdown and volatility in recent years. Although from year-end 2013, a change in this trend was shown, which consolidated in 2014.

Main consumption indicators in these countries have been significantly deteriorated, and have impacted and still could impact in the future spending by customers on the products and services of the Group, including advertisers, subscribers to the pay TV platform (business that is currently in sales process, as described in the accompanying consolidated financial statements) and other consumers of the content offerings of Prisa.

Furthermore, the activities and investments of Prisa in Latin America are exposed to the evolution of the various macroeconomic parameters of each country including a potential decline in consumption as a result of a slowdown in the growth rate in some of these countries. The Group's results in Latin America have been hurt by the weakness of the region's currencies since mid-2013, which eased starting in the second quarter of 2014. However, exchange rates have been fairly volatile in recent months.

Decline in advertising markets-

A relevant portion of the operating income (revenues) comes from advertising revenues through the press, radio, audiovisual and digital businesses. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and perspectives.

Failure by the Spanish and Portuguese economies to improve as expected could undermine prospective spending by the Group's advertisers. In view of the large component of fixed costs associated with business with a high component of advertising revenue (mainly Radio and Press), a drop in advertising revenues directly impacts operating profit and therefore the ability to generate cash flow of the Group, forcing business units to perform reviews and adjustments in its cost base.

Piracy-

Revenue from the exploitation of content and royalties owned by the Group are affected by illicit access to them via the internet or copy, which primarily affects the pay Tv business and book publishing.

Competition risk-

The businesses of audiovisual, education, radio and press in which Prisa operates are highly competitive industries. The ability to anticipate and adapt to new needs and customer demands, influences the position of the Group's businesses compared to other competitors.

Drop of circulation-

Press revenues from copy sales and subscriptions continue being negatively affected by the growth of alternative means of distribution, including free Internet sites for news and other contents.

Sector regulation-

Prisa operates in regulated industries and is therefore exposed to regulatory and administrative risks that could adversely impact its business.

Specifically, the Group businesses are subject to comprehensive regulations including the requirement to maintain concessions and licenses for the operations in Audiovisual and Radio segments, while the business of education is subject to the applicable law on national or regional education cycles.

Country risk-

The Group operations and investments in Latin America may be affected by various risks typical to investments in countries with emerging economies, the most significant of which include devaluation of foreign currencies, introduction of exchange restrictions, inflation, expropriation or nationalization of foreign assets, changes in applicable foreign tax levels, changes in policies and regulations or economic instability.

Litigation risks-

Prisa is involved in significant litigations, mainly in the Audiovisual area, some of which relate to DTS and could result in a future adjustment on the price of the sale purchase

agreement (see note 26). Additionally, Prisa is exposed to liabilities for the content of their publications and programs.

Digital activity and safety net systems-

Digital activities depend on internet service providers, online service providers and on systems infrastructure. Significant system failures or security breaches could have an adverse effect on operating results and financial condition of the Group.

Technological risks-

In order to maintain and increase its businesses and competitiveness, Prisa must adapt to technological advances, for which research and development are key factors. Technological changes may facilitate the entry of new competitors and potential market share decrease of the Group.

Financial Risks

Financing risks -

The financial obligations of the Group are described in note 9 "*Financial Liabilities*" of the accompanying consolidation financial statement of 2014.

As is described in that note, in the month of December of 2013 the Group signed a debt refinancing agreement which represents an extension of maturities, improving the flexibility in the process of debt reduction and enhancing its liquidity profile.

The improvement in the liquidity profile was derived from a new credit facility amounting of EUR 353 million signed with certain institutional investors to cover medium term liquidity needs, from the significant reduction of interests paid in cash.

The refinancing agreement included several commitments of debt reduction, for which compliance the Group has different alternatives including the sale of non-strategic assets, repurchase debt at a discount in the market, the leverage of operating assets, transfers debt between tranches and other corporate transactions. The contract contains automatic mechanisms that prevent its early termination, in certain situations, in case of such commitments are not met, which gives stability to the capital structure of the Group.

As described in the notes to the consolidated financial statements, the Group carried out a series of transactions to deliver its debt-reduction commitment, such as the placement of a package of shares of Mediaset España Comunicación, S.A., using the proceeds to buy back EUR 643,542 thousand of financial debt at an average discount of 25.7%, and the capital increase subscribed by Transportista Occher, S.A. de C.V., using the proceeds to buy back EUR 133,133 thousand of financial debt at an average discount of 25.0%. These transactions helped the Group lower debt by EUR 776,675 thousand in 2014.

In addition, in June 2014, the Group entered into an agreement with Telefónica de Contenidos, S.A.U. for the sale of shares representing 56% of DTS's capital for EUR 750 million. This sale transaction is subject to approval by the competition authorities of Spain who may impose conditions or commitments for the approval of the operation.

According to the contracts governing borrowing conditions and stipulated requirements, Prisa must meet certain commitments and financial leverage ratios (covenants). These contracts also include cross-default disposals.

As of December 31, 2014, the high levels of the Group bank debt (EUR 2,754 million), imply certain risks:

- increasing the vulnerability to general economic downturns and adverse industry conditions;
- requiring a portion of cash flow from operations to be dedicated to the payment of interest on the indebtedness, therefore reducing the ability to use cash flow to fund short term operations, working capital requirements, capital expenditures and future business operations;
- exposing the Group to the risk of increased interest rates, as a part of the borrowings are at variable rates of interest; and
- limiting the ability to adjust to changing market conditions and placing the Group at a disadvantage compared to competitors who have less debt.

Equity situation of the parent company of the Group-

In June 2014, as a result of the loss of EUR 750,383 thousand recognised by the Parent Company of the Group following the sale of a 56% stake in DTS, equity was negative in the amount of EUR 593,513 thousand, and therefore the Parent Company qualified for dissolution in accordance with Spain's Corporate Enterprises Act.

In order to restore the equity balance, the mechanism was used to automatically convert part of Tranche 3 of the company's debt into participating loans for a sufficient amount to offset the negative equity.

During this period, the Company repurchased debt at a discount using the proceeds of the Occher share capital increase and the sale of 10.0% of Mediaset España, which reduced the amount of the participating loan required to restore the balance of equity.

The process to convert debt into the participating loan was carried out on 15 September, in the amount of EUR 506,834 thousand, which included the impact of the transactions and the operating results up to the date of conversion. This brought the Company's equity to two thirds of share capital.

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

As occurred with the automatic conversion that took place in the second half of 2014, in accordance with the Corporate Enterprises Act, the date on which the debt will be converted into participating loans will be five business days before expiry of the two-month period allowed for taking the necessary measures to restore the company's equity,

calculated from the date on which the Directors became aware of the negative equity, i.e. the date on which they authorized the financial statements showing the situation of negative equity.

Sale of DTS-

The refinancing agreement of Prisa's Tranches 2 and 3 debt contain certain automatic mechanisms that prevent its early termination if the commitments of debt reduction included in the contract are not met. Therefore, in the case the sale of DTS was not completed and the company could not meet those debt reduction commitments, these mechanisms would apply and would prevent an early termination of the agreement.

In addition, the Company would decide to implement other corporate transactions to meet Tranche 1 repayment commitment if the sale of DTS was not executed and impacted the maturity of this debt.

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

Liquidity Risk-

The adverse macroeconomic situation, with significant drops in advertising, circulation and pay Tv subscribers, is having a negative impact on the ability of the Group's cash generation in the last years, mainly in Spain. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Group. Similarly, a negative evolution of the pay TV business, would directly impact its liquidity, which could result in additional financing needs that would increase in case the closing of the sale of this business is delayed.

The Group thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Group evaluates the aging of the debt and constantly manages receivables.

Additionally, the group analyzes on a recurrent basis other financing sources to cover short and medium term liquidity needs.

Minority interests -

There are significant minority interests in some cash generating companies, to highlight education, radio and pay TV. Santillana is required to pay to its minority interests (25% of its share capital) a predetermined fixed preferred dividend.

Interest rates risk exposure-

Approximately 44.56% of its bank borrowings terms are at variable interest rates, and therefore the Group is exposed to fluctuations in interest rates. Consequently, in order to

reduce its exposure, the Group arranges interest rate hedges to the extent there are undrawn credit facilities.

Fluctuations in foreign exchange rates-

The Group is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

In order to mitigate this risk, as far as there are available credit facilities, the Group arranges hedges to cover the risk of changes in exchange rates (mainly foreign currency hedges and forwards) on the basis of projections and budgets which are reviewed on a monthly basis, in order to reduce volatility in cash flows transferred to the Parent from foreign subsidiaries.

Tax risks-

Tax risks the Group are related to a possible different interpretation of the rules that could make the competent tax authorities, as well as the ability to generate sufficient taxable income to allow the recoverability of the tax credits arising from carry forward of tax losses, the limitation of the deductibility of interest and depreciation expenses and tax deductions.

7. OUTLOOK

The media industry is highly sensitive to trends in the main macroeconomic variables (i.e. GDP), consumption and, especially, the advertising cycle.

Advertising in Spain and Portugal continued to struggle in 2013, but the pace of decline in Spain slowed in the year's second quarter. This trend continued into the first quarter of 2014, which still showed declines, before ending the year with overall growth of 5.0%, according to a report by i2P. Accordingly, 2014 marked the first year of any meaningful growth in advertising spend since 2008. The same source (i2P) estimates further growth of 5.8% in 2015, with increases in all sectors. The Portuguese advertising market also rebounded in 2014.

In Latin America, GDP growth rates were mixed across countries. While the situation worsened in some, such as Brazil and Chile, growth gathered steam in others, such as Mexico and Colombia. According to IMF estimates, growth in these countries should continue to recover over the next few years. That said, the Group is exposed, in any event, to their macroeconomic parameters, where the outlook points to a potential deterioration in consumption as the scale of growth eases over the medium term.

The Group's results in Latin America in 2014 were hurt by the weakness of the region's currencies since mid 2013. The impact was attenuated from the second quarter last year, although exchange rates have showed quite volatility in recent months. Stripping out exchange-rate effects, results in Latin America showed increases in local currency in most countries.

Despite the Prisa Group's limited exposure to the performance of the advertising market given its diversified revenue mix (advertising revenues represented 33.7% of the total in

2014, excluding Canal+ revenues), those businesses that rely heavily on advertising show a higher percentage of fixed costs. Therefore, declines in advertising revenue for these companies have major implications for their earnings, leading to an erosion of the Group's margins and to deterioration in its cash position.

In Spain, the Group's advertising revenues slipped 2.8% in 2014, but excluding extraordinary items, they were stable and showed a positive change in trend in the fourth quarter. In Portugal, Media Capital delivered a 11.1% increase in advertising revenue from 2013 and consolidated the recovery of the advertising market that started in Portugal in the fourth quarter of 2013 (+4.3% in the fourth quarter).

In 2014, Latin America and the US represented 47.5% of the Group's revenues and 94.0% of its EBITDA (65.8% of the Group's adjusted EBITDA).

Prisa has other, less cyclical businesses that still show scope for growth, especially in Latin America. One example is Education, which contributed 49.3% of the Group's total revenues and 93.1% of its EBITDA in 2014 (65.2% of the Group's adjusted EBITDA). Revenue in Latin America fell 5.5% in the year (+6.4% assuming constant exchange rates). Efforts in the publishing business remain focused on expanding the digital education systems, above all in Mexico, Colombia and Brazil, whose revenues and EBITDA grew significantly in 2014. Campaigns in the South area on the whole were positive in local currency terms. The campaign in Spain delivered increases compared to 2013 despite the problems deriving from the implementation of the new law on education, thanks to commercial efforts and cost control.

Digital audience numbers rose sharply (94.3 million unique browsers at end-December 2014, up 12.8% from the year earlier). Going forward, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

Digital advertising revenues rose by 13.9% in 2014, with Press increasing its share of total advertising revenues to 29% (from 23% in December 2013).

Revenues from the pay TV business (recognised in the consolidated income statement under "Profit (loss) from discontinued operations") were stable in 2014, with growth in subscriber revenues from other platforms making up for the fall in revenues from satellite subscribers. EBITDA was down 15.6%, due mostly to higher football costs.

Against a backdrop of improvement in the economic situation in Spain and Portugal and growth in Latin America, despite a certain slowdown in some countries, cost cutting and control over capex remain a key priority for the Group. The aim is to minimise opex and use the resources freed up for growth businesses, such as Santillana, maintaining a strict cost-control policy and adapting productive structures to revenue performance in order to maintain the liquidity and profitability of the businesses.

The Group also continues to focus on executing its refinancing plan, and in 2014 carried out a series of transactions under the scope of its debt-reduction commitment, such as the placement of a package of shares of Mediaset España Comunicación, S.A., the capital increase subscribed by Consorcio Transportista Occher, S.A. de C.V., and debt buy backs

at a discount of around 25% that led to a debt reduction of EUR 777 million. In 2014 the Group also reached an agreement to sell 56% of its stake in DTS. This sale transaction is subject to approval by the Spanish competition authorities who may impose conditions or commitments for the approval of the operation.

8. RESEARCH AND DEVELOPMENT ACTIVITIES

During 2014, the press unit, through Prisa Noticias, has continued to drive growth in the Mobility area by launching new products, especially native applications.

El País has developed various applications for tablets: *Babelia* and *El País Semanal* which are available for Android, Google Play, and iOS (through Apple's *Newstand*). *El Viajero*, which already launched an app for both operating systems towards the end of 2013, has developed a new version (*El Viajero 2015*), with guides, reports, events diaries...

And the *El País Más* app, aimed at *El País* subscribers, has been launched with the aim of offering benefits and ensuring reader loyalty. Exclusive discounts and offers as part of an application featuring a personalized alert service by event categories and location.

For its part, *As* developed a specific application for the Brazil 2014 World Cup which was downloaded over 200,000 times in its first week. Also, an app for the *Pebble* smartwatch was published for the first time, which attracted some 600 downloads.

To coincide with the start of the BBVA football league, the *Guía de la Liga* application was updated with the calendars, live feeds, and league tables for all European football competitions. Including information on the teams and their players with comparison tools and statistics. The *Pebble* smartwatch app was also relaunched with information on the BBVA football league.

The *AS* editorial application (iPhone and Android), which has been on the market for over four years, has been completely revamped, in terms of its design and features, with video content becoming particularly important.

In June 2014, *Cinco Días* launched its Android app, which has currently been downloaded over 7,000 times. Work is currently underway on new versions for iOS.

Meristation commenced its web-responsive development, which will conclude in 2015, and published a specific app for the Samsung Smart TV.

Other apps developed for television, for the Vodafone set-up box, are those of *As*, *El País*, and *Cinco Días*.

In parallel to all of these developments, a new advertising platform has been optimized and integrated into all products, with the aim of making use of the space and making the apps as profitable as possible.

The importance of knowing our customers and the various groups which are of interest to the Prisa Noticias strategy resulted in the commencement, in 2013, of the project for the development of a customer-relations management (CRM) solution for the various brands operating as part of Prisa Noticias. During 2014, the CRM platform has been refined,

consolidating the information from the various business areas in order to gradually define the cross-section view of the Prisa Noticias customer.

The importance of this change of perspective should be highlighted, shifting from subscription to the customer, including in the CRM not just products for which there is a subscription, but also interaction on our websites with the inclusion of the browsing profile of registered users and their participation in competitions and promotions.

Once the information has been integrated, a new e-mail communications platform was also consolidated during 2014, which allows customer relations to be improved and feedback to be gathered from the results of the campaigns that have an effect on users' knowledge of our brands.

The ultimate objective is to have a core CRM platform on which to build up the operational, relationship, and analytical parts, assisting in the construction of a value offer that increases and safeguards the link between customers and customer revenues and our brands.

In radio, 2014 has been a year of great activity in the digital area, with five major development lines worth highlighting.

Following the definition performed in 2013, the new *Los 40 Principales* website was launched in Spain in February. This development features a web version and a special mobile output, given the rapid growth in access from mobile devices that is occurring. Spain was the beta country, and following this launch, it was rolled out in Columbia in June, Chile in August, Mexico in October, and Argentina in December.

The new corporate digital platform for music radio was also launched in 2014. This development allows automatic adjustment to different screen sizes, and as such to mobile consumption environments. *Cadena Dial* was launched in July, *MáximaFM* in October, and *M80* in December, thereby giving priority to the main Spanish sites, while at the same time preparing an ambitious international roll-out plan for 2015.

And also in the music sector, *YesFM* was launched in 2014, an *à la carte* music platform based on the *freemium* business model (offering basic services for free, paid for by advertising, and charging for advanced services). In addition, it allows users to listen to live feeds of Prisa Radio music stations, offering playlists compiled by the radio stations themselves, by trend-setters, and by users. After some months of testing for this new music service, and given the changes in the industry, it was decided to abandon the pay model, and we are currently working on a redefinition of the product which will appear some time in 2015, focussing on free services and envisaged from the start as being a multi-country product.

The fourth development line focussed on the evolution of audio consumption via mobile devices. A new version of *ReplicApp* was launched in November, the corporate platform for the development of applications for all music and speech radio stations within the Group, and which featured innovations such as:

- New features: playlists, alarms, enriched news, local radio stations
- More possibilities for editorial control

- Multi-country capabilities
- Significant cost savings in development and maintenance

The launch was carried out for *Los 40 Principales* in its multi-country version, and this was followed by *Cadena Dial*, *MáximaFM*, and *Radio Caracol*. As with music radio, there is an ambitious international roll-out plan for this platform in 2015.

Finally, we should highlight the important digital project at *Cadena SER*, which was launched in October 2014. This project was considered to be pivotal in the transformation of its production and its adjustment to the digital environment, taking into consideration the following aspects of the definition of the product:

- New more attractive design and with output adapted to the mobile environment
- Greater browsing depth
- More multimedia content
- New sections and exclusive internet content
- More local content
- Focus on participation. Comments, conversation themes with the programmes, competitions, trivia, polls...
- *Play SER*. A new site for the consumption of live and *à la carte* audio, with automatic schedule splicing

Within the field of the production and broadcast of radio content, the plan for adapting the computer systems to the new business environment continued, with three main lines of activity:

- New broadcast platform (Dalet HD), which allows the broadcasting of traditional signals via new channels and the centralized management of services
- Development of the Production platform (Redact@), in order to allow the automated integration of the various channels (radio, web, and mobile), uniform schedule management, and the multimedia treatment of content
- New Content Management platform (Enciclomedi@)

With regard to Education, the group has maintained its focus on incorporating new technologies into both content solutions and educational services. The most significant initiatives were as follows:

- Progressive evolution of the technology platform (LMS) supporting the *UNO* and *Compartir* offers in order to incorporate improvements into the user experience, the delivery of content, and academic management features.
- Inclusion, as a pilot test, of a Student Information System (SIS) aimed at improving all aspects of teaching follow-up and organization as part of the *UNO* and *Compartir* offers in Mexico.
- Development of a 'Lesson Planning' tool in digital format.

- Renewal of the contract with *TWIG*, an educational video company, in order to launch its new Primary Education offer (*TIG-TAG*).
- Agreement with *Knewton*, an American company, for the development of a personalized book pilot product using adaptive learning technologies.
- Completion of the '*Sabery+*' project as a repository of digital content in order to support teaching and learning. Based on a semantic web system, it aims to make hundreds of lesson plans associated with syllabus topics available to schools, adding the resources of the publisher, a selection of the best free resources on the internet.
- Development of an evaluation platform (PLENO) to make both model tests and author tools and performance reports for their students available to teachers.
- Furthermore, the group has maintained the development and evolution of its content in digital format. In this regard, the new proposal from *Santillana España* with the '*Libronet*' format is significant, designed as an entirely-digital product without analogue equivalent.

9. TREASURY SHARES

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management under stock option plans.

At December 31, 2014, Promotora de Informaciones, S.A. held a total of 12,076,666 treasury shares, representing 0.560% of its share capital.

Treasury shares are valued at market price at December 31, 2014 (0.258 euros per share). The average acquisition price stood at 0.273 euros per share.

At December 31, 2014, the Company did not hold any shares on loan.

10. SHARE PERFORMANCE

Description of PRISA's shareholder structure.

PRISA's share capital at 31 December 2014 consisted of 2,158,078,753 ordinary Class A shares. These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia).

In 2014, the Company put into circulation 1,417,419 ordinary Class A shares arising from the mandatory conversion of Class B into Class A shares, the payment of the preferential dividend from these Class B shares in the form of Class A shares, the exercise of the warrants granted to holders of debt in the refinancing process signed in December 2013,

the mandatory conversion of convertible bonds into shares and the capital increase subscribed by shareholder Consorcio Transportista Occher S.A

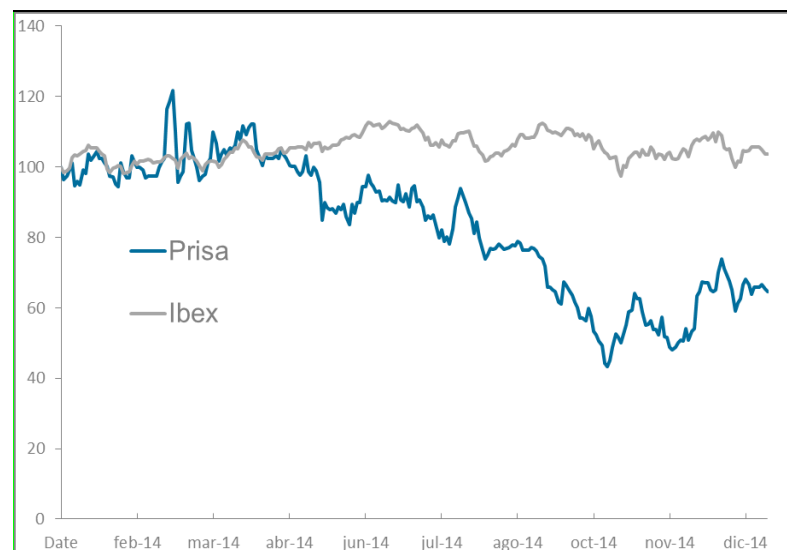
Following the changes in the Company's share capital in 2014, its main shareholders are Rucandio, Consorcio Transportista Occher S.A, HSBC, Santander, Caixa and Telefonica. Free float stands at around 50%.

Share price performance

Prisa ordinary Class A shares began 2014 trading at a price of EUR 0.39 per share (2 January 2014) and ended the year at EUR 0.26 per share (31 December 2014), implying a decline of 33.2%.

Prisa's share price performance was extremely mixed over the quarters, with an 8.8% increase in the first quarter, a 16.5% fall in the second, a 36.4% plunge in the third and a 12.2% gain in the fourth. Performance was heavily shaped by trends in the capital structure throughout the year.

The following chart shows the performance of the PRISA Group's Class A shares relative to the IBEX35 index in 2014, indexed in both cases to 100:



Source: Bloomberg (2 January 2014, 31 December 2014)

11. AVERAGE SUPPLIER PAYMENT TIME

The coming into force of Law 31/2014 of December 3, which amends Law 15/2010 of July 5, which in turn amended Law 3/2004 of December 29, which establishes measures to combat late payment in commercial transactions, also establishes the obligation for mercantile companies to specifically publish their average supplier payment time in the report to their financial statements, their management report and on their website.

With regards to this obligation, supplier payments to companies based in Spain during 2014 exceeded the legally established period by 110 days (the weighted average number of days past-due of DTS is 131 days).

The company's directors will take the appropriate measures during the coming year to reduce the average supplier payment time to the levels permitted by the aforementioned law.

12. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

13. ANNUAL CORPORATE GOVERNANCE REPORT

(See Appendix II)

APPENDIX II: ANNUAL REPORT ON CORPORATE GOVERNANCE



ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

FINANCIAL YEAR: 31.12.2014

TAX ID CODE: A-28297059

Corporate Name: PROMOTORA DE INFORMACIONES, S.A.

Registered address: Gran Vía, 32. Madrid 28013

(Free translation from the original in Spanish language)

A. OWNERSHIP STRUCTURE

A.1. Complete the following table concerning the company's share capital:

Date Last Modified	Share Capital (€)	Number of Shares	Number of Voting Rights
17/12/2014	215,807,875.30	2,158,078,753	2,158,078,753

Indicate whether there are different classes of shares having different rights:

NO

A.2. Indicate the direct or indirect owners of significant holdings in your organization at the end of the financial year, excluding Board Members:

Shareholder's Name	Number of Direct Voting Rights	Indirect Voting Rights Number of Direct Voting Rights	Total % of Voting Rights
RUCANDIO, S.A	0	206,178,256	9.55%
NICOLAS BERGGRUEN	183,465	28,422,994	1.33%
AMBER CAPITAL LP	0	64,703,441	3.00%
FUNDACIÓN BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	0	89,936,378	4.17%
BANCO SANTANDER, S.A.	1,046,000	97,406,182	4.56%
HSBC HOLDINGS PLC	0	175,372,741	8.13%
MONARCH MASTER FUNDING 2 (LUXEMBOURG S.A.R.L.)	70,136,667	0	3.25%
TELEFÓNICA, S.A.	97,087,378	0	4.50%
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	0	188,912,295	8.75%
MORGAN STANLEY	0	88,279,312	4.09%

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights
RUCANDIO, S.A.	TIMON, S.A.	7,928,140
RUCANDIO, S.A.	RUCANDIO INVERSIONES SICAV.	339,094

(Free translation from the original in Spanish language)

RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	77,248,921
RUCANDIO, S.A.	ASGARD INVERSIONES, S.L.U	27,662,101
RUCANDIO, S.A.	OTNAS INVERSIONES, S.L.	93,000,000
NICOLAS BERGGRUEN	BH STORES, IV, B.V	28,422,994
AMBER CAPITAL LP	SUCCINITE XI HOLDINGS II, SARL	64,703,441
FUNDACIÓN BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CAIXABANK, S.A.	89,936,378
BANCO SANTANDER, S.A	BANCO SANTANDER, S.A	97,406,182
HSBC HOLDINGS PLC	HSBC BANK PLC	175,372,741
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	188,912,295
MORGAN STANLEY	MORGAN STANLEY	88,279,312

Indicate the most significant changes in shareholder structure during the financial year:

Shareholder's Name	Date of Transaction	Description of Transaction
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(Free translation from the original in Spanish language)

DEUTSCHE BANK AG	17/03/2014	Dropped from 3% of share capital
DEUTSCHE BANK AG	07/01/2014	Reached 3% of share capital
UBS AG	18/07/2014	Reached 3% of share capital
RUCANDIO, S.A.	21/02/2014	Dropped from 30% of share capital
DEUTSCHE BANK AG	18/03/2014	Reached 3% of share capital
DEUTSCHE BANK AG	20/03/2014	Dropped from 3% of share capital
UBS AG	20/03/2014	Dropped from 3% of share capital
UBS AG	05/09/2014	Reached 3% of share capital
UBS AG	09/09/2014	Dropped from 3% of share capital
RUCANDIO, S.A.	26/08/2014	Dropped from 15% of share capital
RUCANDIO, S.A.	19/09/2014	Reached 15% of share capital
HALCYON MASTER FUND LP	27/03/2014	Reached 1% of share capital
HALCYON MASTER FUND LP	14/07/2014	Dropped from 1% of share capital
INMOBILIARIA CARSO, S.A. DE CV	20/02/2014	Dropped from 3% of share capital
FINANCIERE DE LECHIQUIER	07/05/2014	Reached 3% of share capital
FINANCIERE DE LECHIQUIER	14/07/2014	Dropped from 3% of share capital
SILVER POINT CAPITAL LP	07/03/2014	Dropped from 3% of share capital
SILVER POINT CAPITAL LP	03/03/2014	Dropped from 5% of share capital
SILVER POINT CAPITAL LP	25/02/2014	Reached 5% of share capital
FIL LIMITED	27/01/2014	Reached 1% of share capital
FIL LIMITED	29/01/2014	Reached 2% of share capital
FIL LIMITED	07/02/2014	Reached 3% of share capital
FIL LIMITED	20/02/2014	Dropped from 3% of share capital
FIL LIMITED	04/03/2014	Reached 3% of share capital
FIL LIMITED	06/06/2014	Dropped from 3% of share capital
FIL LIMITED	14/07/2014	Dropped from 2% of share capital
FIL LIMITED	03/10/2014	Dropped from 1% of share capital
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	12/09/2014	Reached 5% of share capital
RUCANDIO, S.A.	24/04/2014	Dropped from 25% of share capital
RUCANDIO, S.A.	08/07/2014	Dropped from 20% of share capital
RUCANDIO, S.A.	17/07/2014	Dropped from 15% of share capital

A.3. Complete the following tables concerning members of the Board of Directors who hold voting rights in the Company:

Director's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights
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(Free translation from the original in Spanish language)

JUAN LUIS CEBRIÁN ECHARRI	3,698,521	1,461,143	0.24
MANUEL POLANCO MORENO	257,925	385,266	0.03
JOSE LUIS SAINZ DIAZ	214,350	0	0.01
FERNANDO ABRIL-MARTORELL	0	2,003,068	0.09
CLAUDIO BOADA PALLERÉS	100	0	0.000
AGNES NOGUERA BOREL	223,463	500	0.01
ALAIN MINC	280,102	0	0.01
ARIANNA HUFFINGTON	400	0	0.00
BORJA JESÚS PÉREZ ARAUNA	231,363	40,350	0.01
EMMANUEL ROMAN	200,613	0	0.01
ERNESTO ZEDILLO PONCE DE LEON	253,324	0	0.01
GREGORIO MARAÑÓN BERTRÁN DE LIS	223,438	493,088	0.03
JOSE LUIS LEAL MALDONADO	18,193	0	0.00
JUAN ARENA DE LA MORA	91,846	0	0.00
JOHN PATON	4,000	0	0.00
ROBERTO LAZARO ALCANTARA ROJAS	53,462	0	0.00

Indirect Shareholder's Name	Through: Direct Shareholder's Name	Number of Voting Rights
GREGORIO MARAÑÓN BERTRÁN DE LIS	GREGORIO MARAÑÓN BERTRÁN DE LIS	493,088
AGNES NOGUERA BOREL	AGNES NOGUERA BOREL	500
MANUEL POLANCO MORENO	MANUEL POLANCO MORENO	385,266
FERNANDO ABRIL-MARTORELL	FERNANDO ABRIL-MARTORELL	2,003,068
BORJA JESÚS PÉREZ ARAUNA	BORJA JESÚS PÉREZ ARAUNA	40,350
JUAN LUIS CEBRIÁN ECHARRI	JUAN LUIS CEBRIÁN ECHARRI	1,461,143

Total % of Voting Rights controlled by the Board of Directors	1.12%
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Complete the following table concerning Members of the Board of Directors holding stock options in the Company:

A.4. Indicate, if applicable, any family, commercial, contractual or corporate relationships existing between the owners of significant shareholdings that are known to the Company, unless they are irrelevant or derive from ordinary commercial transactions:

Names of the Related Persons or Entities
RUCANDIO, S.A.
TIMON, S.A.

Type of Relationship

Corporate

Brief Description:

(Free translation from the original in Spanish language)

Rucandio, S.A. controls directly 56.53% of the share capital of Timón, S.A.

Names of the Related Persons or Entities
ASGARD INVERSIONES, SLU
TIMON, S.A.

Type of Relationship

Corporate

Brief Description:

Timón, S.A. directly controls 100% of Asgard Inversiones, S.L.U.

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.
TIMON, S.A.

Type of Relationship

Corporate

Brief Description:

Timón, S.A. controls directly 82.95% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities
OTNAS INVERSIONES, S.L.
ASGARD INVERSIONES SLU

Type of Relationship

Corporate

Brief Description:

Asgard Inversiones, S.L.U controls directly 91.79% of the share capital of Otnas Inversiones, S.L.

Names of the Related Persons or Entities
RUCANDIO, S.A.
OTNAS INVERSIONES, S.L.

Type of Relationship

Contractual

Brief Description:

In order to facilitate the refinancing of the financial debt of PRISA, Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Berggruen Acquisition Holdings S.A.R.L and Mr. Martin Franklin, reached an agreement and set up a company named as OTNAS INVERSIONES, S.L., indirectly controlled by Rucandio, destined to convert 75,000,000 warrants, amounting 150,000,000 euros, into PRISA shares. The transaction was executed in January 2012. In April 2014 Mr. Martin Franklin and Promotora de Publicaciones, S.L. transferred all the shares they held in Otnas Inversiones, S.L. to Asgard Inversiones.

Names of the Related Persons or Entities
RUCANDIO, S.A.
RUCANDIO INVERSIONES SICAV, S.A.

Type of Relationship

Corporate

Brief Description:

Rucandio, S.A. controls directly 30.90% of the share capital of Rucandio Inversiones SICAV, S.A.

(Free translation from the original in Spanish language)

Names of the Related Persons or Entities
RUCANDIO, S.A.
PROMOTORA DE PUBLICACIONES, S.L.

Type of Relationship

Corporate

Brief Description:

Rucandio, S.A. controls directly 8,32% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.
RUCANDIO, S.A.

Type of Relationship

Contractual

Brief Description:

On 22/12/2011 Promotora de Publicaciones, S.L. executed some corporate arrangements that allow its shareholders to replace an indirect shareholding into a direct shareholding in PRISA. Some shareholders who acquired the direct shareholding, entered into a shareholders agreement by virtue of which they maintain the syndicated right to vote in PRISA. The execution of such Reversion Plan was completed in February 2012. The shareholders agreement was amended in October 2013 and February 2014 by means of the allocation of additional PRISA shares. Said shareholders agreement was cancelled in April 2014.

Names of the Related Persons or Entities
RUCANDIO, S.A.
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV

Type of Relationship

Contractual

Brief Description:

In April 2014 a shareholders agreement was signed (see section A.6 below) between Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Omas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) together with the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV (subsidiary of Grupo Herradura Occidente, S.A. de CV) and other shareholders of PRISA.

Names of the Related Persons or Entities
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV

Type of Relationship

Corporate

Brief Description: CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV holds 99.99% of the share capital of Grupo Herradura de Occidente, S.A. de CV.

Names of the Related Persons or Entities
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV

Type of Relationship

Corporate

(Free translation from the original in Spanish language)

Brief Description: The company CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV is a subsidiary of Grupo Herradura de Occidente, S.A. de CV, as a result of which there are various legal, fiscal and commercial links between them.

A.5. Indicate, if applicable, any commercial, contractual or corporate relationships existing between significant shareholders and the Company and/or its Group, unless they are of little relevance or derive from ordinary commercial transactions:

A.6. Indicate whether any shareholders' agreement have been communicated to the Company pursuant to articles 530 and 531 LSC. If applicable, describe them briefly and list the shareholders bound by those agreements:

YES

Parties to the Shareholders' Agreement
OTNAS INVERSIONES, S.L.
EVIEND SARL
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
MANUEL VARELA UÑA
JOSE BUENAVENTURA TERCEIRO LOMBA
JOSE MARIA ARANAZ CORTEZO
ANDRÉS VARELA ENTRECANALES
JUAN LUIS CEBRIAN ECHARRI
TIMON, S.A.
LIBERTAS 7, S.A.
PROMOTORA DE PUBLICACIONES, S.L.
EDICIONES MONTE ANETO, S.L.
ASGARD INVERSIONES, SLU
INVERSIONES MENDOZA SOLANO, S.L.

% of share capital

9.53%

Brief Description of the Agreement

2014 PRISA Shareholders' Agreement (See the note in section H)

Parties to the Shareholders' Agreement
RUCANDIO, S.A.
TIMÓN, S.A.

% of share capital

3.58%

Brief Description of the Agreement

Shareholders' Agreement in Promotora de Publicaciones, S.L. (See the note in section H)

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
ISABEL MORENO PUNCEL
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

(Free translation from the original in Spanish language)

% of share capital

19.08

Brief Description of the Agreement

Shareholders' Agreement in Rucandio, S.A. (See the note in section H)

Indicate, if applicable, any concerted actions among company shareholders that are known to the Company:

NO

Expressly indicate any change or breach of those agreements or concerted actions during the financial year.

As the CNMV was informed in material disclosures no. 201041 and 204178, dated 27 February and 28 April 2014, respectively, the PRISA shareholder agreement of 22 December 2011 was firstly amended (by means or the allocation of new shares) and subsequently terminated.

The aforementioned material disclosure no. 204178, of 28 April, also reported the issue of a new shareholders agreement on 24 April 2014 (the 2014 Shareholders Agreement), described in section H, which was also modified in September 2014 (material disclosure no. 211007 of 22 September 2014) by the allocation to the shareholders' syndicate of additional shares in Consorcio Transportista Occher, S.A.

A.7. Indicate whether any individual or corporate entity controls or may control the Company pursuant to Article 4 of the Securities Market Law, and if so, identify:

NO

A.8. Complete the following tables concerning the Company's treasury stock:

At year's end:

Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
12,076,666	0	0.56%

(*) Through:

Name or Corporate Name of the direct holder	Number of Direct Shares
Total:	0

Indicate any significant variations during the financial year with respect to the provisions of Royal Decree 1362/2007:

A.9. Indicate the conditions and terms of any current powers conferred upon the Board of Directors at the Shareholders' Meeting to issue, repurchase or transfer treasury stock.

Regarding the derivative acquisition of own shares, the Shareholders' Meeting held on June 22, 2013 passed the following resolution:

"1. To revoke, to the extent not used, the authorization granted by the Ordinary General Meeting of 30 June 2012, in point eleventh of the agenda therefore, regarding the authorization for direct or indirect derivative acquisition of own shares.

(Free translation from the original in Spanish language)

2. To grant express authorization for derivative acquisition of Class A shares of the Company, directly or through any of its subsidiaries, by purchase or by any other inter vivos act for consideration, for a maximum term of 5 years from the holding of this Meeting.

3. To approve the limits or requirements for these acquisitions, which will be as follows:

The par value of the shares acquired directly or indirectly, added to that of those already held by the Company and its subsidiaries and, if applicable, the controlling company and its subsidiaries, at no time will exceed the permissible legal maximum.

The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.

A restricted reserve may be established within net worth in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve shall be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authoring.

The acquisition price may not be less than par value or more than 20 percent higher than market price at the moment of the acquisition. The transactions for the acquisition of own shares will be in accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Capital Companies Act.

4. It is expressly stated that the authorization for the acquisition of own shares granted pursuant to this resolution, may be used, in whole or in part, to acquire shares of the Company to be delivered by it in fulfillment of any compensation plan by means of or any agreement for the delivery of shares or options on shares to the members of the Board of Directors and to the managers of the Company in force at any time, and that express authorization is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorization, and those owned by the Company at the date of holding of this General Meeting, to be used, in whole or in part, to facilitate fulfillment of the aforementioned plans or agreements.

5. The Board of Directors is also authorized to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favor of the Delegated Committee, the Chairman of the Board of Directors or the Chief Executive Officer.”

Likewise, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders' Meeting, are the following:

- Capital increase in the amount necessary for the rights under the Prisa Warrants issued by the Company to certain of the Company's creditors, that give holders the right to subscribe for new Class A ordinary shares of Prisa exclusively by way of the set-off of receivables, in a maximum foreseen of 37,266,130 euros, through the issue of up to a maximum total set of 372,661,305 new shares with a nominal value of 0.10 euros and with a share premium of 0.1673 euros, although this price will be adjusted in circumstances provided in the agreement. The Prisa Warrants may be exercised by holders, in whole or in part, at any time within a maximum of five (5) years. This resolution was adopted by the Extraordinary Shareholders Meeting of December 10, 2013.
- Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of June 22, 2013, in effect until June 2018.
- Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures or warrants on newly-issued shares, adopted by the General Shareholders Meeting of June 22, 2013 in effect until June, 2018.
- Agreement for the transfer of shares in the Company as remuneration for members of the Board of Directors and managerial staff. The total number of shares to be transferred each year may not in any case exceed 1.5% of total capital at any time. The Board of Directors is empowered to adopt such agreements as may be required to meet the obligations derived from this share transfer system in the way that best suits the interests of the Company. The shares to be transferred to participants may be Prisa treasury shares or shares from any other financial

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instrument specified by the Company. The above agreement was adopted by the General Shareholders Meeting held on 28 April 2014 and remains in force until April 2019.

A.10. State whether there are any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, information must be provided on the existence of any kind of restriction that may impede the takeover of the company by means of share purchases on the market.

NO

Description of the restrictions

A.11 Indicate whether shareholders at the Annual Meeting have resolved to adopt any anti-takeover measures pursuant to Law 6/2007.

NO

If applicable, explain the measures passed and the terms in which restrictions would not apply:

A.12. State whether the company has issued securities that are not traded on an official market in the EU.

YES

If appropriate, state the different classes of share and, for each class of share, the rights and obligations it confers.

i) “American Depositary Shares ” (“ADS”): At the Extraordinary General Meeting of PRISA held on 27 November 2010, ordinary class A shares and convertible class B shares were issued and were formally subscribed by a depositary bank (Citibank NA), acting purely in a fiduciary capacity for the benefit of the real owners of the PRISA shares. Simultaneously with the subscription, the depositary bank issued “American Depositary Shares ” (“ADS”), representing Class A (ADS-A) and Class B (ADS-B) shares.

The ADS representing Class A and Class B PRISA shares were listed on the New York Stock Exchange (NYSE) until: i) the mandatory conversion of the ADS-B shares in July 2014 and ii) the delisting of the ADS-A shares (requested by the Company) in September 2014.

PRISA has continued the ADS-A program in the European Union via the non-organized OTC market on which the ADS-A shares may be traded.

Each PRISA ADS- A gives the right to four ordinary Class A PRISA shares. The owners of the ADS have had the right to ask the depositary institution holding the aforementioned ADS (Citibank NA) for the direct delivery of the corresponding shares and their consequent trading on the Spanish stock exchanges.

ii) “PRISA Warrants 2013”: In the context of the refinancing of the Company’s bank debt, that has been signed with all the banks and certain institutional investors representing the entirety of PRISA’s financial debt, the Extraordinary Shareholders Meeting of PRISA held on December 10, 2013, agreed and issuance of warrants (the “PRISA Warrants 2013 ” which give the right to subscribe for new Class A ordinary shares of the Company. Likewise at the same Meeting it was approved the Company’s capital increase in the amount necessary for the rights under the “PRISA Warrants 2013 ” to be exercised, exclusively by way of the set-off of receivables, consequently, without pre-emption rights, delegating to the

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board of directors the power to execute the share issue agreed upon on one or more occasions as rights over the shares are exercised.

B. SHAREHOLDERS MEETING

B.1 Concerning the quorum required at Shareholders Meetings, indicate whether there are differences with respect to the minimum stipulated in the Corporations Law (LSC), and if so, explain.

NO

B.2 Concerning rules for adopting corporate resolutions, explain whether there are differences with respect to those provided in the Corporations Law (LSC) and, if so, explain:

YES

Describe how it differs from the regime provided for in the LSC.

	Qualified majority other than as provided for in Article 201.2 LSC for matters under Article 194.1 LSC	Other instances of qualified majority
Percentage established by the entity for the adoption of resolutions	69.00%	69.00%
Describe the differences		
<p>Article 15 bis of the Bylaws provides that, without prejudice to the provisions of law, the favorable vote of 69 percent of the voting shares present or represented at a General Shareholders 'Meeting will be required for approval of the following matters:</p> <ul style="list-style-type: none"> a) Bylaws 'amendments including, among others, change of the corporate purpose and increase or reduction of share capital, except for such transactions as are imposed by mandate of law. b) Any form of transformation, merger or splitup, as well as bulk assignment of assets and liabilities. c) Winding-up and liquidation of the Company. d) Suppression of preemption rights in monetary share capital increases. e) Change of the management body of the Company. f) Appointment of directors by the General Shareholders 'Meetings, except when the nomination is by the Board of Directors. 		

B.3 State the rules applicable to amendment of the bylaws. In particular, information must be provided on the majorities established for amendment of the bylaws and, if appropriate, the rules established to safeguard the rights of shareholders when the bylaws are amended.

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The amendment of the Bylaws is a matter for the General Shareholders Meeting and shall be carried out in accordance with the provisions contained in the Capital Companies Act and the Bylaws.

As provided in article 15 bis of the Bylaws, the favorable vote of 69 percent of the voting shares present or represented at a General Shareholders 'Meeting will be required for approval of the Bylaws 'amendments including, among others, change of the corporate purpose and increase or reduction of share capital, except for such transactions as are imposed by mandate of law.

The Corporate Governance Committee shall report on proposals for amending the Bylaws.

B.4. Provide attendance statistics for the general shareholders 'meetings held during the year to which the present report refers and during the previous year:

Date of Shareholders ' Meeting	Attendance Statistics				Total
	% physically present	% represented by proxy	% distance voting		
			Vote by electronic means	Others	
28 April 2014	25.48%	22.84%	0.00	0.00	48.32%

B.5 Indicate whether there are any restrictions in the company bylaws with respect to the minimum number of shares required to attend the Annual Shareholders Meeting:

YES

Number of shares required to attend the Annual Shareholders Meeting	60
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B.6 State whether it has been agreed that specific decisions entailing a structural modification of the company ("subsidiarization", sale/purchase of key operating assets, transactions equivalent to the liquidation of the company ...) must be submitted to the shareholders' meeting for approval, even though this is not expressly required under commercial law.

NO

B.7 State the address and manner of accessing the company's website to view corporate governance content and other information on the shareholders' meetings which must be made available to shareholders through the company's website.

In accordance with the provisions of Article 29 ter of the Bylaws, the Company maintains a website for the information of shareholders and investors whose URL is <http://www.prisa.com>.

Within this website there is a section entitled "Shareholders and Investors", within which is posted all information PRISA must make available to its shareholders.

The section "Shareholders and Investors" is organized into the following sections: i) PRISA share quote, ii) Financial Information iii) Analysts, iv) Share Capital, v) Corporate Governance vi) Relevant Events, vii) General Shareholders Meetings and viii) Prospectus.

C. COMPANY MANAGEMENT STRUCTURE

(Free translation from the original in Spanish language)

C.1. Board of Directors

C.1.1. Indicate the maximum and minimum number of directors provided for in the Bylaws:

Maximum Number of Directors	17
Minimum Number of Directors	3

C.1.2. Complete the following table providing information concerning Board Members:

Director's Name	Representative	Position on the Board	Date of First Appointment	Date of Last Appointment	How Elected
JUAN LUIS CEBRIÁN ECHARRI		CHAIRMAN -CEO	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
MANUEL POLANCO MORENO		DEPUTY CHAIRMAN	19 April 01	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
JOSE LUIS SAINZ DIAZ		CEO	22 July 2014	22 July 2014	COOPTATION
FERNANDO ABRIL-MARTORELL		DIRECTOR	24 June 11	24 June 11	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
CLAUDIO BOADA PALLERES		DIRECTOR	18 December 13	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
JUAN ARENA DE LA MORA		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
ARIANNA HUFFINGTON		DIRECTOR	24 October 2012	22 June 2013	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
JOSE LUIS LEAL MALDONADO		DIRECTOR	24 October 2012	22 June 2013	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
GREGORIO MARAÑÓN BERTRÁN DE LIS		DIRECTOR	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
ALAIN MINC		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING

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AGNES NOGUERA BOREL		DIRECTOR	20 April 06	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
BORJA JESÚS PÉREZ ARAUNA		DIRECTOR	18 May 00	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
EMMANUEL ROMAN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
ERNESTO ZEDILLO PONCE DE LEON		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
ROBERTO ALCANTARA ROJAS		DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING
JOHN PATON		DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS 'MEETING

Total Number of Board Members	16
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Indicate any Members retiring from the Board of Directors during the financial year

Board Member	Board member status upon retirement	Retirement Date
NICOLAS BERGGRUEN	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS	March 18, 2014

C.1.3 Complete the following tables concerning the Members of the Board and their functions:

EXECUTIVE DIRECTORS

Director's Name	Committee that informed His/Her Appointment	Post or Functions
MR. JUAN LUIS CEBRIÁN ECHARRI	NOMINATION AND COMPENSATION COMMITTEE	CHAIRMAN OF THE BOARD OF DIRECTORS AND OF THE DELEGATED COMMITTEE
MR. MANUEL POLANCO MORENO	NOMINATION AND COMPENSATION COMMITTEE	DEPUTY CHAIRMAN AND CHAIRMAN OF DTS DISTRIBUIDORA DE TELEVISION

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		DIGITAL
MR. JOSE LUIS SAINZ DIAZ	NOMINATION AND COMPENSATION COMMITTEE	CEO

Total Number of Executive Directors	3
% of the Board	18.75

EXTERNAL DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDINGS

Director's Name	Committee that informed His/Her Appointment	Name of Significant Shareholder Who He/She Represents or Who Proposed His/Her Appointment
MRS. AGNES NOGUERA BOREL	NOMINATION AND COMPENSATION COMMITTEE	PROMOTORA DE PUBLICACIONES, S.L.
MR. BORJA JESÚS PÉREZ ARAUNA	NOMINATION AND COMPENSATION COMMITTEE	TIMÓN, S.A.
MR. ROBERTO LAZARO ALCANTARA ROJAS	NOMINATION AND COMPENSATION COMMITTEE	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V

Total number of external directors representing significant shareholdings	3
% of the Board	18.75

INDEPENDENT EXTERNAL DIRECTORS

Director's Name	Profession
MR. ALAIN MINC	ENGINEER, POLITICAL AND ECONOMIC ADVISER. PROFESSOR
MRS ARIANNA HUFFINGTON	JOURNALIST. CHAIRMAN AND CHIEF OF "THE HUFFINGTON POST MEDIA GROUP"
MR. EMMANUEL ROMAN	FINANCIAL. CEO MAN GROUP
MR. ERNESTO ZEDILLO PONCE DE LEON	ECONOMIST. EX PRESIDENT OF MEXICO
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	LAWYER
MR JOSE LUIS LEAL MALDONADO	ECONOMIST. EX ECONOMY MINISTER AND EX PRESIDENT OF THE SPANISH BANKING ASSOCIATION
MR. JUAN ARENA DE LA MORA	ENGINEER AND FINANCIAL. EX PRESIDENT OF BANKINTER. EX PROFESSOR OF HARVARD BUSINESS SCHOOL.
MR JOHN PATON	JOURNALIST. CEO OF FIRST DIGITAL MEDIA

Total number of independent external directors	8
% of the Board	50.00

State whether any director classed as independent receives from the company, or from its group, any amounts or benefits in respect of an item other than director remuneration, or maintains or has maintained, during the previous year, a business relationship with the company or with any company in its group, either in his own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

(Free translation from the original in Spanish language)

If appropriate, include a statement from the Board explaining the reasons why it considers that the director in question is able to discharge his functions in his capacity as independent director.

MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS: Legal advice, in the sum of 90,000 euros per annum, provided to Promotora de Informaciones, S.A. (PRISA).

The Board of Directors takes the view that the legal advice provided by Mr Gregorio Marañón to PRISA does not compromise the independence of the Director as the remuneration that he receives in respect of it is not significant for the Director.

OTHER EXTERNAL DIRECTORS

Director's Name	Committee that informed or proposed His/Her Appointment
FERNANDO ABRIL-MARTORELL HERNANDEZ	NOMINATION AND COMPENSATION COMMITTEE
CLAUDIO BOADA PALLERES	NOMINATION AND COMPENSATION COMMITTEE

Total number of other external directors	2
% of the Board	12.50

Explain why they may not be considered significant shareholders or independent and their relationships with the company, its managers or shareholders:

Director's Name	FERNANDO ABRIL-MARTORELL HERNANDEZ
Relationships with the company, managers or Shareholders	PROMOTORA DE INFORMACIONES, S.A.
Reasons	Fernando Abril- Martorell has been CEO of PROMOTORA DE INFORMACIONES, S.A. until September 30, 2014

Director's Name	CLAUDIO BOADA PALLERES
Relationships with the company, managers or Shareholders	HSBC HOLDINGS PLC
Reasons	Claudio Boada Pallerés is Senior Advisor of HSBC in Spain and Portugal

If applicable, indicate any changes that have occurred during the year in each director's status:

Director's Name	Date	Previous status	Current Status
FERNANDO ABRIL-MARTORELL HERNANDEZ	01/10/2014	Executive	Other External
ROBERTO LAZARO ALCANTARA ROJAS	18/03/2014	Independent	Representing Significant Shareholdings
CLAUDIO BOADA PALLERES	31/12/2014	Independent	Other External

(Free translation from the original in Spanish language)

C.1.4. Complete the following table with information on the number of female directors during the previous four years, as well as the type of directorship held:

	Number of female directors				Percentage of the total number of directors in each category			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	33.33	33.33	25.00	16.66
Independent	1	1	1	0	12.50	12.50	12.50	0.00
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	2	2	2	1	12.50	14.28	12.50	6.25

C.1.5 Explain the measures that, as the case may be, have been taken to seek to include on the Board of Directors a number of women which enables there to be a balanced presence of both men and women.

Explanation of measures

No particular action has been taken. See next section C.1.6.
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C.1.6. Explain the measures that, as the case may be, have been taken by the Appointments Committee to ensure that there is no implicit bias in selection procedures which could obstruct the selection of female directors, and so that the company actively looks for and includes women who meet the required professional profile in the potential candidates:

Explanation of measures

Article 8.1 of the Board Regulation provides that in the composition of the Board of Directors the external, independents and ownership directors, will represent a majority with respect of the executive directors. To such effects, in exercising its right to fill vacancies and to propose appointments at Annual Shareholders Meetings, the Board of Directors shall procure, in the composition of this body, a majority of external or non-executive directors with respect to executive directors.

The selection process is based solely on the suitability and prestige of the candidates. No ad hoc procedure for selecting female directors has been implemented, precisely due to the non-sexist nature of the company's procedures.

Nevertheless, within the competences of the Corporate Governance Committee has been included "report to the Board on issues of gender diversity in relation to the composition of the Board".

If, despite the measures that may, as the case may be, have been taken there are few female directors, or none at all, explain the reasons for this situation:

Explanation of reasons

It was not considered as necessary the appointment of additional directors.

(Free translation from the original in Spanish language)

C.1.7. Explain how shareholders with significant holdings are represented on the Board.

As already indicated in section C.1.3 of this Report, the Company has three directors representing significant shareholders of the Company: Mr Borja Perez Arauna , Mrs. Agnes Noguera Borel and Mr Roberto Alcántara Rojas.

Mr Borja Perez Arauna represents Timon, S.A. (Timon) and Mrs. Agnes Noguera Borel represents Promotora de Publicaciones, SL (Propu). Both Timon as Propu are ultimately controlled by Rucandio , S.A, that has an indirect interest of 19.08% in the share capital of PRISA (being included in this percentage the voting rights of the Company that are syndicated through the Shareholders Agreement dated April 24, 2014, which is described in Section A.6 of this Report).

Mr Roberto Alcántara Rojas represents Consorcio Transportista Occher, S.A. de CV, that has a direct interest of 8.75% in the share capital of PRISA and that is linked to Rucandio through the above mentioned shareholders agreement dated April 24, 2014.

Finally it is noted that Mr Manuel Polanco Moreno is a Director representing significant shareholders at the instance of Timon, SA and also is executive director.

C.1.8. Explain, if applicable, why directors representing significant shareholdings have been appointed at the request of shareholders whose stake is less than 5% of share capital:

Indicate whether formal requests for representation on the board have been denied shareholders whose stake is equal or higher than others whose requests to appoint a director to represent a significant shareholding was granted. If so, explain why such requests were denied:

NO

C.1.9. Indicate whether any board member has left his post before the end of his mandate, whether he explained his reasons to the board and by what means, and if expressed in writing to the entire board, provide the reasons given:

Board Member's Name	Reasons
MR NICOLAS BERGGRUEN	He has resigned as a director for personal reasons.

C.1.10. If applicable, indicate the powers delegated to members of the Board of Directors:

Board Member's Name	Brief Description
MR JUAN LUIS CEBRIÁN ECHARRI	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW
MR JOSE LUIS SAINZ DIAZ	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW

C.1.11. If applicable, identify board members who hold posts as directors or officers in subsidiary companies within the listed company's group:

(Free translation from the original in Spanish language)

Director's Name	Name of the Group Company	Position
JUAN LUIS CEBRIAN ECHARRI	DIARIO EL PAIS, S.L.	CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	DIRECTOR
JUAN LUIS CEBRIAN ECHARRI	EDICIONES EL PAIS	CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	PRISA INC	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
JUAN LUIS CEBRIAN ECHARRI	PROMOTORA DE ACTIVIDADES AMERICA 2010 MEXICO, S.A. DE CV.	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
MANUEL POLANCO MORENO	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR
MANUEL POLANCO MORENO	MCP MEDIA CAPITAL PRODUCOES, S.A	CHAIRMAN
MANUEL POLANCO MORENO	MEDIA CAPITAL PRODUCOES INVESTIMENTOS SGPS, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT CANARIAS, S.L.U	SOLE DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT ESPAÑA, S.L.U	JOINT AND SEVERAL DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT PORTUGAL, S.A	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL JEMPSA SL	DEPUTY CHAIRMAN AND JOINT CEO
MANUEL POLANCO MORENO	PRODUCTORA CANARIA DE PROGRAMAS, S.L.	DIRECTOR
MANUEL POLANCO MORENO	SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.	JOINT AND SEVERAL CEO
MANUEL POLANCO MORENO	TESELA PRODUCCIONES CINEMATOGRAFICAS, S.L.	JOINT AND SEVERAL DIRECTOR DIRECTOR
MANUEL POLANCO MORENO	TVI - TELEVISÃO INDEPENDENTE, SA	CHAIRMAN
MANUEL POLANCO MORENO	VERTIX, SGPS, S.A.	CHAIRMAN
ARIANNA HUFFINGTON	DIARIO EL PAIS, S.L.	DIRECTOR
ARIANNA HUFFINGTON	EDICIONES EL PAIS, S.L.	DIRECTOR
JOHN PATON	DIARIO EL PAIS, S.L.	DIRECTOR
JOHN PATON	EDICIONES EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	DIARIO EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	EDICIONES EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	DIARIO AS, S.L.	DIRECTOR

C.1.12. If applicable, indicate the directors of your company who are members of the boards of directors of other companies listed on official Spanish securities markets, other than companies in your own group, which have been reported to the company:

Director's Name	Name of Listed Company	Position

(Free translation from the original in Spanish language)

FERNANDO ABRIL-MARTORELL	ENCE, ENERGIA Y CELULOSA,S.A.	DIRECTOR
AGNES NOGUERA BOREL	LIBERTAS 7, S.A.	CHIEF EXECUTIVE OFFICER
ALAIN MINC	CAIXABANK, S.A.	DIRECTOR
BORJA JESUS PEREZ ARAUNA	CARAUNA INVERSIONES SICAV, S.A.	CHAIRMAN
BORJA JESUS PEREZ ARAUNA	NOMIT GLOBAL SICAV	DIRECTOR
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	COMPAÑÍA DE DISTRIBUCION INTEGRAL LOGISTA HOLDINGS, S.A.	CHAIRMAN
JUAN ARENA DE LA MORA	FERROVIAL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	MELIÁ HOTELS INTERNATIONAL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	ALMIRALL, S.A.	DIRECTOR
ARIANNA HUFFINGTON	ONEX CORPORATION	DIRECTOR

C.1.13. Indicate, and if applicable explain, whether the company has established rules regarding the number of boards on which its directors may sit:

YES

In view of the recommendation in the Unified Code of the Spanish Securities & Exchange Commission (CNMV) that listed companies should establish rules on the number of boards on which their directors may sit, the Board of Directors has agreed to include the following limitations in the Board Regulations:

1. Executive directors may not act as administrator in more than 4 listed companies (other than PRISA and its Group) and may not assume executive responsibilities of any kind in such companies.
2. External directors (proprietary, independent or other) may not act as administrator in more than 4 listed companies (other than PRISA and its Group).
3. For the purposes of the above rules:
 - a) All the administrative bodies of companies in the same group will be counted as a single administrative body as will those on which the director sits as a proprietary member proposed by a company in the group, even if the holding in the company's capital or the degree of control do not allow it to be considered as a member of the group.
 - b) This does not include the administrative bodies of investee companies or companies which are vehicles for or complementary to the professional activities of the director, his/her spouse or person with an analogous relationship to him/her, or a direct family member.
 - c) Exceptionally, where it is justified, the Board of Directors may exempt the director from this prohibition.

C.1.14. Indicate the general company policies and strategies that must be approved by the board in full:

Investment and financing policy	YES
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(Free translation from the original in Spanish language)

Definition of group company structure	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, as well as management goals and annual budgets	YES
Remuneration policy and assessment of performance of senior management	YES
Risk management and control policy, as well as periodic monitoring of internal information and control systems	YES
Dividends policy, and treasury stock policy, particularly with regard to limitations thereon	YES

C.1.15. State the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of €)	7,313
Amount of overall remuneration in respect of rights accumulated by directors in the area of pensions (thousands of €)	0
Overall remuneration of the Board of Directors (thousands of €)	7,313

C.1.16. Identify members of senior management who are not executive directors and indicate the total remunerations paid in their favor during the financial year:

Name	Position
MIGUEL ANGEL CAYUELA SEBASTIAN	CHIEF EXECUTIVE OFFICER OF GRUPO SANTILLANA
ANTONIO GARCIA-MON MARAÑES	SECRETARY GENERAL
PEDRO GARCÍA GUILLÉN	CHIEF EXECUTIVE OFFICER OF DTS DISTRIBUIDORA DE TELEVISION DIGITAL
MANUEL MIRAT SANTIAGO	CEO PRISA NOTICIAS
FERNANDO MARTINEZ ALBACETE	DIRECTOR OF STRATEGIC PLANNING, MANAGEMENT CONTROL AND BUDGETING AT PRISA
BARBARA MANRIQUE DE LARA	CORPORATE COMMUNICATIONS, MARKETING & EXTERNAL RELATIONS DIRECTOR
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR
ANDRES CARDÓ SORIA	CEO PRISA RADIO
JAVIER LAZARO RODRIGUEZ	CHIEF FINANCIAL OFFICER (CFO) OF PRISA
ROSA CULLEL	CEO MEDIA CAPITAL.

Total Senior Management Salaries (in Euros 000)	5,893
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(Free translation from the original in Spanish language)

C.1.17. If applicable, identify the members of the Board of Directors who are likewise members of the boards of directors of significant shareholder's companies and/or in companies within its group:

Director's Name	Significant Shareholder's Corporate Name	Position
MANUEL POLANCO MORENO	RUCANDIO, S.A.	DIRECTOR
MANUEL POLANCO MORENO	TIMÓN, S.A.	DEPUTY CHAIRMAN
BORJA PÉREZ ARAUNA	TIMÓN, S.A.	DEPUTY CHAIRMAN
BORJA PÉREZ ARAUNA	OTNAS INVERSIONES, S.L.	DIRECTOR
BORJA PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	JOINT AND SEVERAL DIRECTOR
BORJA PÉREZ ARAUNA	ASGARD INVERSIONES, SLU	JOINT AND SEVERAL DIRECTOR
ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	CHAIRMAN
ROBERTO LAZARO ALCANTARA ROJAS	GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	CHAIRMAN
ALAIN MINC	CAIXABANK, S.A.	DIRECTOR

If applicable, indicate the relevant relationships (other than those listed in the previous table) existing between members of the Board of Directors and significant shareholders and/or companies in the group:

Director's Name	Significant Shareholder's Name	Description of the Relationship
MANUEL POLANCO MORENO	RUCANDIO, S.A.	THE DIRECTOR OWNS 13.55% OUTRIGHT AND IS THE NAKED OWNER OF 11.45% OF THE SHARE CAPITAL OF RUCANDIO, S.A.
MANUEL POLANCO MORENO	RUCANDIO INVERSIONES SICAV, S.A.	THE DIRECTOR HAS DIRECT HOLDINGS (13.20%) IN THE SHARE CAPITAL OF RUCANDIO INVERSIONES SICAV, S.A.
BORJA JESÚS PÉREZ ARAUNA	TIMÓN, S.A.	THE DIRECTOR HAS AN EMPLOYMENT RELATIONSHIP WITH TIMÓN, S.A.
BORJA JESÚS PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS DIRECT HOLDINGS (0.0081%) IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.
ROBERTO LAZARO ALCANTARA ROJAS	GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	THE DIRECTOR HAS INDIRECT HOLDINGS (18.1815%) IN THE SHARE CAPITAL OF GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV
CLAUDIO BOADA PALLERES	HSBC HOLDINGS PLC	THE DIRECTOR IS SENIOR ADVISOR OH HSBC IN SPAIN AND PORTUGAL
ARIANNA HUFFINGTON	NICOLAS BERGGRUEN	THE HUFFINGTON POST (WHOSE PRESIDENT AND MANAGER IS ARIANNA HUFFINGTON, DIRECTOR OF PRISA) AND THE BERGGRUEN INSTITUTE (WHOSE CHAIRMAN IS NICOLAS BERGGRUEN, SHAREHOLDER OF PRISA) PARTNERED IN 2014 ON THE CREATION OF THE ONLINE PUBLICATION THEWORLDPOST.

C.1.18. Indicate if the Board Regulation has been amended during the year.

NO

(Free translation from the original in Spanish language)

C.1.19. Indicate the procedures for the selection, appointment, reelection, evaluation and removal of directors. Describe the bodies empowered to do so, the steps to be taken and the criteria to be applied in each of those procedures.

Procedures for the selection, appointment, reelection, evaluation and removal of directors are regulated by the Bylaws and the Board Regulations.

However, the Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

The Bylaws and Regulations described below are thus subject to change in the short term. Certain stipulations of the aforementioned Law 31/2014 have already come into force and are compulsory in connection with procedures for the selection, appointment, reelection, evaluation and removal of directors.

According to Article 17 of the Company Bylaws, the Board shall have a minimum of three and a maximum of seventeen members, who shall be appointed by and whose number shall be determined at the Shareholders' Meeting. In that regard, the shareholders may expressly determine the number at a Meeting, or may do so indirectly by choosing to fill or not to fill vacancies or to appoint or not to appoint new Directors within the aforementioned minimum and maximum number of members.

The Board of Directors shall appoint a Chairman from among its members and may likewise appoint one or several deputy chairmen. It may also appoint a Delegated Committee from one of its members, or one or several Chief Executive Officers, to whom the Board may grant joint or joint and several powers to represent the Company. The Board shall also appoint a secretary, who need not be a board member, and may appoint a deputy secretary, who likewise need not be a board member.

As provided in article 15 bis of the Bylaws, a favorable vote of 69% percent of the shares having voting rights, present or represented by proxy at a General Meeting shall be required to adopt resolutions concerning changes in the Board of Directors and an appointment of members of the Board at the Shareholders' Meeting, except for candidates proposed by the Board of Directors.

Article 17 bis of the Bylaws also provides that the composition of the Board of Directors shall be such that external directors or non-executive directors represent a majority with respect to executive directors, with the presence of independent directors.

Chapter VI of the Board Regulations provides for the following procedures for appointing, reelection, evaluating and removing Directors:

- Appointment of Directors: Directors shall be appointed by the participants at the Shareholders' Meeting or, provisionally, by the Board of Directors in accordance with the provisions of the Companies Law and the Company Bylaws.

Proposals for the appointment of directors submitted by the Board of Directors for consideration at shareholders meetings and resolutions appointing directors that the Board adopts by virtue of its legally-attributed powers of co-optation must conform to the provisions of this Regulation, and must be accompanied by a non-binding proposal or advisory opinion issued by the Nomination and Compensation Committee or of the Corporate Governance Committee, as the case may be.

- Appointment of External Directors: The Board of Directors and the Nomination and Compensation Committee shall seek to ensure, within the scope of their respective powers, that the candidates selected are persons of acknowledged competence and experience.

The Corporate Governance Committee shall evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.

- Re-appointment of Directors: Motions for re-appointment of directors submitted by the Board of Directors at a shareholders meeting shall be subject to a formal drafting process. A necessary part of this process is an opinion issued by

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the Nomination and Compensation Committee in which the performance and commitment of the directors proposed during the previous mandate shall be evaluated.

- Tenure of Service: Directors shall be appointed for a term of five (5) years, and may be re-appointed. Directors appointed by co-optation may be ratified in office by resolution of the first shareholders meeting following his appointment.

- Termination of Tenure: Directors shall leave their posts when the period for which they were appointed has expired, or when so decided by shareholders at a shareholders meeting in the exercise of the powers that are conferred upon them by statute or in the bylaws. Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in cases provided in article 21.2 of the Board of Directors Regulation, which are described in section C.1.21 below.

The Board of Directors shall not propose the removal of any independent director before completing the term of office set forth in the bylaws for which he was appointed, unless the Board deems that there is just cause for doing so and after seeking the opinion of the Corporate Governance Committee. In that regard, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post.

Committee members shall leave their posts when they cease to be directors.

- Voting Objectivity and Secrecy: Directors affected by motions for re-appointment or termination shall absent themselves from the meeting during deliberations and voting on such matters.

If any director so requests, Board of Director votes involving the appointment, re-appointment or termination of directors shall be by secret ballot, without prejudice to the right of any director to have his vote recorded in the minutes.

-Evaluation: As provided in the Board of Directors Regulation, periodic evaluation of the performance and composition of the Board of Directors shall be submitted to Board approval with the previous report by the Corporate Governance Committee.

C.1.20 State whether the Board of Directors has conducted an evaluation of its activities during the year:

YES

If appropriate, explain to what extent the self-evaluation has produced significant changes to its internal organization and to the procedures applying to its activities:

Description of changes
<p>In view of the self-evaluation of its activity conducted by the Board of Directors, and as proposed by the Corporate Governance Committee, in 2014 the Board approved a "Guide to Good Practice", which contains a number of practices that must be implemented by the Company's Directors and certain internal departments.</p> <p>The practices listed constitute a guide to good governance in internal matters and it is hoped that it will lead to better and more efficient functioning of the Company's governing bodies, improving the present framework of Corporate Governance in the Company, complementing the requirements of applicable legislation and the Company's internal regulations.</p>

C.1.21. Indicate under what circumstances Directors are obliged to resign.

As set forth in Article 21.2 of the Board Regulations, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- 1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease.
- 2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.

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- 3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.
- 4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such.
- 5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates.
- 6) When the belonging to the Board for lack of fitness, in the manner described in Article 31.5 of these Regulations, may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

Article 33.5 of the Board of Director Regulations provides that in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties for the purposes of Article 21 of this Regulation.

C.1.22. Indicate whether the functions of Chief Executive Officer of the Company are also performed by the Chairman of the Board of Directors. If so, explain the measures adopted to limit the risks of conferring those powers upon a single person:

YES

Risk-Limiting Measures
<p>The Chairman of the Board of Directors is the chief individual responsible for the management of the Company. His main assistant is the Chief Executive Officer who is responsible for the effective management of the business of the Company, always in accordance with the decisions and criteria adopted at the Shareholders' Meeting and by the Board of Directors, the Delegated Committee and the Chairman, in the framework of their respective competences. There is likewise an Audit Committee, a Corporate Governance Committee, and Appointments and Remuneration Committee, and neither the Chairman nor any of the Executive Directors are members of those committees.</p> <p>There is also a Committee for Strategic Digital Change, on which the Executive Chairman and the Chief Executive Officer sit, together with 2 independent Board members.</p>

Indicate, and if so explain, whether rules have been passed to enable an independent director to request that a board meeting be held or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct assessment by the board of directors.

YES

Explain de Rules
<p>Article 529 (7) of Law 31/2014, which modifies the Corporations Law (LSC), introduced a legal requirement for the Board to appoint a coordinator from among the independent directors, with special powers to request a call for a meeting of the Board of Directors or include new items in the agenda of a meeting which has already been called, coordinate and organize meetings of non-executive directors and, when required, direct the regular assessment of the Chairman of the Board of Directors. Compliance with this rule is compulsory for listed companies and will, therefore, soon be incorporated in the Company's internal regulations.</p> <p>Nevertheless, notwithstanding this legal obligation, since 2013 the Company's external directors have met occasionally to coordinate and express their concerns, even though this role was not expressly regulated in the Company's internal regulations.</p> <p>Moreover, the "Guide to Good Practice", approved in 2014 and to which reference is made in section C.1.20 above, already envisages that, when each meeting of the Board of Directors is held, the external directors will meet without</p>

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the presence of the Company's executive directors and that a coordinator will be appointed from among the independent directors, with the abstention of the executive directors, with powers to perform the same functions as are specified in Article 529 (7) of the Corporations Law (LSC).

C.1.23. Are reinforced majorities required for taking certain types of decisions, other than those required by law?

NO

C.1.24. Indicate whether the requirements for being elected Chairman differ from those required for election to the Board:

NO

C.1.25. Indicate whether the Chairman may exercise a casting vote:

YES

Matters in which the Chairman has a Casting Vote

Pursuant to Article 23 of the Company Bylaws and Article 16.2 of the Board Regulations, the Chairman may exercise a casting vote to break any possible ties that may arise concerning any matter.

C.1.26. Indicate whether the Bylaws of the Board Regulations set an age limit for Directors:

NO

B.1.27. Indicate whether the Bylaws or Board Regulations limit the term of office of independent directors, different from that required by law:

NO

C.1.28 State whether the bylaws or regulations of the Board of Directors lay down specific rules for granting proxies at Board Meetings, how this is done and, in particular, the maximum number of proxies a director can have, as well as whether proxies must be given to directors holding the same type of directorship. If so, provide a brief description of the rules.

Article 23 of the Company Bylaws and Article 16 of the Board Regulations provide that directors may delegate their votes to another director. In that regard, proxies must be in writing, specifically for the meeting in question and instructing to the representative about the sense of any vote.

According to Article 529 (4) of Law 31/2014, non-executive directors can only delegate their representation to other non-executive directors.

(Free translation from the original in Spanish language)

C.1.29. Indicate how many Board Meetings were held during the year. Also indicate, if appropriate, how often the Board met without the chairman's attendance. Proxies granted with no specific instructions will be treated as attendances.

Number of Board Meetings	8
Number of Meetings That the President Did Not Attend	0

Indicate the number of meetings held by the Board's committees:

Committees	Number of Board Meetings
Delegated Committee	5
Audit Committee	7
Compensations and Nominations Committee	5
Corporate Governance Committee	5
Committee for Strategic Digital Change	2

C.1.30. Indicate the number of meetings held by the Board of Directors during the financial year in which all members were in attendance. Proxies in attendance with specific instructions should be counted as attendances:

Attendances of board members	120
% of attendances with respect to the total number of votes during the year	96.77%

C.1.31. Indicate whether the individual and consolidated annual accounts submitted to the Board for its approval are previously certified:

NO

Identify, if applicable, the person or persons who certified the individual and consolidated annual accounts of the Company, for submission to the Board:

C.1.32. Explain, if they exist, the mechanisms established by the Board of Directors to prevent the annual and consolidated accounts from being submitted at the Shareholders' Meeting with provisos in the Auditor's Report.

Pursuant to article 24.4.b) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the preparation and publication of the Company's financial information

- i. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
- ii. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit
- iii. Oversee the preparation and presentation of financial information regulated.

C.1.33. Is the Secretary of the Board of Directors likewise a Director?

(Free translation from the original in Spanish language)

NO

C.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, indicating whether the Nominations Committee issued an opinion and the Board approved his appointment and removal.

Procedure for appointment and removal
Pursuant to Articles 13 and 25 of the Board of Directors Regulation, the Board of Directors appoints a secretary, who must be a lawyer and need not be a member of the Board. The Board of Directors may appoint a Deputy Secretary, who need not be a director, to assist the Secretary to the Board of Directors.
The Board Regulations stipulate that the basic responsibilities of the Nomination and Compensation Committee include reporting proposals for the appointment of the Secretary and Deputy Secretary but not for their removal.
However, Law 31/2014, which modifies the Corporations Law (LSC), requires the Board, when it has been informed by the Nomination and Compensation Committee, to rule on the appointment and removal of the Secretary and, where appropriate, the Deputy Secretary. Compliance with this legal requirement is already compulsory for listed companies (and for this reason in the questions answered below the Company states that the Nomination and Compensation Committee reports on the removal of the Secretary) and is expected to be incorporated in the Company's internal regulations.

Does the Nomination Committee issue an opinion concerning the appointment?	YES
Does the Nomination Committee issue an opinion concerning the removal?	YES
Is the appointment approved by the full Board?	YES
Is the removal approved by the full Board?	YES

Is the Secretary to the Board specifically responsible for overseeing compliance with good governance recommendations?

YES

Observations
Yes, with regard to the recommendations accepted by the Company and including in its internal regulations.

C.1.35. Indicate, if applicable, the mechanisms established by the Company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

Pursuant to article 24.4.c) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the external Auditor of the Company

- i. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.
- ii. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.
- iii. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.
- iv. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its
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independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.

- v. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.
- vi. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.

Likewise, article 40 of the Board Regulations stipulates that:

1. The Board of Directors shall refrain from proposing the appointment or renewal of a firm of auditors when the fees paid by the Company for all of its services represent more than 5% of the annual income of that auditing firm, based on the average for the last five years.

2. The Board of Directors shall publicize the total fees that the Company has paid to the auditors, differentiating between fees for auditing company accounts and those paid for other services rendered. The Annual Report of company accounts must likewise include a breakdown of the fees paid to auditors, as well as those paid to any company belonging to the firm of auditor's corporate group or to any company sharing common property, management or control with the Company's auditors.

C.1.36 Indicate whether during the financial year the company has changed external auditors. If so, specify the former and present auditors:

NO

In the event there were discrepancies with the former auditor, explain the nature of those discrepancies:

C.1.37. Indicate whether the auditing firm renders other non-auditing services to the Company and/or its corporate group and, if so, state the amount of fees paid for those services and the percent that this represents of the total fees invoiced to the Company and/or its group.

YES

	Company	Group	Total
Amount paid for non-auditing services (Euros 000)	641	754	1,395
Amount paid for non-auditing services / Total amount invoiced by the auditing firm (%)	78%	32%	44%

C.1.38. Indicate whether the report on the audit of the annual accounts for the previous year contained any reservations or qualifications. If so, indicate the reasons provided by the chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

(Free translation from the original in Spanish language)

C.1.39. Indicate the number of consecutive years that the present auditing firm has audited the annual accounts of the Company and/or its group. Likewise indicate the percent that the number of years with this auditing firm represents with respect to the total number of years that the annual accounts have actually been audited.

	Company	Group
Number of consecutive years	24	23

	Company	Group
Number of years audited by the present auditing firm / Number of years that the Company has been audited (%)	100.00	100.00

C.1.40. Indicate whether there is a procedure for Directors to obtain outside counsel and, if so, describe that procedure.

YES

Description of the Procedure
<p>The Board Regulations incorporate this principle in the following terms: Directors shall have broad powers to obtain information and counsel that they may need with regard to any aspect of the Company, provided that it is required in the fulfillment of their duties.</p> <p>Likewise, it is established that in order to be assisted in exercising their functions, any Director may request the hiring, under the Company cost, legal, accounting, technical, financial, commercial or other experts. The engagement must deal with specific problems of certain importance and complexity that arise in the performance of their duties. The application for hire will be channeled through the President or Secretary of the Board of Directors, who may subject to prior approval of the Board of Directors, which may be denied when there are reasons that justify it.</p> <p>Likewise it is established that the Delegated Commission and the Committees may seek outside advice when they deem it necessary for the fulfillment of their obligations.</p>

C.1.41. Indicate whether there is a procedure for Directors to obtain the information they need in sufficient time to enable them to prepare for the meetings of the governing bodies and, if so, describe that procedure:

YES

Description of the Procedure
<p>The Corporations Law (LSC) and the text of the current Board Regulations of PRISA (under review to bring them into line with the changes introduced by Law 31/2014 which modifies the Corporations Law to improve corporate governance), contain the following provisions:</p> <p>The Chairman of the Board, with the assistance of the Secretary (who must take all necessary measures for the correct functioning of the Board), must ensure that, prior to meetings and with sufficient notice, members receive the necessary information to discuss issues and reach agreements regarding the items on the agenda for meetings of the Board of Directors.</p> <p>Meetings of the Board of Directors must be announced at least 7 days in advance and must include details of the agenda for the meeting. The Chairman will ensure that the Chief Executive Officer draws up and makes available to the other Directors information on the progress of the Company and any information necessary for approval of the motions proposed in the agenda for each meeting of the Board.</p> <p>The Board of Directors Regulation provides that Directors may request, with the broadest powers, any information and</p>

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advice they require concerning any aspect of the Company, provided that this is needed in the fulfilment of their functions. This right to information is extended to subsidiary companies, whether national or foreign, and shall be channeled through the Chairman, who shall answer requests from directors, providing them with the information directly, directing them to the appropriate sources, or taking any measures necessary for the inspection requested. Furthermore, the Chairman of the Board shall ensure that all directors receive all documentation to be distributed at meetings of the Delegated Committee and the various committees and their respective minutes.

Moreover, as pointed out in section C.1.20 of this Report, the Board of Directors has approved a Guide to Good Practice which constitutes a guide to internal conduct in matters of good governance and which makes a series of practices compulsory, including the sending of information to directors.

C.1.42. Indicate whether the company has rules (and if so, describe those rules) compelling directors to inform and, if warranted, resign in circumstances that may damage the prestige and reputation of the company:

YES

Description of the Procedure
<p>As established in section 21.2. of the Rules of the Board of Directors, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:</p> <ol style="list-style-type: none"> 1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease. 2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding. 3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors. 4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such. 5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates. 6) When the belonging to the Board for lack of fitness, in the manner described in Article 31.5 of these Regulations (conflicts of interest), may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

C.1.43. Indicate whether any member of the Board of Directors has informed the company that he has been prosecuted or that proceedings have been brought against him for any of the offenses listed in Article 213 of the Corporations Law:

NO

Indicate whether the Board of Directors has reviewed the case. If yes, explain the reasons underpinning the decision on whether or not the director should continue in office or, if appropriate, detail the steps taken by the Board of Directors up to the date of this report or the steps it intends to take.

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C.1.44. Detail the major agreements entered into by the company that come into force, are changed or terminate in the event that the control of the company changes as a result of a tender offer, and its effects.

i) Shareholders agreement signed by Prisa and Telefónica de Contenidos, S.A. (December 2010)

The shareholders agreement envisages a purchase option in favor of Telefónica de Contenidos, S.A. for all of Prisa's holding in DTS Distribuidora de Televisión Digital, S.A. ("DTS") if there is a change in control at Prisa.

However, on 2 June 2014, Prisa and Telefónica de Contenidos, S.A. signed an agreement for the sale of all shares in DTS held by PRISA, which account for 56% of the company's capital. This contract is subject to a series of conditions, including authorization by the relevant authorities.

ii) Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in December 2013:

The refinancing agreement includes grounds for acceleration, which include the acquisition of control of PRISA (understood as meaning the acquisition by one or more people acting in concert of more than 30% of the capital with voting rights).

iii) Financing agreement signed by Prisa and Wilmington Trust (London) Limited, as agent, and other financial institutions (New Money Facility Agreement) in December 2013:

The refinancing agreement includes grounds for acceleration, which include the acquisition of control of PRISA (understood as meaning the acquisition by one or more people acting in concert of more than 30% of the capital with voting rights).

C.1.45. Identify, in aggregate terms, and indicate, in detail, the agreements between the company and its managers, executives or employees which provide for indemnification, safeguard or golden parachute clauses in the event of their resignation or unjustified dismissal, or in the event that the contractual relationship ends as a result of a tender offer or another type of transaction.

Number of Beneficiaries	9
Type of Beneficiaries	Description of the agreement
<ul style="list-style-type: none"> • 3 Executive Directors • 5 members of Senior Management • 1 Manager of de Promotora de Informaciones, S.A. (PRISA) 	<p>On December 31, 2014, contracts of 8 members of the management team (three executive directors and five members of senior management) included a special clause that provides, in general, compensation for improper dismissal in an amount between an annuity and an annuity and a half of their respective total annual compensation (fixed salary plus normally last bonus received).</p> <p>In addition, another manager of PRISA (not forming part of the senior management) has a safeguard clause in an amount equivalent to one year of compensation.</p>

Indicate whether such contracts must be reported and/or approved by the governing bodies of the Company or Group:

	Board of Directors	Shareholders ' Meeting
Body authorizing these clauses	YES	NO

Are the participants at the Shareholders ' Meeting informed	YES
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of these clauses?	
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C.2. Committees of the Board of Directors

C.2.1 List all of the Board committees, their members and the proportion of proprietary and independent directors on them:

DELEGATED COMMITTEE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	CHAIRMAN	EXECUTIVE DIRECTOR
MR. JOSE LUIS SAINZ DIAZ	MEMBER	EXECUTIVE DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXECUTIVE DIRECTOR
MR. GREGORIO MARAÑÓN Y BERTRAN DE LIS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. ROBERTO LAZARO ALCANTARA ROJAS	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

% Executive Directors	50.00
% External Directors representing significant shareholdings	17.00
% Independent Directors	33.00
% Other Directors	00.00

AUDIT COMMITTEE

Name	Position	Classification
MR. ALAIN MINC	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR CLADIO BOADA PALLERES	MEMBER	OTHER EXTERNAL
MR JUAN ARENA DE LA MORA	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. EMMANUEL ROMAN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. FERNANDO ABRIL-MARTORELL	MEMBER	OTHER EXTERNAL

% Executive Directors	00.00
% External Directors representing significant shareholdings	00.00
% Independent Directors	60.00
% Other Directors	40.00

NOMINATION AND COMPENSATION COMMITTEE

Name	Position	Classification
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR

(Free translation from the original in Spanish language)

MR. BORJA PEREZ ARAUNA	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS. AGNES NOGUERA BOREL		EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

% Executive Directors	00.00
% External Directors representing significant shareholdings	50.00
% Independent Directors	50.00
% Other Directors	00.00

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Classification
MR. ERNESTO ZEDILLO	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MRS ARIANNA HUFFINGTON	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR JOSE LUIS LEAL	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS AGNES NOGUERA BOREL	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

% Executive Directors	00.00
% External Directors representing significant shareholdings	25.00
% Independent Directors	75.00
% Other Directors	00.00

COMMITTEE FOR STRATEGIC DIGITAL CHANGE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	MEMBER	EXECUTIVE DIRECTOR
MR. JOSE LUIS SAINZ DIAZ	MEMBER	EXECUTIVE DIRECTOR
MR JOHN PATON	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR JUAN ARENA DE LA MORA	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% Executive Directors	50.00
% External Directors representing significant shareholdings	00.00
% Independent Directors	50.00
% Other Directors	00.00

C.2.2 Complete the following table with information on the number of female directors who have sat on Board committees during the previous four years:

(Free translation from the original in Spanish language)

	Number of female directors			
	Year 2014 Number %	Year 2013 Number %	Year 2012 Number %	Year 2011 Number %
Delegated Committee	0 (00.00)	0 (00.00)	0 (00.00)	0 (00.00)
Audit Committee	0 (00.00)	1 (25.00)	1 (25.00)	1 (25.00)
Nomination and Compensation Committee	1 (25.00)	0 (00.00)	0 (00.00)	0 (00.00)
Corporate Governance Committee	2 (50.00)	2 (50.00)	2 (50.00)	1 (25.00)
Committee for Strategic Digital Change	0 (00.00)	0 (00.00)	0 (00.00)	0 (00.00)

C.2.3 Indicate whether the Audit Committee performs the following duties:

Supervision of the preparation and integrity of the company's, and if applicable, the group's financial information, monitoring compliance with regulatory requirements, the appropriate composition of the consolidation perimeter and the correct application of accounting rules	YES
Periodic review of internal control and risk management systems, so that the main risks are adequately identified, managed and notified	YES
Ensuring the independence and accuracy of the operations of the internal audit department; proposing the selection, appointment, reelection and removal of the head of the internal audit department; receiving periodic information concerning audit activities; and verifying that senior managers take into account the conclusions and recommendations contained its reports	YES
Setting up and supervising a mechanism whereby employees may confidentially and, if deemed appropriate, anonymously notify the company of any potentially relevant irregularities within the company, particularly financial or accounting irregularities, of which they may be aware	YES
Submission to the Board of Directors of proposals for the selection, appointment, reelection and substitution of the external auditor, as well as the conditions of its contract	YES
Receiving regularly from the external auditor information concerning the audit plan and the results of its application, and verifying that senior managers take its recommendations into account	YES
Ensuring the independence of the external auditor	YES
In the case of group companies, encouraging the group auditor to assume responsibility for auditing group companies.	YES

(Free translation from the original in Spanish language)

C.2.4. Describe the rules governing the organization and functions, as well as the responsibilities attributed to each of the board committees.

The functioning, powers and composition of the Delegated Committee, Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee are regulated by the Bylaws and by the Board Regulations.

However, the Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

The regulations governing the Board's committees, as listed below, are subject to change in the short term. Moreover, certain provisions of Law 31/2014 have already come into force and their application is compulsory for the Board's committees.

DELEGATED COMMITTEE

The rules governing the organization and operations of the Delegated Committee that are described below are contained in articles 5 and 14 of the Board of Directors Regulations:

The Delegated Committee shall comprise no more than eight board members and shall be presided by the Chairman of the Board of Directors. Appointment of the members of the Delegated Committee shall be made upon a proposal from the Chairman of the Board of Directors and a two-thirds favorable vote of board members.

The composition of the Delegated Committee with regard to the type of directors shall be similar to that of the Board of Directors.

Members of the Delegated Committee shall cease in their functions when they cease to be board members or upon a decision of the Board of Directors.

The Secretary of the Board shall act as Secretary of this Committee.

Without prejudice to the powers vested in the Chairman of the Board and the Chief Executive Officer, and under the provisions of Art. 5 of this Rules, all powers of the Board of Directors that may legally be delegated shall be delegated to the Delegated Committee. As provided for in that rule, the decisions that must be submitted to the Board of Directors and that may be legally delegated to the Delegated Committee may be taken by it for urgency reasons, which must be justified in the next Board meeting to be held. Said decisions are the following: i) Financial information related to listed securities that the Company must disclose periodically; ii) The undertaking of investments, assumption of financial obligations or the granting of any financial commitments that derive, among others, from loans, credits, sureties or other guarantees, as well as entering into contracts that are of significant importance to the Company or its subsidiary and/or controlled companies, except for cases of extreme urgency in which it is impossible for the Board of Directors to meet; iii) Any transfer or encumbrance of assets relating to the Company or its subsidiary or controlled companies, iv) Motions or resolutions for capital increases or reductions. Any other changes in capital structure; v) Strategic alliances of the Company or its controlled companies; vi) The creation or acquisition of interests in entities domiciled in countries or territories considered tax havens; vii) Mergers, spin-offs and any other relevant decision regarding the position of the Company as a listed company; viii) The remuneration of directors as well as, in the case of executive directors, any additional remuneration for their executive functions and other conditions set forth in their contracts; ix) Authorization of linked transactions in the terms provide for in this Regulation; x) Periodic evaluation of the performance and composition of the Board of Directors and the senior management.

The Delegated Committee shall meet at least six times a year and at any time that, in the opinion of the Chairman, company interests warrant a meeting or when two or more members of the Delegated Committee request that a meeting be called, the Chairman being obliged to give notice of meetings sufficiently in advance.

A Committee meeting may be validly held when a majority of the directors on the committee are present or represented by proxy, and members not in attendance may give their proxies to another director who is a committee member.

Resolutions shall be passed by an absolute majority vote of the Delegated Committee members present or represented by proxy.

(Free translation from the original in Spanish language)

When there are no specific procedures, those set forth in this Regulation for the Board of Directors shall apply to the Delegated Committee, provided that they are compatible with the Committee's nature and functions.

When requested to do so by the Chairman of the Committee, other directors who are not committee members, as well as managers whose reports are necessary for company operations, may attend committee meetings, having voice but no vote

The Delegated Committee shall keep minutes of its meetings in the terms provided for the Board of Directors.

The Delegated Committee shall report on its activities at the first full board meeting following its sessions, and shall be accountable for the work it undertakes. The Board shall always be informed of all matters discussed and all resolutions adopted by the Delegated Committee. All board members shall receive a copy of the minutes of the Delegated Committee's meetings.

The Delegated Committee may seek outside expert advice when it is deemed necessary for the fulfillment of its functions.

CORPORATE GOVERNANCE COMMITTEE:

The rules governing the organization and operations of the Corporate Governance Committee that are described below are contained in Article 21 ter of the Bylaws and Article 26 of the Board Regulations:

The Corporate Governance Committee shall consist of a minimum of three (3) and a maximum of five (5) external or non executive directors. The appointment and removal of Committee members will be made by the Board of Directors upon a motion from the Chairman of the Board. Members of the Corporate Governance Committee will cease when they do so in their capacity as Directors or as otherwise agreed by the Board of Directors.

The Chairman of the Committee shall be elected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Corporate Governance Committee shall have the following competences:

- a) Regarding the composition of the Board of Directors and Board Committees:
 - i. Propose the appointment of independent directors.
 - ii. Propose the qualification of directors into the categories of executive, external proprietary, external independent and other directors, when the appointment or renewal of the directors is going to be executed by the General Shareholders Meeting or when that classification is revised annually in the Corporate Governance Report.
 - iii. Inform on the removal of executive and independent directors, when the Board of Directors propose the decision to the Shareholders Meeting or when occurs *justa causa* due to a breach of the director of the duties inherent to his/her position and when is carrying out a disciplinary procedure that could mean the removal of the director.
 - iv. Report, together with the Nomination and Compensation Committee, on proposals for the appointment of the Chairman and Vice Chairman, Chief Executive Officer, and members of the Delegated Committee and other committees of the Board of Directors.
 - v. Evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.
 - vi. Report to the Board on issues of gender diversity in relation to the composition of the Board.
 - vii. Submit to the Board of Directors, a report evaluating the performance and composition of the Board and the performance of their duties by the Chairman and the Chief Executive of the Company.
- b) In connection with the strategy of corporate governance and corporate social responsibility of the Company:
 - i. Promoting corporate governance strategy of the Company.
 - ii. Know, promote, guide and monitor the performance of the Company regarding corporate social responsibility and sustainability and corporate reputation and to report thereon to the Board and Delegated Committee as appropriate.
 - iii. Inform and propose to the Board the approval of the Corporate Governance Report.
 - iv. Inform and propose to the Board the approval of the annual corporate social responsibility report and, in general, issue reports and develop actions in the field of corporate social responsibility and sustainability, in addition, in accordance with corporate governance of the Company and when being asked by the Board of Directors or its Chairman.
- c) In connection with the internal rules of the Company:
 - i. Propose to the Board the approval of a Code of Ethics
 - ii. Propose to the Board the approval of a Code of Conduct of the employees.

(Free translation from the original in Spanish language)

- iii. Report on proposals for amending the Bylaws, Rules of the Board, Rules of the Shareholders Meetings, Rules of Operation of the Shareholders Electronic Forum, the Internal Rules of Conduct, the Code of Ethics and Code of Conduct of the employees and any other rules of governance of the Company.
 - iv. Review the implementation of the Board Rules, the Internal Rules of Conduct, the Code of Conduct of the employees and, in general, the rules of governance of the Company and to make proposals for their improvement.
- d) In connection to transactions with related parties to the Company and companies of the Group:
- i. Report of transactions of the company with a significant shareholder, prior to its approval by the Board.
 - ii. Report professional or commercial transactions of directors, prior to its approval by the Board.
 - iii. Authorize transactions by persons related to directors under the terms provided for in Article 33 of this Regulation.
- e) Other competences:
- i. Review compliance policies and propose all necessary measures for its strengthening.
 - ii. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
 - iii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

NOMINATION AND COMPENSATION COMMITTEE

The rules governing the organization and operations of the Nomination and Compensation Committee that are described below are contained in Article 21 quater of the Bylaws and Article 25 of the Board Regulations:

The Nomination and Compensation Committee shall have a minimum of three (3) and a maximum of five (5) external directors. The appointment and removal of the Committee members will be determine by resolution of the Board of Directors upon a motion from the Chairman.

The Nomination and Compensation Committee may request the attendance of the company's Chief Executive Officer or any other officer or employee of the Company at its meetings.

The members of the Nomination and Compensation Committee shall leave their posts when they do so in their capacity as directors or when so resolved by the Board of Directors.

The Chairman of the Committee shall be selected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Nomination and Compensation Committee shall have the following core competencies:

- a) Regarding the composition of the Board of Directors and Board Committees of PRISA and management bodies of its subsidiaries:
 - i. Report on proposals for appointment, reappointment and removal of directors.
 - ii. Report, together with the Corporate Governance Committee, on proposals for appointment of Chairman and Vice Chairman, Chief Executive Officer, members of the Delegated Committee and other committees of the Board of Directors.
 - iii. Report on the nomination of the Secretary and Deputy Secretary.
 - iv. Review and organize the succession of the chairman and chief executive of the Company and make recommendations to the Board of Directors to facilitate that such succession occurs in an orderly and well planned.
 - v. Report on proposals for appointment of representatives of the Society in the managing bodies of its subsidiaries.
- b) In connection with the senior management of the Group:
 - i. Propose the definition of senior management.

(Free translation from the original in Spanish language)

- ii. Report the appointment and removal of senior management.
 - iii. Approve contracts for senior management.
 - iv. Information and, where appropriate, issue reports on disciplinary action to senior management of the Company.
- c) In relation to the compensation policy:
- i. Propose to the Board of Directors: i) the Compensation Plan for directors, ii) the amounts and/or compensation limits that apply to directors, based on their dedication to the Board and the Committees thereof, iii) the individual remuneration of executive directors and other conditions of their contracts and iv) a statement of compensation policy for Directors and senior management.
 - ii. Approve the key objectives linked with the variable compensation for executive directors and/or the management.
 - iii. Propose to the Board of Directors the compensation system for senior managers of PRISA and its subsidiaries and report to the Board about the liquidation of the variable compensation for them and to establish other incentive plans for them.
 - iv. Ensure compliance with the remuneration policy set by the Company.
- d) Other competences
- i. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
 - ii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

AUDIT COMMITTEE:

The rules governing the organization and operations of the Audit Committee that are described below are contained in article 21bis of the Company Bylaws and Article 24 of the Board of Directors Regulations:

The Audit Committee shall have the number of members that is determined by the Board of Directors from time to time, with a minimum of three (3) and a maximum of five (5) members. It shall have a majority of non-executive directors who shall not have a contractual relationship with the Company other than the position to which they are appointed. The composition of the committee shall provide appropriate representation to independent directors. At least one member of the Committee shall be independent and shall be appointed taking into account his/her knowledge and experience in accounting, auditing or both.

Additionally, to the extent that the Company's securities are listed, directly or indirectly through other financial instruments, in the New York Stock Exchange (NYSE), the Company will adjust the composition of the Committee to the rules established by United States of America laws and the NYSE.

The appointment and termination of committee members shall be made by the Board of Directors on a motion from the Chairman.

Committee members shall leave their posts when they cease to be directors or when so agreed by the Board of Directors.

The Chairman of the committee shall be elected by the Board of Directors from among its members who are independent directors, and may not maintain a contractual relation with the Company other than the position for which he is appointed. The committee chairman shall be replaced every four years, and may be re-appointed one year after having left the post.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary or any member of the Committee, shall act as Secretary of the Committee.

The primary function of the Audit Committee is to assist the Board of Directors in its tasks of overseeing the management of the company.

The Audit Committee shall have the following competences:

(Free translation from the original in Spanish language)

- 7) To report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.
- 8) In connection with the preparation and publication of the Company's financial information
 - a. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
 - b. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit
 - c. Oversee the preparation and presentation of financial information regulated.
 - d. Review any admission or trading prospectus, and the information on the financial statements to be filed by the Board to the markets and to the Regulators.
- 9) In connection with the external Auditor of the Company
 - a. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.
 - b. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.
 - c. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.
 - d. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.
 - e. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.
 - f. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.
- 10) In connection with the Internal Audit services
 - a. To propose the selection, appointment, reappointment or removal of the person in charge of the company's internal audit service.
 - b. To oversee internal auditing services and the annual report of the Internal Audit Department.
- 11) Other competences
 - a. To analyze and issue opinions concerning specific investment transactions when, owing to their importance, the Board so requests
 - b. To issue opinions concerning the creation or acquisition of interests in entities domiciled in countries or territories considered as tax havens.
 - c. To exercise all other powers granted the committee in this Regulation.
 - d. To approve an annual report about the Committee performance and propose to the Board the edition when the Shareholders is called.

(Free translation from the original in Spanish language)

The Audit Committee shall establish and oversee a procedure which may allow to communicate to the Company the relevant irregularities, specially financing and accounting, in the Company. When these claims are presented by Company or its Group employees, this mechanism will be confidential, and when appropriate, anonymous.

The Audit Committee shall meet periodically as warranted, and at least four (4) times a year.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at his disposal. The committee may likewise request the attendance of the accounts auditors at its meetings.

C.2.5. Indicate, if applicable, whether there are board committee regulations, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise indicate whether any non-mandatory annual reports are issued concerning the activities of each committee:

As already pointed out in section C.2.4 above, the functioning, powers and composition of the Delegated Committee, Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee are regulated by the Bylaws and by the Board Regulations. The texts currently in force are available on the Company's website (www.prisa.com) and no changes have been made in the course of the year 2014.

The Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

The internal regulations governing the Board's committees are therefore subject to change in the short term. Certain provisions of Law 31/2014 which affect the Board's committees have already come into force and are applicable to them.

In 2014 the Audit, Nomination and Compensation and Corporate Governance Committees published reports on their functions and activity during 2013.

C.2.6. Indicate whether the composition of the Executive Committee reflects the Board Member's holdings within their category:

NO

If not, explain the composition of the Executive Committee

There is a predominance of executive directors in the Delegated Commission (3 of its members have this nature) and likewise it is composed by one director who represents significant shareholdings and by 2 independent directors.

The Board of Directors is composed by 3 executive directors, 3 directors representing significant shareholdings, 8 independent directors and by 2 other external directors.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if appropriate, the procedure for approving related-party transactions or intra-group transactions.

Competent body for approving related-party transactions

BOARD OF DIRECTORS

(Free translation from the original in Spanish language)

Procedure for approving related-party transactions

The Board of Directors Regulation only empowers the Board to authorize the Company's transactions with directors or significant shareholders, in the following terms:

Transactions with Directors (article 33 of the Board of Directors Regulation)

Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors, pursuant to Article 5 of this Regulation, after it has considered the opinion of the Corporate Governance Committee.

Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee.

Directors shall refrain from intervening in deliberations concerning matters in which they have direct or indirect interests. In addition to not exercising their voting rights, directors affected by a linked operation must absent themselves from the boardroom during deliberations and voting on such matters.

Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions:

- i) Those involving compliance with standard contract conditions applied extensively to multiple customers;
- ii) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question;
- iii) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

Transactions with Significant Shareholders (article 36 of the Board of Directors Regulation)

The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder.

Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued.

Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the following conditions:

- a) Those involving compliance with standard contract conditions applied extensively to multiple customers;
- b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question;
- c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

State whether the approval of related-party transactions has been delegated, indicating, where appropriate, the body or persons to whom the delegation was made.

(Free translation from the original in Spanish language)

As already indicated, transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee. Likewise, related-party transactions operations with the Directors and with the major shareholders may be authorised by the Executive Committee for reasons of urgency, which must be justified at the next Board meeting (article 5 of the Regulations of the Board of Directors).

Nevertheless, it must be borne in mind that Article 529 (14) of Law 31/2014 reserves to the Audit Committee responsibility for informing the Board about related-party transactions.

D.2. Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the significant shareholders of the company:

Significant Shareholder's Name	Name of the Company or Entity in the Group	Nature of the Relationship	Type of Transaction	Amount (Euros 000)
TELEFÓNICA, S.A.	GRUPO PRISA	Commercial	Rendering of services	184,056
CAIXABANK, S.A.	GRUPO PRISA	Commercial	Rendering of services	3,045
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Rendering of services	4,372
RUCANDIO, S.A.	GRUPO PRISA	Commercial	Rendering of services	47
TELEFÓNICA, S.A.	GRUPO PRISA	Commercial	Reception of services	19,388
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	253
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	417
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	100,833
BANCO SANTANDER, S.A.	GRUPO SANTILLANA DE EDICIONES, S.L.	Contractual	Financing Agreements: Loans	4,118
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing Agreements: Loans	10,000
BANCO SANTANDER, S.A.	ANTENA 3 DE RADIO, S.A.	Contractual	Financing Agreements: Loans	7,957
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	58,390
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	586,131
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	91,279
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	134,000
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	22,217

(Free translation from the original in Spanish language)

GRUPO HERRADURA OCCIDENTE, S.A. DE C.V	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
TELEFÓNICA, S.A.	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	Contractual	Other	1,179
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Warranties	1,469
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	917
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	7,461
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	25,445
CAIXABANK, S.A.	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	74
HSBC HOLDINGS, PLC	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	668
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Interest paid	3,200
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Interest accrued but not paid	2,970
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	1,506
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	2,180
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	4,296
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	9,374
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	381
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	749
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	3,204
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	5,191
TELEFONICA, S.A.	PROMOTORA DE INFORMACIONES,	Contractual	Sale of investments	719,086

(Free translation from the original in Spanish language)

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D.3 Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the company's directors or executives:

Manager's or Director's Name	Name of the Company or Entity in the Group	Relationship	Nature of the Relationship	Amount (Euros 000)
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	PROMOTORA DE INFORMACIONES, S.A.	PROVISION OF SERVICES	Contractual	90

D.4 Provide information on significant transactions carried out by the company with other entities of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and do not fall within the usual course of the company's business, as regards their subject-matter or terms and conditions.

In all cases, information must be provided on any intra-group transactions carried out between entities established in countries or territories regarded as tax havens:

Name of the Group Entity	Brief Description of the Transaction	Amount (Euros 000)
LE MONDE LIBRE	LOAN GRANTED BY PRISA NOTICIAS, S.L. TO LE MONDE LIBRE SOCIÉTÉ COMANDITÉ SIMPLE.	8,988
PLURAL JEMPSA, S.L.	LOANS GRANTED BY SEVERAL COMPANIES OF GRUPO MEDIA CAPITAL TO PLURAL JEMPSA.	2,232
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	LOANS GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L. TO THE COMPANIES IN WHICH IT HOLDS HOLDINGS, W3COMM CONCESIONARIA, S.A. DE CV AND GREEN EMERALD BUSINESS INC.	3,453
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	DIVIDENDS PAID BY SISTEMAS RADIOPOLIS, S.A. DE CV TO ITS SHAREHOLDER SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	4,265
EDICIONES CONELPA, S.A.	LOAN GRANTED BY EDICIONES EL PAIS, S.L. TO EDICIONES CONELPA, S.L.	2,038
EDICIONES CONELPA, S.A.	PURCHASE OF MAGAZINES BY EDICIONES EL PAIS, S.L. TO EDICIONES COELPA, S.L.	2,068
MEDIASET ESPAÑA COMUNICACIÓN, S.L.	SALE OF ADVERTISING SPACES OF DTS, DISTRIBUIDORA DE TELEVISION DIGITAL, S.A. BY THE DISTRIBUTOR OF MEDIASET.	10,657

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D.5 State the amount involved in related-party transactions.

D.6. Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.

Notwithstanding the duty of loyalty and the need to avoid situations where there are conflicts of interest, which are compulsory for directors under the terms of Articles 227, 228 and 229 of the Corporations Law (LSC), as expressed in Law 31/2014, which modifies the Corporations Law in the interests of better corporate governance, the text currently in force of the Board Regulations of PRISA (now being revised to bring it into line with Law 13/2014) stipulates the following:

i. Directors shall inform the Company of any situation that may involve a conflict of interest as defined in “Promotora de Informaciones, S.A. and its Group Companies’ Internal Code of Conduct Concerning Securities Market Transactions (RIC)”

ii. Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors after it has considered the opinion of the Corporate Governance Committee. Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee.

iii. Directors shall refrain from intervening in deliberations concerning matters in which they have direct or indirect interests. In addition to not exercising their voting rights, directors affected by a linked operation must absent themselves from the boardroom during deliberations and voting on such matters.

iv. Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions: a) Those involving compliance with standard contract conditions applied extensively to multiple customers; b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question; c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

v.- Nonetheless, in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties.

vi. Likewise, Directors may not provide their professional services to competitors of the Company, its subsidiaries or companies in which it has holdings. This excludes holding posts in companies that have a significant stable stake in the Company’s shareholdings.

vii. The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder.

viii. Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued. Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the conditions set forth in sections a), b) and c) above.

ix. With respect to the above and to ensure transparency, Article 37 of the Board of Directors Regulations provides that the Board of Directors shall include in its annual public reports a summary of the transactions carried out by the Company with its Directors and significant shareholders. This information shall detail the overall volume of the operations and the nature of the most relevant.

The Internal Code of Conduct, which was modified by the Board of Directors in December 2014, states the following regarding conflicts of interest:

i. Persons obliged to do so by the Internal Code of Conduct must report to the Compliance Unit (a body whose constitution is pending and whose functions are temporarily assumed by the General Secretary) any situations that may involve the existence of conflicts of interest at the earliest opportunity.

ii. For this purpose any situations connected with their activities outside GRUPO PRISA or those of related parties which may imply the existence of interests contradictory to those of GRUPO PRISA, regarding a particular activity, service or operation with financial intermediaries, professional investors, suppliers, customers or competitors must be reported.

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iii. Individuals affected by a conflict of interest must abstain from making, intervening in or influencing decisions involving such activities, services or operations.

iv. Transactions between the Company or any of the companies in GRUPO PRISA and any of the persons subject to rules governing conflict of interest must be conducted in accordance with market conditions and in compliance with any other regulations the Board of Directors may establish in connection with the foregoing.

The PRISA Code of Conduct, also applicable to its directors and managers, emphasizes the duty of avoiding situations which might give rise to a conflict between individual interests and those of the Company and establishes the obligation to report such situations to the Company.

D.7 Are more than one of the group companies listed in Spain?

NO

Specify the subsidiary companies that are listed:

Indicate whether the areas of activity they engage in and any business dealings between them, and between the listed subsidiary and other group companies, have been publicly and precisely defined;

Define any business dealings between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

Identify the mechanisms envisaged for the resolution of potential conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for the resolution of any conflicts of interest

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Management System of the company.

The Risk Management System operates in a comprehensive manner by business unit, which is consolidated at a corporate level.

The Group continuously monitors the most significant risks that may affect the principal business units. To do so it uses a Risk Map as a tool that graphically represents the risks inherent in the Group, that is used to identify and assess risks that affect the development of the different business units.
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E.2 Identify the bodies of the company with responsibility for drawing up and implementing the Risk Management System.

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The identification of these risks and the operative processes in which each of the risks considered are carried out by the General Managements of the business units, and added and homogenized by the Group's Internal Audit Office, which periodically reports the results to the Audit Committee. The respective managements of the business identify both those responsible for risk management and action plans and associated controls.

E.3 Indicate the main risks that may affect achievement of the business goals.

The activities of the subsidiaries of the Group and therefore its operations and results are subject to risks that can be grouped into the following categories:

- Strategic and operational risks.
- Financial risks.

In the Corporate Governance Report (see Section 5) are detailed and specific actions organs that are used to identify, value and manage these risks.

Strategic and operational risks of the business of the Group

Macroeconomic risks-

The economic situation of Spain and Portugal has experienced an important slowdown and volatility in recent years. Although from year-end 2013, a change in this trend was shown, which consolidated in 2014.

Main consumption indicators in these countries have been significantly deteriorated, and have impacted and still could impact in the future spending by customers on the products and services of the Group, including advertisers, subscribers to the pay TV platform (business that is currently in sales process, as described in the accompanying consolidated financial statements) and other consumers of the content offerings of Prisa.

Furthermore, the activities and investments of Prisa in Latin America are exposed to the evolution of the various macroeconomic parameters of each country including a potential decline in consumption as a result of a slowdown in the growth rate in some of these countries. The Group's results in Latin America have been hurt by the weakness of the region's currencies since mid-2013, which eased starting in the second quarter of 2014. However, exchange rates have been fairly volatile in recent months.

Decline in advertising markets-

A relevant portion of the operating income (revenues) comes from advertising revenues through the press, radio, audiovisual and digital businesses. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and perspectives.

Failure by the Spanish and Portuguese economies to improve as expected could undermine prospective spending by the Group's advertisers. In view of the large component of fixed

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costs associated with business with a high component of advertising revenue (mainly Radio and Press), a drop in advertising revenues directly impacts operating profit and therefore the ability to generate cash flow of the Group, forcing business units to perform reviews and adjustments in its cost base.

Piracy-

Revenue from the exploitation of content and royalties owned by the Group are affected by illicit access to them via the internet or copy, which primarily affects the pay Tv business and book publishing.

Competition risk-

The businesses of audiovisual, education, radio and press in which Prisa operates are highly competitive industries. The ability to anticipate and adapt to new needs and customer demands, influences the position of the Group's businesses compared to other competitors.

Drop of circulation-

Press revenues from copy sales and subscriptions continue being negatively affected by the growth of alternative means of distribution, including free Internet sites for news and other contents.

Sector regulation-

Prisa operates in regulated industries and is therefore exposed to regulatory and administrative risks that could adversely impact its business.

Specifically, the Group businesses are subject to comprehensive regulations including the requirement to maintain concessions and licenses for the operations in Audiovisual and Radio segments, while the business of education is subject to the applicable law on national or regional education cycles.

Country risk-

The Group operations and investments in Latin America may be affected by various risks typical to investments in countries with emerging economies, the most significant of which include devaluation of foreign currencies, introduction of exchange restrictions, inflation, expropriation or nationalization of foreign assets, changes in applicable foreign tax levels, changes in policies and regulations or economic instability.

Litigation risks-

Prisa is involved in significant litigations, mainly in the Audiovisual area, some of which relate to DTS and could result in a future adjustment on the price of the sale purchase agreement (*see note 26*). Additionally, Prisa is exposed to liabilities for the content of their publications and programs.

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Digital activity and safety net systems-

Digital activities depend on internet service providers, online service providers and on systems infrastructure. Significant system failures or security breaches could have an adverse effect on operating results and financial condition of the Group.

Technological risks-

In order to maintain and increase its businesses and competitiveness, Prisa must adapt to technological advances, for which research and development are key factors. Technological changes may facilitate the entry of new competitors and potential market share decrease of the Group.

Financial Risks

Financing risks-

The financial obligations of the Group are described in note 9 "*Financial Liabilities*" of the accompanying consolidation financial statement of 2014.

As is described in that note, in the month of December of 2013 the Group signed a debt refinancing agreement which represents an extension of maturities, improving the flexibility in the process of debt reduction and enhancing its liquidity profile.

The improvement in the liquidity profile was derived from a new credit facility amounting of EUR 353 million signed with certain institutional investors to cover medium term liquidity needs, from the significant reduction of interests paid in cash.

The refinancing agreement included several commitments of debt reduction, for which compliance the Group has different alternatives including the sale of non-strategic assets, repurchase debt at a discount in the market, the leverage of operating assets, transfers debt between tranches and other corporate transactions. The contract contains automatic mechanisms that prevent its early termination, in certain situations, in case of such commitments are not met, which gives stability to the capital structure of the Group.

As described in the notes to the consolidated financial statements, the Group carried out a series of transactions to deliver its debt-reduction commitment, such as the placement of a package of shares of Mediaset España Comunicación, S.A., using the proceeds to buy back EUR 643,542 thousand of financial debt at an average discount of 25.7%, and the capital increase subscribed by Transportista Occher, S.A. de C.V., using the proceeds to buy back EUR 133,133 thousand of financial debt at an average discount of 25.0%. These transactions helped the Group lower debt by EUR 776,675 thousand in 2014.

In addition, in June 2014, the Group entered into an agreement with Telefónica de Contenidos, S.A.U. for the sale of shares representing 56% of DTS's capital for EUR 750 million. This sale transaction is subject to approval by the competition authorities of Spain that may impose conditions or commitments for the approval of the operation.

According to the contracts governing borrowing conditions and stipulated requirements, Prisa must meet certain commitments and financial leverage ratios (covenants). These contracts also include cross-default disposals.

As of December 31, 2014, the high levels of the Group bank debt (EUR 2,754 million), imply certain risks:

- increasing the vulnerability to general economic downturns and adverse industry conditions;
- requiring a portion of cash flow from operations to be dedicated to the payment of interest on the indebtedness, therefore reducing the ability to use cash flow to fund short term operations, working capital requirements, capital expenditures and future business operations;
- exposing the Group to the risk of increased interest rates, as a part of the borrowings are at variable rates of interest; and
- limiting the ability to adjust to changing market conditions and placing the Group at a disadvantage compared to competitors who have less debt.

Equity situation of the parent company of the Group-

In June 2014, as a result of the loss of EUR 750,383 thousand recognised by the Parent Company of the Group following the sale of a 56% stake in DTS, equity was negative in the amount of EUR 593,513 thousand, and therefore the Parent Company qualified for dissolution in accordance with Spain's Corporate Enterprises Act.

In order to restore the equity balance, the mechanism was used to automatically convert part of Tranche 3 of the company's debt into participating loans for a sufficient amount to offset the negative equity.

During this period, the Company repurchased debt at a discount using the proceeds of the Occher share capital increase and the sale of 10.0% of Mediaset España, which significantly reduced the amount of the participating loan required to restore the balance of equity.

The process to convert debt into the participating loan was carried out on 15 September, in the amount of EUR 506,834 thousand, which included the impact of the transactions and the operating results up to the date of conversion. This brought the Company's equity to two thirds of share capital.

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

As occurred with the automatic conversion that took place in the second half of 2014, in accordance with the Corporate Enterprises Act, the date on which the debt will be

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converted into participating loans will be five business days before expiry of the two-month period allowed for taking the necessary measures to restore the company's equity, calculated from the date on which the Directors became aware of the negative equity, i.e. the date on which they authorized the financial statements showing the situation of negative equity.

Sale of DTS-

The refinancing agreement of Prisa's Tranches 2 and 3 debt contain certain automatic mechanisms that prevent its early termination if the commitments of debt reduction included in the contract are not met. Therefore, in the case the sale of DTS was not completed and the company could not meet those debt reduction commitments, these mechanisms would apply and would prevent an early termination of the agreement.

In addition, the Company would decide to implement other corporate transactions to meet Tranche 1 repayment commitment if the sale of DTS was not executed and impacted the maturity of this debt.

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

Liquidity Risk-

The adverse macroeconomic situation, with significant drops in advertising, circulation and pay Tv subscribers, is having a negative impact on the ability of the Group's cash generation in the last years, mainly in Spain. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Group. Similarly, a negative evolution of the pay TV business, would directly impact its liquidity, which could result in additional financing needs that would increase in case the closing of the sale of this business is delayed.

The Group thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Group evaluates the aging of the debt and constantly manages receivables.

Additionally, the group analyzes on a recurrent basis other financing sources to cover short and medium term liquidity needs.

Minority interests -

There are significant minority interests in some cash generating companies, to highlight education, radio and pay TV. Santillana is required to pay to its minority interests (25% of its share capital) a predetermined fixed preferred dividend.

Interest rates risk exposure-

Approximately 44.56% of its bank borrowings terms are at variable interest rates, and

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therefore the Group is exposed to fluctuations in interest rates. Consequently, in order to reduce its exposure, the Group arranges interest rate hedges to the extent there are undrawn credit facilities.

Fluctuations in foreign exchange rates-

The Group is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

In order to mitigate this risk, as far as there are available credit facilities, the Group arranges hedges to cover the risk of changes in exchange rates (mainly foreign currency hedges and forwards) on the basis of projections and budgets which are reviewed on a monthly basis, in order to reduce volatility in cash flows transferred to the Parent from foreign subsidiaries.

Tax risks-

Tax risks the Group are related to a possible different interpretation of the rules that could make the competent tax authorities, as well as the ability to generate sufficient taxable income to allow the recoverability of the tax credits arising from carry forward of tax losses, the limitation of the deductibility of interest and depreciation expenses and tax deductions.

E.4 State whether the entity has a risk tolerance level.

Prisa has defined the tolerable error within the scope of risks associated with financial information. According to this tolerance level, relevant processes and accounts are identified in the system of control over financial reporting.

For other risk impact and probability of occurrence of events in order to determine their relative position in the risk maps of the Group and in the business units is assessed. This review is performed by management of the Group.

E.5 State which risks have materialized during the year.

In 2014 several financial risks have been materialized, mainly the impairment of the pay Tv business valuation and the impact of the related loss raised by such valuation on Prisa's financial position. As detailed in the attached Financial Statements, in June 2014 Prisa reached an agreement with Telefónica de Contenidos, S.A.U. for the sale of the DTS' shares owned by the Group. This agreement implied the recognition of approximately EUR 750 million losses in Prisa's Financial Statements. This loss left Prisa's equity on June 30, 2014 in a status of legal cause of dissolution. In order to restore the equity balance, the mechanism provided in Prisa's financing contract was launched, proceeding to the automatic conversion of part of the Company's debt into equity loans for a sum sufficient to offset this asset imbalance. This

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process was formalized on last September 15, 2014 with the conversion of EUR 507 million debts into equity loans.

Also, on December 31, 2014, as a result of, among others, the review of the sale price of DTS and the recognition of an approximately EUR 24 million additional loss, Prisa is again in the status of legal cause of dissolution. For this reason, it has been put back in place the mechanism for automatic conversion of company's debt into equity loans for the amount required to compensate the asset imbalance on the date of the conversion.

Furthermore, Prisa's activities and investments in Latin America have been affected by the slowdown in the pace of growth in some of these countries and by the exchange rate volatility in 2014, whose impact on Group's revenue amounts to approximately EUR 79 million. Regarding tax risks, during 2014 it has been approved in Spain a tax reform which, among others, reduces the tax rate for future fiscal periods. This fact has implied an adjustment on deferred tax assets registered in the Group's accounts, as detailed in "Fiscal situation" note in the attached Financial Statements.

E.6 Explain the response and supervision plans for the entity's main risks.

The Group continually monitors their investments and performs an impairment test of them at least once a year or, where appropriate, when impairment indicators occur. In this regard, the Group has recognized in June and in December the losses raised as result of the valuation of the pay TV business according to its estimated market value.

Regarding the risk linked to the exchange rates fluctuation, as long as there were available lines of credit, it is the Group's practice to formalize exchange rate hedges, forwards and foreign currency options, based on its forecasts and monthly budgets, with the main objective of reducing the cash-flow volatility of the subsidiaries operating abroad.

In relation to the adjustment of deferred tax assets as result of the tax reform in Spain, the Tax Group management and external tax advisors regularly assess the reasonableness of the amount credited.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that make up the control and risk management systems in connection with the financial reporting process (ICFR) of the entity.

F.1 The entity's control environment

(Free translation from the original in Spanish language)

Provide information on at least the following, indicating their main features:

F.1.1. The bodies and/or functions are responsible for: (i) the existence and upkeep of an adequate, effective ICFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding ICOFR, which was initially deployed according Internal Control Framework issued by COSO in 1992, has been adapted during 2014 to the revised COSO Framework issued in 2013. In this regard, the Group will continue improving its ICOFR system in conformity with this new Integrated Internal Control Framework.

The Board of Directors of Prisa has assigned one of its functions, as set out in Article 5.3 of Board, pre-approval of the policy of control and risk management and periodic monitoring of internal information systems and control. Also, in accordance with the provisions of that article of the regulation, the financial information must be approved by the Board of Directors. In this regard, the Board of Directors is assisted, to the development of these functions, with the Audit Committee of Prisa. Among the basic responsibilities of the Audit Committee, as defined in the Regulations of the Board, are monitoring the effectiveness of internal control systems of the Company, and risk management systems and the preparation and presentation of regulated financial information, in particular the annual accounts and quarterly financial statements that the Board must provide to the markets and their supervisory bodies.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of financial statements of the Group.

The monitoring of system of internal control over financial reporting (hereinafter ICOFR), is performed both the Audit Committee and the Board of Prisa, with Internal Audit function support.

F.1.2. Whether the following exist, especially in connection with the financial reporting process:

•Departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) clearly defining the lines of responsibility and authority, with a suitable distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for it to be properly disclosed throughout the entity.

The Directorate of Organization and Human Resources, under the CEO, is responsible for the design, implementation, and review and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of financial reporting.

In addition, the Direction of Organization and Human Resources coordinates and monitors the internal procedures of the Group companies, and the degree of documentation, updating and disseminating the data.

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•Code of conduct, approving body, degree of disclosure and instruction, principles and values included (stating whether there are any specific mentions of the recording of operations and preparation of financial information), the body tasked with analyzing any breaches and proposing corrective measures and penalties.

The Code of Conduct of the Group, approved in fiscal year 2011 by the Board of Directors establishes the general guidelines that should govern the conduct of Rush and all Group employees in the performance of their duties and in their commercial and professional, acting in accordance with the laws of each country and respect the ethical principles commonly recognized. The Code of Conduct has been communicated to all employees and is also available on the Group's global intranet.

The values and principles that should guide the actions of the Group's employees are integrity, honesty, rigor and dedication in carrying out their activity, responsibility, commitment and transparency, pluralism and respect for all ideas, cultures and people, creativity and innovation in business development, accountability, efficient and sustainable, generating value for shareholders and for the Group.

The standards of conduct in relation to financial reporting are aimed at transparency in the development and dissemination of financial content information, both internal communication within the Group and externally, to shareholders, markets and regulators. Likewise, also sets performance standards requiring that all transactions are accurately and clearly reflect the systems and financial statements of the Group.

Also, those supervising and managing other employees' work have additional responsibilities, among others, monitoring that the persons they supervise and manage comply with the principles of the Code of Conduct.

Requests, incidents and queries that arise regarding the interpretation and application of the Code of Conduct are managed by the Directions of Human Resources Group, and ultimately, Secretary-General reports to the Corporate Governance Committee for monitoring and compliance standards by employees. The Corporate Governance Committee performs an annual report on the evaluation and the degree of compliance of the Code of Conduct, which are forwarded to the relevant government bodies Prisa.

•Channel for reporting financial and accounting irregularities to the Audit Committee, in addition to any breach of the code of conduct and any irregular activities at the organization, stating, as applicable, if it concerns a confidential matter.

The Group has a Whistleblower Channel for receiving complaints, retention and treatment of complaints regarding accounting, internal controls and other auditing matters of the Group. This is a confidential and anonymous communication channel between any employee of the Group and the Audit Committee. Additionally, there is a confidential Whistleblower Channel for third parties related to the Group.

The complaints are channeled through an email address qualified to do so or through a post office box and are managed by the Chairman of the Audit Committee and the Internal Audit

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Director, who determine the resources, methods and procedures which are considered adequate for the investigation of each complaint.

•Training and regular refresher programs for the staff involved in preparing and reviewing the financial information, and in the assessment of the ICFR, which cover at least, accounting policies, auditing, internal control and risk management.

During the year, relevant staff supervising the system of internal control over financial reporting, over 80, have received a course to update their knowledge on internal control including the description of the system of internal control defined by COSO in their 2013 framework and that has been implemented by the Group during the year. Additionally, the staff in consolidation and corporate finance departments have received specialized training on international accounting standards and, regularly Chief financial officers of each business units and main Group companies are kept informed trough newsletter of accounting standard developments.

F.2 Assessment of risks of the financial information

Provide information on, at least:

F.2.1. The major features of the process for identifying risks, including error or fraud, as regards.

•Whether the process exists and is documented.

The system of identification and risk assessment of the internal control over financial reporting of the Group is formally documented and updated at least once a year.

In the risk assessment over financial reporting of the Group applies a top down approach based on the Group's significant risks. This approach starts with the identification of significant accounts and disclosures, assuming both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and is supplemented by qualitative analysis that determines the risk associated with depending on the characteristics of transactions, the nature of the account, the accounting and reporting complexity, the probability of generated significant contingent liabilities resulting from transactions associated with your account and susceptibility to errors or fraud losses.

In order to perform a full risk assessment, this analysis is performed on each Business Group, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit considered significant, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

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•Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often such updating takes place.

For each account are analyzed controls that cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence) of transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are properly broken down, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Simultaneously to risk update, the Group annually performs a review of controls that mitigate risk.

•The existence of a process for identifying the consolidated group, bearing in mind, inter alia, the possible existence of complex corporate structures, corporate vehicles or special purpose vehicles.

Among the significant processes it is considered the determination of the scope of consolidation of the Group, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Directorate of legal advisory, who regularly reports the corporate transactions and subscribed shareholder agreements.

•Whether the process takes account of the effects of other kinds of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they influence the financial statements.

Risk assessment takes into account the risk profile of each business unit, determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, since they may have potential impact in financial statements.

•Which governing body of the entity supervises the process.

The system is monitored, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

F.3 Control activities

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICFR, to be published on the securities markets, stating the persons responsible, and documents that describe the flows of activities and controls (including those relating to the risk of fraud) for the different types of transactions that may have a material effect on the financial statements, including the procedure for the accounting close and the specific review of significant opinions, estimates, assessments and forecasts.

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The Group has documentation describing the flows of activities and process's controls identified as significant in each business unit and at corporate level. From this description identifies the key risks and associated controls. Documentation of control activities are performed on risk and control matrixes by each process. In these matrices the activities are classified by their nature as preventive or detective, and depending on the coverage of associated risk, as keys or standard.

In each significant business unit there is a documented process about the closing as well as specific processes and controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated with each business unit.

In relation to the review and approval process of financial reporting, a phased certification process is developed on the effectiveness of internal control model of financial reporting. At a first level, the CEOs and CFOs of the business units and companies that are considered significant, confirm in writing the effectiveness of defined controls for critical processes as well as the reliability of financial information. Following these confirmations, and based on the report on the testing of controls performed internally, the CEO and CFO issued the certification on the effectiveness of internal control model over the Group's financial information. Also, in relation to this process, as mentioned above, there are procedures for review and approval by the governing bodies of the financial information disclosed to the securities markets, including specific oversight by the Audit Committee of significant risks.

F.3.2. Internal control policies and procedures for information systems (inter alia, for secure access, exchange control, system operation, continuity of operations and separation of functions) that support the major processes of the company in connection with the drawing up and publishing of the financial information.

As for the controls on the processes of systems or applications that support critical processes of business, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls referred on information systems are essentially access control, segregation of duties, development or modification of computer applications and management controls over the outsourced activities. The Group annually reviews and evaluates controls and procedures associated with the major applications that support the critical business processes.

F.3.3. Internal control policies and procedures used for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the financial statements.

In relation to outsourced activities, the main outsourced activity in the Group, is information technologies service, subcontracted with Indra. The Group has established a model of government based on holding regularly several meetings and committees in order to monitoring the outsourced services. In particular, weekly service and demand operating sessions, attended by IT Directors of business units and service responsible Indra managers, provides of monitoring and control of incidents and requests. Fortnightly, the Group have service operative Committees attended by supervisors of Group transversal systems where new applications and infrastructures and new projects planning are reviewed. On a monthly

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basis is held the Global Service Committee where the quality, volume and nature of the services rendered during the month are reviewed and compared to the services of previous month. as Also, service level agreements are monitored monthly.

F.4 Information and communication

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity operates.

The organization has an accounting manual of the International Financial Reporting Standards applicable to the Group's businesses, defined by the Internal Audit Department, annually updated and communicated to the different business units. There are also developed specific accounting policies for some Group businesses that provide simplified accounting treatment to reflect correctly their activities. Furthermore, Internal Audit Department issue periodically accounting newsletters that show the latest changes of international accounting standards in those aspects that could have effect in Group companies.

F.4.2. Systems for gathering and preparing the financial information using standard formats, to be applied and used by all the units in the entity or the group, which support the main financial statements and the notes, as well as the information set out on the ICFR.

A unified and adapted chart of accounts is available to the Group companies that manage financial information resulting from Group SAP software. Likewise, there is single and homogeneous system of financial reporting, applicable to all Group units, which supports the financial statements and notes and disclosures included in financial statements.

F.5 Supervision of the functioning of the system

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities of the ICFR carried out by the Audit Committee, as well as whether the entity has an internal audit function that includes among its competencies supporting the committee in its work to supervise the internal control system, including the ICFR. Furthermore, information must be provided on the scope of the evaluation of the ICFR carried out during the year and on the procedure through which the person in charge of conducting the evaluation communicates its results, on whether the entity has an action plan detailing possible corrective measures, and on whether its impact on the financial information has been considered.

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As part of the monitoring activities of the internal control system carried out by the Audit Committee, described in the Regulations of the Board of Directors posted on Group's the website, it is included the following in connection with the preparation and publication of the financial information:

- i. Review compliance with legal requirements and the correct application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
- ii. Know and monitor the effectiveness of the Company's internal control systems, and risk management systems and discuss with the auditors or audit firms significant weaknesses in internal control system identified in the audit's development.
- iii. Monitor the process of preparation and presentation of regulated financial information.
- iv. Review the issue and admission to trading of the securities of the Company prospectus and information on the financial statements quarterly and half-year to be supplied by the Board of Directors to markets and their supervisory bodies.

The Group has an internal audit unit, which supports the Group Audit Committee in monitoring internal control system over financial reporting. The Internal Audit Direction depends functionally on the Audit Committee and hierarchically on the Chairman.

The main objective of internal audit is to provide Group management and the Audit Committee of reasonable assurance that the environment and internal control systems operating within the Group companies have been properly designed and managed. For those purpose, during the fiscal year 2011 internal audit has coordinated and supervised the design and scope of the Group's internal control system over financial reporting, and subsequently has carried out the evaluation of the design and operation of control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities are tested in the control system of financial information.

For each of the identified weaknesses is done an estimation of the economic impact and probability of expected occurrence, classifying it according to them. Also, for all the identified weaknesses is defined a plan of action to correct or mitigate the risk and a responsible for the management and an implementation schedule.

The Internal Audit Direction reports annually to the Audit Committee the results of the evaluation of the system of internal control over financial reporting and regularly informs on the evolution of the established action plans.

F.5.2. Whether it has a discussion procedure whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may report to senior management and to the Audit Committee or directors on major internal control weaknesses that have been identified during the processes for

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reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of internal control system over financial reporting, are reported to both the Audit Committee and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system of the Group's financial information in which is detailed for each weakness identified, a defined action plan or the mitigating controls, and those responsible for its implementation.

Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Committee the significant and material weaknesses identified and gives its opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

F.7 External auditor's report

Provide information on:

F.7.1. Whether the information of the ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the relevant report as an annex. If that is not the case, reasons must be provided.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives its opinion on the effectiveness of internal control within a specific report.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Indicate the company's degree of compliance with the recommendations of the Unified Code of Corporate Governance.

If any recommendations are not followed or are only followed in part, a detailed explanation must be provided as to why that is the case so that shareholders, investors and the market in general has sufficient information to be able to assess the conduct of the company. General explanations will not be acceptable.

1. The bylaws of listed companies shall not limit the number of votes cast by a single shareholder nor contain other restrictions that preclude taking control of a company by acquiring its shares on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

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Complies

2. When both the parent company and a subsidiary are listed companies, both shall publicly and accurately define:

- a) Their respective areas of activity and the business dealings between them, as well the listed subsidiary's business dealings with the other group companies;**
- b) The mechanisms in place to resolve possible conflicts of interest that may arise.**

See sections: D.4 and D.7

Not applicable

3. Although not expressly required under company law, operations that result in a modification of company structure shall be submitted for approval at the annual shareholders meeting, especially the following:

- a) conversion of listed companies into holding companies through "subsidiarization" or reallocating to dependent companies core activities previously carried out by the originating company, even when the latter retains full control of the former;**
- b) acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**
- c) operations that effectively result in the company's liquidation.**

See sections: B.6

Complies

4. Detailed explanation of the resolutions to be adopted at the Annual Shareholders Meeting, including the information referred to in Recommendation 27 shall be made public when the Notice of Meeting is issued.

Complies

5. Separate votes shall be taken at annual shareholders meeting on matters that are materially different, so that shareholders may express their voting preferences separately. This rule is applied specifically to:

- a) Appointment and ratification of directors, which shall be voted on individually;**
- b) With reference to amendments of the bylaws, votes shall be taken on each article or articles that are substantially independent.**

Complies

6. Companies shall allow split votes so that financial intermediaries who are the shareholders of record acting on behalf of different clients may cast their votes according to their clients' instructions.

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Complies

- 7. The Board of Directors shall perform its duties with unity of purpose and independent criteria, afford all shareholders equal treatment, and be guided by the best interests of the company, which may be defined as constantly seeking to maximize the company's value over time.**

The Board shall ensure that in its relationships with stakeholders, the company abides by all laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories in which it does business, and observes any additional principles of social responsibility that it has voluntarily accepted.

Complies

- 8. The core components of the Board's mission shall be to approve the company's strategy and organize its implementation, as well as to supervise and ensure that management meets its objectives and pursues the company's interests and corporate purpose. In that regard, the Board in full shall approve:**

- a) The company's general policies and strategies, and in particular:**
- i) The strategic or business plan, management targets and annual budgets;**
 - ii) Investment and financing policy;**
 - iii) Design of the structure of the corporate group;**
 - iv) Corporate governance policy;**
 - v) Corporate social responsibility policy;**
 - vi) Remuneration policy and evaluation of the performance of senior management;**
 - vii) Risk control and management policy, as well as periodic monitoring of internal information and control systems.**
 - viii) Policy on dividends and treasury shares, and the limits applied thereto.**

See sections: C.1.14, C.1.16, and E.2

- b) The following decisions:**
- i) At the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their compensation clauses.**
 - ii) Remuneration of directors, as well as in the case of executive directors, additional compensation for their executive duties and other conditions that must be respected in their contracts.**
 - iii) Financial information that listed companies must periodically disclose.**
 - iv) Investments or operations of any nature, which due to the amount involved or their characteristics are considered as strategic, unless they require the approval of the shareholders at the annual meeting;**
 - v) The incorporation or acquisition of interest in special-purpose entities or those domiciled in countries or territories considered tax**

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havens, as well as any similar transactions or operations, which due to their complexity may impair the group's transparency.

- c) **Operations that the company conducts with directors, significant shareholders, shareholders represented on the board, or with persons related thereto ("related-party transactions").**

However, board authorization shall not be required for related-party transactions that simultaneously meet the following three conditions:

- 1. Those governed by standard-form contracts applied equally to a large number of clients;**
- 2. Those made at prices or rates generally set by the supplier of the goods or services in question;**
- 3. Those whose value does not exceed 1% of the company's annual revenue.**

It is recommended that the Board approve related-party transactions only after having received a favorable opinion from the Audit Committee or, if applicable, any other committee exercising that function; and that directors affected by the transactions should neither vote nor be present at the meetings in which the Board deliberates and votes thereon.

It is recommended that the Board not be allowed to delegate the powers attributed to it herein, with the exception of those mentioned in sections b) and c), which for reasons of urgency may be exercised by a delegated committee, and subsequently ratified by the board in full.

See sections: D.1 and D.6

Complies

- 9. In order to achieve effectiveness and full participation, it is recommended that the Board have no fewer than five and no more than fifteen members.**

See section: C.1.2

Explain

The Board of Directors is made up of 16 directors, in order to allow diversity in experiences, cultures and backgrounds, enriching so the work of the Board.

- 10. External directors representing significant shareholdings and independent directors should constitute a broad majority of the Board, while the number of executive directors should be kept at a necessary minimum, taking into account the complexity of the corporate group and the percent of the executive directors' interests in the company's share capital.**

See sections: A.3 and C.1.3.

Complies

(Free translation from the original in Spanish language)

- 11. Among external directors, the relationship between the number of directors representing significant shareholdings and independent directors shall reflect the proportion existing between share capital represented by directors representing significant shareholdings and the rest of the company's capital.**

This criterion of strict proportionality may be relaxed so that the weight of significant shareholdings may be greater than the percentage of the total capital that they actually represent in the following cases:

- 1. In large cap companies where few or no equity stakes meet the legal threshold to be considered significant shareholdings, but where there are shareholders with share packages having a high absolute value.**
- 2. In companies in which many shareholders are represented on the board, and who are not otherwise related.**

See sections: A.2, A.3 and C.1.3

Complies

- 12. Independent directors should comprise at least one third of all board members.**

See section: C.1.3

Complies

- 13. The Board shall explain the nature of each director to the shareholders at the Annual Shareholders Meeting that is to ratify his/her appointment, and confirm or, if applicable, review that status annually in the Annual Report on Corporate Governance, after having verified it with the Nominations Committee. That report should likewise explain the reasons for appointing directors representing significant shareholdings at the request of shareholders holding less than 5% of capital stock; and explain the reasons, if applicable, for having denied formal requests for representation on the board from shareholders whose stake is equal to or higher than the stake of others whose requests to appoint directors representing significant shareholdings were granted.**

See sections: C.1.3 and C.1.8

Complies

- 14. When there are few or no female directors on the Board, the Nominations Committee takes when filling new vacancies to ensure that:**

- a) Selection procedures are not implicitly biased against the selection of female directors;**
- b) The company deliberately seeks and includes among potential candidates women who meet the required profile.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies

- 15. The Chairman, as the person responsible for the efficient operations of the Board, shall ensure that all directors receive in advance sufficient information, stimulate debate and the active participation of board members at board meetings, ensure**

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that they can freely take sides and express their opinions, and organize and coordinate with the chairmen of the relevant committees periodic evaluations of the board, as well as, when applicable, the chief executive officer.

See section: C.1.19 and C.1.41

Complies

16. When the Chairman of the Board is also the company's Chief Executive Officer, one of the independent directors should be empowered to request that a meeting of the board be called or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct the board's evaluation of the Chairman.

See section: C.1.22

Complies

17. The Secretary to the Board shall take special steps to ensure that the Board's actions:

- a) Adhere to the spirit and letter of the laws and their implementing regulations, including those issued by regulatory bodies;
- b) Conform to the provisions of the Company Bylaws, Shareholders Meeting Regulation, Board of Directors Regulation and other company regulations;
- c) Take into account the corporate governance recommendations contained in the Unified Code that the company has accepted.

And to ensure the Secretary's independence, impartiality and professionalism, his/her appointment and removal shall be submitted to the Nominations Committee for its opinion and approved at a meeting of the full board; and this procedure for appointment and removal should be set forth in the Board of Directors Regulation.

See section: C.1.34

Complies

18. The Board shall meet with the frequency required to enable it to efficiently perform its functions, following a schedule of dates and matters to be determined at the beginning of the year, and each director shall be allowed to propose additional items on the agenda not initially included.

See section: C.1.29

Complies

19. Directors' absences from board meetings shall be kept to a minimum and shall be quantified in the Annual Report on Corporate Governance. Directors who have no choice but to appoint a proxy shall issue proxy voting instructions.

See sections: C.1.28, C.1.29 and C.1.30

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Complies

- 20. When directors or the Secretary express concerns about a given proposal, or in the case of directors, about the performance of the company, and these concerns are not addressed by the Board, the person expressing those concerns may request that they be recorded in the minutes.**

Complies

- 21. The Board shall evaluate annually:**

- a) The quality and efficiency of the Board's operations;**
- b) The performance of the Chairman of the Board and the Chief Executive Officer, based on the Nominations Committee report;**
- c) The performance of the board committees, based on the reports they submit.**

See section: C.1.19 and C.1.20

Complies

- 22. All directors shall be able to exercise their right to receive the additional information they deem warranted concerning matters of the Board's competence. Unless otherwise stipulated in the Bylaws or the Board of Directors Regulation, they should make such requests to the Chairman or Board Secretary.**

See section: C.1.41

Complies

- 23. All directors shall have the right to obtain from the company the guidance they require in the performance of their duties. The company shall establish suitable channels for the exercise of this right, which in special circumstances may include outside assistance provided at the company's expense.**

See section: C.1.40

Complies

- 24. Companies shall set up an orientation program to promptly provide new directors with sufficient knowledge of the company and its rules of corporate governance, while likewise offering directors ongoing training programs when circumstances so warrant.**

Partially complies

In practice this information is provided, although there is no formal program for doing so. However, the Company is working on a "Welcome Pack" for directors, which will be made available shortly, designed to provide sufficient information about the Company and its corporate governance rules.

- 25. Companies shall demand that directors devote the time and effort necessary to efficiently perform their duties, and in that regard:**

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- a) **Require directors to inform the Nominations Committee of other professional obligations they have, in the event that they might interfere with the dedication their directorships require;**
- b) **Establish limits as to the number of boards of directors on which their directors may sit.**

See sections: C.1.12, C.1.13 and C.1.17

Complies

26. The proposed appointment or reelection of directors that the Board submits at the Annual Shareholders Meeting, as well as their provisional appointment by cooptation, shall be approved by the Board:

- a) **At the proposal of the Nominations Committee in the case of independent directors.**
- b) **After receiving the prior opinion of the Nominations Committee in the case of all other directors.**

See section: C.1.3

Complies

27. Companies shall provide on their websites and maintain updated the following information concerning their directors:

- a) **Professional profile and biography;**
- b) **Other boards of directors on which they sit, whether listed companies or otherwise;**
- c) **Indication of the type of director, and in the case of directors representing significant shareholdings, the identity of the shareholders whom they represent or with whom they maintain business relations.**
- d) **Dates of first and subsequent appointments as director, and;**
- e) **Shares in the company or stock options that the director holds.**

Complies

28. Directors representing significant shareholdings shall resign when the shareholders they represent sell all of their interests in the company. They shall also do so when the shareholders in question reduce their shareholdings to the extent that would require a reduction in the number of directors representing those shareholders.

See sections: A.2, A.3 and C.1.2

Complies

29. The Board of Directors shall not propose the removal of any independent director before he concludes the term in office mandated in the bylaws for which he was appointed, unless after receiving the opinion of the Nominations Committee, the Board deems that there is just cause to do so. In particular, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post

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or incurs in any of the circumstances which results in him losing his independent status, in accordance with the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation resulting in changes in the company's capital structure warrant changes in the Board based on the proportionality criterion set forth in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

- 30. Companies shall establish rules that oblige directors to inform and, if warranted, to resign in situations that may impair the credit and reputation of the company, and specifically, rules that oblige them to inform the Board of any criminal process in which they are indicted, as well as the progress of any subsequent proceedings.**

If a director is indicted or legal proceedings are commenced against him for any of the offenses set forth in Article 213 of the Capital Companies Act, the Board shall examine his case as soon as possible and, in view of the specific circumstances, decide whether the director should continue in his post. The Board shall provide details of the foregoing in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Partially complies

Article 21.2.2) of the Board of Directors Regulation provides that directors shall offer their resignations to the Board of Directors and, if the Board deems it warranted, effectively resign *“when based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a fast-track criminal proceeding.”*

- 31. All directors shall clearly express their opposition when they consider any proposed decision submitted to the Board to be contrary to the company's interests. Independent directors and others not affected by a conflict of interest shall do likewise when the decision in question could prejudice shareholders not represented on the Board.**

When the Board adopts significant or reiterated decisions about which a director has expressed serious reservations, he shall draw the pertinent conclusions and, if he chooses to resign, explain his motives in the letter referred to in the following recommendation.

This Recommendation shall also apply to the Secretary to the Board, whether a board member or not.

Complies

- 32. Any director who resigns or otherwise leaves his post before the end of his tenure shall explain his motives in a letter addressed to all of the members of the Board.**

(Free translation from the original in Spanish language)

Regardless of whether the resignation is disclosed as relevant information, the reasons therefore shall be set forth in the Annual Corporate Governance Report.

See section: C.1.9

Complies

33. Any remuneration that includes stock in the company or group companies, stock options or instruments pegged to stock prices, variable retribution linked to company performance or benefit plans shall be limited to executive directors.

This recommendation shall not include delivery of stock when it is contingent upon the directors 'holding the stock until the end of their tenure as director.

Complies

34. Remuneration of external directors shall be sufficient to compensate them for their commitment, qualifications and the responsibility that the post entails, but not so high as to compromise their independence.

Complies

35. Remuneration linked to company performance shall take into account any possible qualifications stated in the external auditor's Audit Report that may reduce those results.

Complies

36. In the case of variable remuneration, remuneration policies shall include precise technical safeguards to ensure that that remuneration actually reflects the professional performance of the beneficiaries and is not simply derived from the general evolution of the markets or the company's sector of activities or other similar circumstances.

Complies

37. When there is a Delegated or Executive Committee (hereinafter, the "Delegated Committee"), its structure and composition with respect to the different categories of directors shall be similar to the Board's, and its secretary shall be the Secretary to the Board.

See sections: C.2.1 and C.2.6

Partially Complies

The Secretary of the Delegated Committee is the same as the Board of Directors. However, the composition of the Delegated Committee is not similar to that of the Board of Directors, as explained in section C.2.6 of this report

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38. The Board shall always be informed of the matters discussed and decisions adopted by the Delegated Committee and all board members shall receive a copy of the minutes of the meeting of the Delegated Committee.

Complies

39. In addition to the Audit Committee provided for in the Securities Market Law, the Board of Directors shall form one or two separate committees for appointments and remuneration.

The rules governing the composition and operations of the Audit Committee or the Nominations and Compensations Committee (or committees) shall be included in the Board of Directors Regulation and stipulate the following:

- a) The Board shall designate the members of those committees, taking into account the knowledge, skills and experience of the directors and members of each committee; shall deliberate on their proposals and opinions; and the committees shall report on their activities and work at the first full board session following their meetings;**
- b) These committees shall be composed exclusively of external directors, with a minimum of three. The foregoing is without prejudice to the fact that executive directors or senior managers may attend committee meetings when expressly agreed by the committee members.**
- c) The committees shall be chaired by independent directors.**
- d) Committees may seek external advice when it is deemed necessary for the performance of their duties.**
- e) Minutes shall be taken of committee meetings, and copies thereof shall be sent to all board members.**

See sections: C.2.1 and C.2.4

Complies

40. Supervision of compliance with internal codes of conduct and rules of corporate governance shall be vested in the Audit Committee, the Appointments Committee or, if they exist separately, the Compliance or Corporate Governance Committees.

See sections: C.2.3 and C.2.4

Complies

41. The members of the Audit Committee and especially its chairman shall be appointed taking into account their knowledge and experience in the area of accounting, audits and risk management.

Complies

42. Listed companies shall have an internal audit department which, under the supervision of the Audit Committee shall ensure the proper functioning of internal information and control systems.

See sections: C.2.3

(Free translation from the original in Spanish language)

Complies

43. The person in charge of the internal audit shall present to the Audit Committee his/her annual work plan; inform the committee directly of any incidents that may arise when conducting the audit; and shall submit a report of its activities at the end of each financial year.

Complies

44. The risk management and control policy shall identify at least the following:

- a) Different types of risks (operational, technological, financial, legal, reputational ...) which the company may encounter, including among the financial or economic risks contingent liabilities and off-balance sheet risks;**
- b) Establishing the level of risk that the company deems acceptable;**
- c) Measures to mitigate the impact of identified risks, in the event they materialize;**
- d) Information and internal control systems to be used to control and manage those risks, including contingent liabilities and off-balance sheet risks.**

See section: E

Complies

45. The Audit Committee shall:

1° With respect to information and internal control systems:

- a) Ensure that the main risks identified as a result of supervising the efficacy of the internal control of the company and the internal audit, if appropriate, are adequately managed and disseminated.**
- b) Ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the budget for this service; receive regular reports on its activities; and verify that senior management is acting on the conclusions and recommendations contained in its reports**
- c) Establish and supervise a mechanism to enable staff to report, on a confidential and, if appropriate, anonymous basis, any potentially significant irregularities, particularly financial or accounting irregularities, they may detect at the company.**

2° As regards the external auditor:

- a) Receive regular information from the external auditor on the audit plan and the results of its implementation, and check that senior management is acting on its recommendations;**
- b) Ensure the independence of the external auditor, to which end:**

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i) The company should disclose any change of auditor to the CNMV as a material event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for same.

ii) In the event of withdrawal by the auditor

See sections: C.1.36, C.2.3, C.2.4 y E.2

Complies

46. The Audit Committee shall be able to meet with any employee or manager of the company, and may even require that they appear without the presence of another manager.

Complies

47. The Audit Committee shall issue an opinion to the Board before the Board adopts any decisions concerning the following matters listed in Recommendation 8:

- a) Financial information that a listed company must disclose periodically. The committee shall ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts and, to that end, consider a limited review by the external auditor.**
- b) The creation or acquisition of interests in special-purpose entities or those domiciled in countries or territories considered tax havens, as well as any other similar transactions or operations, which due to their complexity may impair the group's transparency.**
- c) Related-party transactions, unless the function of issuing an advisory opinion has been attributed to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies

48. The Board of Directors shall endeavor to present the accounts at the Shareholders Meeting without reservations or qualifications in the audit report and, in exceptional circumstances where they exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders the content and scope of those reservations or qualifications.

See section: C.1.38

Complies

49. The majority of the members of the Nominations Committee (or the Nominations and Compensations Committee, if they form a single committee) shall be independent directors.

See section: C.2.1

Explain

(Free translation from the original in Spanish language)

The Nomination and Compensation Committee is formed by 2 independent directors and 2 proprietary directors, it being understood that the presence of the proprietary directors on this Committee is essential.

50. In addition to the functions indicated in the preceding Recommendations, the Nominations Committee shall perform the following:

- a) Evaluate the skills, knowledge and experience needed on the Board, and in consequence define the functions and aptitudes required of the candidates to fill each vacancy, and evaluate the time and devotion required to enable them to properly perform their duties.
- b) Examine and organize in the manner deemed appropriate the succession to the Chairman and Chief Executive and, if warranted, make proposals to the Board, so that succession may take place in a ordered and well-planned manner.
- c) Issue opinions concerning the appointments and removal of senior managers that the Chief Executive proposes to the Board.
- d) Issue opinions to the Board concerning matters of gender diversity set forth in Recommendation 14 of the Code.

See section: C.2.4

Complies

51. The Nominations Committee shall consult the Chairman and the Chief Executive, especially with regard to matters concerning executive directors.

Any director may ask the Nominations Committee to consider potential candidates to cover vacant directorships considered to meet the required profile.

Complies

52. In addition to the functions indicated in the preceding Recommendations, the Compensations Committee shall have the following duties:

- a) To propose to the Board of Directors:
 - i) The remuneration policy for directors and senior management;
 - ii) The individual remuneration of executive directors and the other conditions of their contracts.
 - iii) The standard conditions of the contracts of senior managers.
- b) To ensure that the company's remuneration policy is observed.

See sections: C.2.4

Complies

53. The Compensations Committee shall consult with the Chairman and Chief Executive, especially with regard to matters concerning directors and senior managers.

Complies

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H. OTHER INFORMATION OF INTEREST

If you believe there are relevant principles or aspects concerning the corporate governance practices applied by your company that have not been presented in this report, please identify and explain their content below.

-With regard to **Section A.1** of this report it should be underscored that:

i) Since the mandatory conversion of Class B shares with no voting rights (from May 2014) PRISA's share capital has consisted solely of Class A ordinary shares.

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

a) Conversion of Class B shares with no voting rights:

- Exercise of the right to voluntarily exchange non-voting Class B shares for an identical number of ordinary Class A shares and increase of capital via the issue of Class A ordinary shares to cover payment of the corresponding minimum annual dividend (in accordance with the agreement to increase capital approved in the Extraordinary Shareholders Meeting held on 27 November 2010, when Class B shares were issued).
- Mandatory conversion of Class B non-voting shares into an identical number of PRISA ordinary Class A shares, as 42 months had elapsed since the date on which they were issued (as specified in the agreements adopted at the Extraordinary Shareholders Meeting on 27 November 2010 and at the General Shareholders Meeting on 28 April 2014).
- To cater for the mandatory conversion of Class B non-voting shares the following operations were also carried out:
 - Capital increase via the issue of Class A ordinary shares, to allow for the allocation of additional Class A ordinary shares, as a result of the change in the mandatory conversion ratio for Class B shares, this ratio having been set at the maximum envisaged, i.e. 1.33 Class A ordinary shares for each Class B non-voting share outstanding, as stipulated in the Bylaws.
 - Capital increase via the issue of Class A ordinary shares, to allow for payment of the minimum annual dividend for Class B shares corresponding to 2013 (0.175 euros per share) and the proportional part of said dividend payable in 2014, until the mandatory conversion of Class B shares into ordinary class A shares (0.072 euros per share).

b) Exercise and expiration of Warrants 2010:

The exercise period for Prisa Warrants 2010 expired in June 2014, at which date the unexercised warrants were cancelled. During 2014 and up to this date, capital increases had been effected by means of the issue of Class A ordinary shares, to allow for the exercise of the Prisa Warrants 2010 (under the capital increase agreement adopted by the Extraordinary General Meeting of PRISA held on 27 November 2010).

c) Exercise of Warrants 2013:

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Capital increases by means of the issue of Class A ordinary shares, to allow for the exercise of the Prisa Warrants 2013 (under the agreement adopted by the Extraordinary General Meeting of PRISA held on 10 December 2013). See Section A.12 of this Report.

d) Mandatory conversion of bonds:

On 7 July 2014 the conversion of all mandatorily convertible bonds took place. These were issued in accordance with the decision taken by the General Shareholders Meeting held on 30 June 2012. To cater for said conversion, new Class A ordinary shares were issued.

e) Capital increase subscribed by shareholder Consorcio Transportista Occher, S.A:

In a meeting held on 22 July 2014 Prisa's Board of Directors approved a capital increase of 100 million euros, which was subscribed by shareholder Consorcio Transportista Occher, S.A. de C.V. ("Occher") and paid up in full by a monetary contribution at the time of the subscription.

The capital increase was effected by the issue and allotment of Class A ordinary shares, there being no pre-emptive subscription rights.

iii) The shareholdings in PRISA at December 31, 2014, were as stated in section A.1 of this Report.

iv) The indicated date of amendment (17/12/2014) is the date of inscription in the Commercial Registry of the last deed modifying capital during the 2014 financial year.

- With regard to **Section A.2** of this report it should be underscored that:

i) The reported significant holdings are those that as per December 31, 2014 had been disclosed by their holders to the CNMV.

ii) The declared indirect interest of Rucandio, S.A. (411,895,327 voting rights) at December 31, 2014, was held through the entities stated in section A.2 (Promotora de Publicaciones, S.L., Timón, S.A., Asgard Inversiones, S.A., Rucandio Inversiones SICAV and Otnas Inversiones, S.L) in a total amount of 206,178,256 voting rights and, likewise, through 205,717,071 voting rights of the Company subject to the Prisa Shareholders Agreement signed on April 24, 2014 (in which Rucandio indirectly holds the majority of votes), which is described under heading A.6 in this Report. Within those 205,717,071 voting rights that are bound by the Shareholders' Agreement of Prisa, are included 184,217,295 voting rights held by Grupo Herradura de Occidente, S.A. de CV.

Consequently, the indirect participation of Rucandio, SA in the Company, amounts to 19.08% of the share capital at December 31, 2014.

iii) As reported to the Spanish Securities & Exchange Commission (CNMV), Según consta declarado en la CNMV, the holder of the indirect interest of Grupo Herradura de Occidente, S.A. de CV is held through Consorcio Transportista Occher, S.A. de C.V. Of those 188,912,295 voting rights, 184,217,295 are linked to Prisa Shareholders Agreement and 4,695,000 are excluded from that agreement.

iv) As reported to the Spanish Securities & Exchange Commission (CNMV), the owner of the indirect holding declared by Nicolas Berggruen is the company BH Stores IV, B.V.

BH Stores IV, B.V. is a subsidiary of Berggruen Holdings LTD, a 100% subsidiary of Nicolas Berggruen Charitable Trust. The ultimate beneficiary of the shares of BH Stores IV, B.V. is Nicolas

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Berggruen Charitable Trust. Mr. Nicolás Berggruen is a member of the Board of Directors of Berggruen Holdings.

Likewise it is underscored that of the 28,422,994 voting rights declared by BH Stores, 14,396,544 are represented by 3,599,136 ADR's representing Class A ordinary shares.

v) Banco Santander, S.A. has reported to the Spanish Securities & Exchange Commission (CNMV) that its indirect holding is exercised through the following companies in the Santander Group: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., Títulos de Renta Fija, S.A., Carpe Diem Salud, S.L. and Suleyado 2003, S.L.

vi) Morgan Stanley has reported to the Spanish Securities & Exchange Commission (CNMV) that its indirect holding is exercised through the following companies in the Morgan Stanley Group: Morgan Stanley &Co International PLC, Morgan Stanley Capital Services LLC and Morgan Stanley Smith Barney LLC.

vii) The most significant changes in the shareholding structure during the financial year are those declared by the owners of the shares to the CNMV at December 31, 2014.

- With regard to **Section A.3** of this report it should be underscored that the 400 voting rights declared by Mrs. Arianna Huffington and the 4,000 voting rights declared by Mr John Paton, are represented by way of 100 and 1,000 ADR's representing Class A shares of PRISA, respectively.

- With regard to **Section A.4** of this report it should be underscored that que Berggruen Acquisition Holdings S.A.R.L directly holds 8.21% of Otnas Inversiones, S.L.

- With regard to **Section A5** of this report, see section D.2 of this report regarding related party transactions.

-With regard to **Section A.6** of this report it should be underscored that:

i) The information regarding shareholders agreements was declared to the CNMV in material disclosures no 155,690 and 155,942, dated December 23 and December 30, 2011, respectively, in material disclosure no 157,599 dated February 7, 2012, in material disclosures no 193,575 dated October 7, 2013, and in material disclosures no 201041, no 204178 and no 211007, dated February 27, April 28, and September 22, 2014.

ii) Shareholder Agreement in Rucandio, S.A.

On December 23, 2003 in a private document Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno—deceased- (whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. M^a Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. in the following terms: (i) the syndicated shareholders and directors must meet prior to any shareholder or board meeting to determine how they will vote their syndicated shares, and are obliged to vote together at shareholder meetings in the manner determined by the syndicated shareholders; (ii) if an express agreement is not achieved among the syndicated shareholders with respect to any of the proposals made at a shareholder meeting, it will be understood that sufficient agreement does not exist to bind the syndicate and, in consequence, each syndicated shareholder may freely cast his vote; (iii) members of the syndicate are obliged to attend syndicate meetings personally or to grant proxy to a person determined by the syndicate, unless the syndicate expressly agrees otherwise, and to vote in accordance with the instructions determined by the syndicate, as well as to refrain from exercising

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any rights individually unless they have been previously discussed and agreed at a meeting of the syndicate.; (iv) members of the syndicate are precluded from transferring or otherwise disposing of shares in Rucandio, S.A until 10 years following the death of Mr. Jesús de Polanco Gutiérrez, requiring in any case the consensus of all shareholders for any type of transfer to a third party. An exception to the aforementioned term can be made upon the unanimous agreement of the shareholders. This limitation likewise applied specifically to the shares that Rucandio, S.A. holds directly or indirectly in Promotora de Informaciones, S.A.

iii) Shareholder Agreement in Promotora de Publicaciones, S.L.:

The shareholders agreement was signed on May 21, 1992 and in a notarial document certified by Madrid Notary Public Mr. Jose Aristonico Sanchez, Timon S.A. and a group of shareholders of Promotora de Informaciones, S.A. entered into an agreement to govern the contribution of their shares in that company to Promotora de Publicaciones, S.L. (hereinafter, "Propu") and their participation therein. Basically, the undertakings set forth in that agreement are as follows: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa's; b) Propu shares to be voted at Prisa's General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa's Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

iv) Agreement of shareholders of (PRISA):

On 24 April 2014 a shareholders agreement was signed by Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) and the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV (subsidiary of Grupo Herradura Occidente, S.A. de CV) together with other shareholders, individuals and legal entities, of PRISA, for the purpose of: i) syndicating the vote of certain shares held by these shareholders and determining certain commitments of permanence as shareholders of the Company and ii) regulating the conduct of syndicated shareholders, so that it is concerted and unified, thus ensuring a common, stable voting policy in the Company.

v) The concerted actions known to the Company are the shareholders agreements described above.

- The Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being revised in general and particularly in connection with sections B.2, B.3, B.6, C.1.6, C.1.13, C.1.18, C.1.19, C.1.21, C.1.22, C.1.28, C.1.32, C.1.34, C.1.35, C.1.41, C.1.42, D.1, G.3, G.8, G.16, G.17, G.21, G.26 and G.50, among other reasons to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will modify the Board Regulations in line with the foregoing.

Consequently the Company's internal regulations, as described in the aforementioned sections of this Report, are likely to be modified in the near future.

-In connection with sections **B.6 and G.3** of this Report, the Company has not expressly agreed that decisions involving structural modifications to the Company should be subject to the approval of the General Shareholders Meeting. It is also stated for the record that the Company has not submitted operations of this kind to the General Meeting for approval because they have not arisen.

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Nevertheless, the provisions of Article 160 of the Corporations Law (LSC) must be borne in mind. These are detailed in Law 31/2014, compliance with which is mandatory for the Company.

Likewise article 12 of the Articles of Association, in addition to listing a series of powers expressly conferred on the General Meeting, provides that it will also be the responsibility of the General Meeting “to be informed of or to decide on any other matter which the Board of Directors decides should be referred to or decided by the General Meeting because it takes the view that it is particularly important for the Company’s interests”.

-With regard to **Section C.1.2** of this report it should be underscored that: i) Appointment of Mr. Juan Luis Cebrian Echarri as Chairman of the Board of Directors was approved on 20 July 2012; ii) appointment of Mr. Manuel Polanco Moreno as Deputy Chairman was approved on 20 July 2012 and iii) appointment of Mr Jose Luis Sainz as Chief Executive Officer was as of October 1, 2014.

- With regard to **Section C.1.3** of this report it should be underscored that Mr.Manuel Polanco is an external director representing significant shareholders having been appointed by Timón, S.A and, likewise, is an executive director.

- With regard to **section C.12.** of this report it should be underscored that Company director Ms. Agnès Noguera Borel represents the director Luxury Liberty, S.A. at the board of directors of Adolfo Domínguez, S.A.

- With regard to **section C.1.15** and **C. 1.16.** of this report it should be underscored that:

i) The amounts corresponding to the total remuneration of directors and senior management recorded in sections C.1.15 and C.1.16 are those paid during the year calculated on an accrual basis as stipulated in Spanish Securities & Exchange Commission (CNMV) Circulars 4/2013 and 5/2013, which approve the models for annual reports on directors' remuneration and the annual corporate governance report for listed limited companies, and differ from the total remuneration paid to directors and senior management recorded in the Notes to the Financial Statements and Half-yearly Financial Information for 2014, which reflect accounting provision.

The remuneration paid to directors included in Section C.1.15 of this Report thus coincides with that specified in Section D of the annual report on directors' remuneration, to which we refer for further details.

ii) The total remuneration for the Board of Directors includes: i) the amount paid to Mr Nicolás Berggruen up to the moment of his resignation as a director in March 2014; ii) the amounts paid to Mr Roberto Alcántara and Mr John Paton from the time of their appointment as directors in February 2014; iii) payments to Mr Fernando Abril-Martorell as executive director until 30 September 2014 and as non-executive director from that date until 31 December 2014 and iv) to Mr Jose Luis Sainz Díaz as executive director from 22 July 2014 (except the Long-term Incentive, which will be paid in 2015, to which he is entitled as an executive of PRISA Radio and PRISA Noticias, which is included in full).

iii) Senior managers are the members of the Business Management Committee that are not executive directors and have an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Promotora de Informaciones, S.A

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iv) Total remuneration for senior management includes payments to Mr José Luis Sainz up to the time of his appointment as executive director of PRISA (22 July 2014) and payments to Mr Manuel Mirat Santiago since his appointment as CEO of PRISA Noticias (September 2014).

-With regard to **Section C.1.37** of this report it should be underscored that, in relation to the year 2014, the cost resulting from the audit of the internal control system of the financial information, which amounted to 200,000 euros, has been included within "non- auditing services". This service was a mandatory audit as a consequence of the listing of Prisa with the SEC and, therefore, in the year 2013 was included within the audit fees.

-With regard to **Section C.1.45** of this report it should be underscored that the body that has authorized ironclad or golden handshake clauses was the Corporate Governance, Nomination and Compensation Committee or the Nomination and Compensation Committee, depending on the date.

- With regard to **Section D.2** of this report it should be underscored that:

i. Transactions shown in the table include operations with the significant shareholder and/or companies in the Group;

ii. Transactions with Grupo PRISA include those with Promotora de Informaciones, S.A. (PRISA) and companies in its group. When the name of a particular company in Grupo PRISA is specified, this indicates that the transaction was carried out exclusively with that company.

iii. Regarding the provision of services to Telefónica, S.A., of the 184,056,000 euros declared, 179,097,000 euros correspond to DTS Distribuidora de Televisión Digital, S.A. (DTS, a company in which PRISA has a holding).

iv. In the case of services provided by Telefónica, S.A., of the 19,388,000 euros declared, 9,284,000 euros correspond to DTS.

v. In June 2014 Prisa's Board of Directors signed an agreement with Telefónica de Contenidos, S.A.U. for the sale of all the shares in DTS held by PRISA, accounting for 56% of the company's capital, for 750 million euros, the amount being subject to the adjustments that are normal in this type of operation until the transaction is concluded. Mediaset España, which held shares in DTS, had an initial period of 15 calendar days, subsequently extended to 4 July 2014, to exercise its pre-emption and co-sale rights, as established in the company's Bylaws and the DTS shareholders agreement. At the end of the period, Mediaset España had not exercised any of the rights referred to above. Subsequently, on 4 July 2014, Mediaset España signed an agreement with Telefónica de Contenidos, S.A. for the sale of 22% of DTS.

The completion of the operation is subject to authorization by the relevant authorities. On 20 June 2014 PRISA was informed that there was no objection to the operation on the part of the panel representing the banks financing it.

After deducting the costs involved in the sale, the transaction led to a book loss in Grupo Prisa's consolidated financial statements of 2,064,921,000 euros and, in Prisa's individual financial statements, a loss of 750,383,000 euros. In December 2014, the Group revised the value of its holding in DTS and recorded an additional impairment of 23,789,000 euros for the estimated impact the development of the business will have on the price of the transaction until the date on which the sale takes place, foreseeably in May 2015. The aggregate amount of 719,086,000 euros reflects the estimated sale price of 56% of DTS under the agreement signed with Telefónica de Contenidos, S.A.

vi. The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.

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The following related-party transactions between DTS and various companies in which Telefónica has holdings have also taken place, although they are not reflected in the income statement:

- o DTS granted Telefónica the right to use certain content to offset previous commitments.
- o DTS purchased audio-visual rights from Telefónica for a fixed sum of 350,000 euros, plus, where appropriate, a variable amount which depended on certain circumstances, in connection with which payment obligations had not been generated by 31 December 2014 or DTS's debt under the contract had not matured and could not therefore be claimed.

- With regard to **Section D.3** of this report it should be underscored that compensation to Prisa directors and senior management is detailed in Sections C.1.15 and C.1.16 of this report.

Likewise it should be underscored that Mr. Gregorio Marañón y Bertrán de Lis has rendered Legal advice services.

- With regard to **Section D.4** of this report it should be underscored that transactions with Mediaset España Comunicación SA correspond to the period January-September 2014, as PRISA's holding in Mediaset fell below 5%.

- With regard to **Section D.5** of this report it should be underscored that, in addition to the transactions described in section D.4 above, the following transactions with related parties, have been performed: i) services provided to Grupo Prisa companies by other investee companies, for an aggregate amount of 1,522 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 3,693 thousand euros, iii) loans granted by Grupo Prisa companies to other investee companies, for an aggregate amount of 400 thousand euros, iv) financial income recorded by companies in Grupo Prisa, linked to the loans granted to investees, amounting to an aggregate total of 1,655,000 euros and v) dividends received by Grupo Prisa companies from investees, amounting to an aggregate total of 231,000 euros.

- With regard to **Sections D.7 and G.2** of this report it should be underscored that PRISA Portuguese subsidiary Grupo Media Capital, S.G.P.S, S.A. is listed on the Portuguese securities market.

- For the purposes of Sections **G.8, G.16 and G.17** of this Report it should be noted, as already mentioned, that the Board Regulations currently in force are being revised to bring them into line with Law 31/2014:

i) the Regulations do not exclusively authorize the Board to decide on the appointment and removal of senior managers and their compensation clauses, whereas Article 249 (2) h) of the Corporations Law, which is mandatory, assigns this power to the Board as a non-delegable responsibility.

ii) they do not yet regulate the figure of the coordinating director and his/her powers, but the provisions of Article 529 (7) of the Corporations Law are compulsory and therefore applicable. It should, however, be noted that since 2013 external directors have been meeting regularly to coordinate and express their concerns.

iii) they do not yet include the Nomination and Compensation Committee 's authority to announce the removal of the Secretary of the Board, even though Article 529 (8) of the Corporations Law envisages this.

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- For purposes of **Sections G.21, G.26 and G.50** of this Report it is noted that, under the Board of Directors Regulation of the Company, it is within the province of the Corporate Governance Committee (and not the "Nomination Committee" as indicated in the text of recommendations 21, 26 and 50) to:

i) present a report to the Board of Directors for evaluation of the functioning and composition of the Board and the performance of their duties by the Chairman of the Board and chief executive of the Company (recommendation 21);

ii) propose the appointment of independent directors (recommendation 26);

iii) advise the Board regarding matters of gender diversity (recommendation 50).

-Lastly, and generally applicable throughout the report, it should be underscored that, the Tax Identification Numbers attributed to the non-Spanish companies are fictitious and were provided as required in this computerized form.

- As PRISA's ADS are not listed on the NYSE (see Section A.12 of this Report), the Company is not subject to the corporate governance requirements specified by the Securities Exchange Act, the Sarbanes-Oxley Act and the NYSE.

Prisa does not prepare any annual corporate governance report other than this one.

This Annual Report on Corporate Governance was approved by the Board of Directors of the Company at its meeting on February 27, 2015.

Indicate whether any directors voted against or abstained in the vote taken to approve this report.

NO

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