

**ANNUAL REPORT ON COMPENSATION OF DIRECTORS
OF LISTED COMPANIES PARTICULARS OF ISSUER**

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COMPANY NAME:

PROMOTORA DE INFORMACIONES, S.A.

REGISTERED ADDRESS:

GRAN VIA, 32, MADRID

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES

A. COMPENSATION POLICY OF THE COMPANY FOR THE YEAR IN COURSE

A.1 Explain the company's compensation policy. Within this section include information regarding:

- General bases for and principles of the compensation policy.
- Most significant changes made to the compensation policy by reference to the policy used during the prior period, and the changes that have been made during the year in the terms for exercise of options already granted.
- Standards used and composition of groups of comparable companies whose compensation policies have been examined to establish the company's compensation policy.
- Relative importance of the variable compensation categories by reference to the fixed categories, and criteria used to determine the various components of the compensation package of the directors (compensation mix).

Explain the compensation policy

This report refers to PROMOTORA DE INFORMACIONES, S.A. (hereinafter "PRISA" or the "Company").

At the Ordinary Shareholders' Meeting of PRISA held on 20 April 2015, under point ten of the agenda, the shareholders approved the annual report on directors' compensation (the "Remuneration Report"), which states the Board of Directors' compensation policy for 2015.

Pursuant to the Transitional Provision of Law 31/2014 of 3 December, in concordance with article 529 novodecies of the Capital Companies Act, the Board of Directors compensation policy contained in said Remuneration Report and approved by the 2015 general meeting has a term of three years (that is, until financial year 2017, inclusive), unless it is amended or replaced by a different policy.

Nevertheless, at the Nominating and Compensation Committee's request, the Board of Directors will propose to shareholders at the next General Ordinary Shareholders' Meeting to be held in 2017 that they approve a new compensation policy for 2017, 2018 and 2019.

The terms of the current compensation policy (duly described in this report) will not apply once shareholders approve at the 2017 General Shareholders' Meeting, the new compensation policy for 2017, 2018 and 2019.

In any event, pursuant to the requirements of section A of this report, the terms of the compensation policy approved at the 20 April 2015 General Shareholders' Meeting are described here on.

1. General bases for and principles of the compensation policy.

The Articles of Association (article 22) and the Board of Directors Regulations of PRISA (articles 33, 34 y 35) contain the general scheme applicable to director compensation.

The Compensation Policy has been approved within the aforesaid general framework, which is public and was communicated on the occasion of the General Shareholders' Meeting of 2015.

The compensation policy for 2017, as for 2015 and 2016, varies depending upon whether it applies to inside or external directors.

On December 31, 2016, the Board of Directors has 14 external directors and 3 executive directors (the Chairman of the Board of Directors and of the Delegated Commission, Mr. Juan Luis Cebrián Echarri, the CEO, Mr. José Luis Sainz Díaz, and the Deputy Chairman of PRISA and Chairman of Prisa Audiovisual, Mr. Manuel Polanco Moreno).

The directors may receive a part of their compensation by way of delivery of shares of the Company. There are restrictions on engaging in transactions in such securities for all directors that may have inside information.

Additionally there are certain restrictions on the transfer of shares received by directors as part of their compensation.

Deliveries of shares made to Directors until April 2019 are covered by a resolution adopted by the ordinary shareholders meeting held on 28 April 2014, authorising the delivery of shares of the Company in payment of compensation of directors of the Company and a defined group of executives of Prisa Group.

2. Categories of compensation of for external directors:

The general shareholders meeting held on 27 November 2010 established maximum fixed compensation for the Board of Directors of 2,000,000 euros. That maximum will remain in effect until the general meeting approves an amendment thereof.

The compensation of the various directors may vary based on their positions, functions and responsibilities assigned and their services on board committees, and will be compatible with payment of per diems for attendance at meetings.

The compensation policy for external directors includes the following categories:

i. Fixed annual compensation for membership on the Board of Directors, which is paid to each of the external directors, at their election, either fully in cash or 60% in cash and 40% in PRISA shares.

External directors receiving shares in payment of their fixed compensation, have the obligation to hold them until they leave their positions as directors.

ii. Fixed annual compensation for membership on various board committees (Delegated Commission, Audit Committee, Nominating and Compensation Committee, Corporate Governance Committee and Committee for Digital Change), paid in cash. The amount is different for chairmen and members of the committees.

With respect to fixed annual compensation for membership on the Committee for Digital Change, it has applied since October 2016 when its Chairman (only non-executive director on that committee) began receiving that compensation.

iii. Per diems for attendance at meetings of the Board of Directors and its committees, also paid in cash to External directors.

External directors of PRISA may earn other fees for their participation on the boards of directors of other companies in the PRISA Group, in accordance with their respective articles of association. Ms. Arianna Huffington (director until February 2016) and Mr. John Paton received a fixed allocation for their membership on the Board of Directors of Diario El País S.L.

3. Categories of compensation of executive directors:

Executive directors receive no amount in the categories set forth in the preceding section (fixed compensation for membership on the board and its committees and per diems for attending meetings thereof).

The compensation of the executive directors is determined by the respective contracts of each of them with the Company, which are described in greater detail in the following sections.

In general terms, the categories of compensation corresponding to the executive directors are as follows:

- i. Fixed salary.
- ii. Variable compensation (annual and multi-year).
- iii. In-kind compensation

With respect to share-based compensation received by executive directors since January 2016, transfer of title is not allowed in respect of a number of shares equivalent to twice the director's annual fixed compensation until at least three years after the shares are awarded.

4. Compensation mix for executive directors:

The relative importance of the variable compensation categories by comparison with the fixed categories (the "compensation mix", in the determination of which fixed compensation for 2017, annual target variable compensation for 2017 and annualised target long-term variable compensation for 2017 have been taken into account), is as follows for each of the executive directors:

- i. The compensation mix of Mr. Juan Luis Cebrián Echarri (Executive Chairman) is 40% fixed compensation, 40% variable compensation and 20% long-term variable compensation.
- ii. The compensation mix of Mr. Manuel Polanco Moreno (Executive Deputy Chairman of PRISA and Chairman of Prisa Audiovisual) is 52% fixed compensation, 31% annual variable compensation and 17% long-term variable compensation.
- iii. The compensation mix of Mr. José Luis Sainz Díaz (CEO) is 41% fixed compensation, 41% variable compensation and 18% long-term variable compensation.

The Board of Directors, on proposal of the Nominating and Compensation Committee, reviews the compensation policy annually. The criteria that are used in determining the various components of the compensation package are defined by virtue of the strategic objectives set by the Board of Directors, best market practices and the legislation in effect from time to time.

A.2 Information on preparatory work and the decision-making process that has been used to determine the compensation policy and the role, if any, played by the compensation committee and other supervisory bodies in setting the compensation policy. This information if appropriate will include the mandate of the compensation committee, its composition and the identity of the outside advisors the services of which have been used in the determination of the compensation policy. It will also state the nature of the directors, if any, that have participated in determination of the compensation policy.

Explain the process for determination of the compensation policy

1. Definition and proposal of the compensation policy:

The Nominating and Compensation Committee defines and proposes the compensation policy in accordance with the Board of Directors Regulations of PRISA.

The Nominating and Compensation Committee is comprised of four external directors, two of which are independent external directors (Mr Alain Minc and Mr. Alfonso Ruiz de Assin Chico de Guzman), one is proprietary external director (Mr Joséph Oughourlian), and one is other external director (Mr Gregorio Marañón y Bertrán de Lis).

2. Approval of the compensation policy by the Board of Directors:

As explained in section A.1 of this report, as proposed by the Nominating and Compensation Committee, the Board of Directors has agreed to prepare for approval by shareholders at the next General Shareholders' Meeting, a new compensation policy for 2017, 2018 and 2019.

The board in addition has approved the individual compensation for executive directors and any other conditions pertaining to their contracts.

The authority of the board in this regard is set forth in article 5 of the PRISA Board of Directors Regulations.

3. Approval on an advisory basis by the general shareholders meeting:

At the Ordinary Shareholders' Meeting of PRISA held on 20 April 2015, the shareholders approved the

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annual report on directors' compensation, which contained the Board of Directors' compensation policy, for a period of three years (that is, until financial year 2017, inclusive), unless it is amended or replaced by a different policy.

As specified, the Board of Directors intends to submit for approval by shareholders at the next PRISA General Shareholders' Meeting in 2017, a new compensation policy for 2017, 2018 and 2019.

In accordance with the provisions of article 541 of the Capital Companies Act, this compensation policy report will be submitted for approval, on an advisory basis, of the ordinary general shareholders meeting held in 2017. The complete text thereof will be made available to the shareholders.

4. Outside Advice

To define the Compensation Policy, the outside advice of the Towers Watson consulting firm and the collaboration of KPMG Abogados were used.

Furthermore, for the purpose of preparing the new compensation policy for 2017, 2018 and 2019 that the Board of Directors will prepare for approval at the next General Shareholders' Meeting, the Nominating and Compensation Committee will obtain independent advice if necessary.

A.3 Indicate the amount and nature of the fixed components, broken down, if applicable, of the compensation for performance of duties of senior management of the executive directors, the additional compensation as chairman or a member of any board committee, of the per diems for participation on the board and its committees or other fixed compensation as a director, as well as an estimate of the fixed annual compensation resulting therefrom. Identify other benefits that are not paid in cash and the basic parameters on the basis of which they are granted.

Explain the fixed components of compensation

Without prejudice to the disclosures in section A.1 on the new compensation policy that will be submitted for approval at the next General Shareholders' Meeting, the terms of the current compensation policy include the following components of fixed compensation:

1. Fixed components of the compensation of external directors:

- i. Compensation for membership on Board of Directors: compensation in this category amounts to 75,000 euros per annum. This amount is paid to each of the external directors, at their election, either fully in cash or 60% in cash and 40% in PRISA shares. When a director chooses partial payment in shares of PRISA, they are delivered quarterly on a prorated basis, taking as the reference the average closing price of the share on the Continuous Market over the thirty business days immediately preceding the last day of each calendar quarter, included. Cash contribution is paid monthly, also on a prorated basis.

As already indicated, external directors that receive shares in payment of their fixed compensation are required to hold them until leaving their positions as directors.

- ii. Compensation for membership on the Delegated Commission: the compensation in this category also amounts to 75,000 euros per annum and is paid on a prorated basis, monthly in cash.
- iii. Compensation for membership on the Audit Committee, Nominating and Compensation Committee and Corporate Governance Committee: the compensation in this category amounts to 19,000 euros per annum for their chairmen and 9,500 euros per annum for members, and is paid monthly in cash, on a prorated basis.
- iv. Compensation for membership on the Committee for Digital Change: since October 2016 the chairman of this committee has been receiving compensation of 19,000 euros per annum for that office, paid monthly in cash on a prorated basis.
- v. Per diems for attendance at meetings of the Board of Directors and its committees (Audit Committee, Nominating and Compensation Committee, Corporate Governance Committee and Committee for Digital Change): the amount of the per diems for attendance at meetings of board committees is

different for their chairmen and for their members, and is paid fully in cash.

2. Fixed components of the compensation of executive directors:

As already has been indicated, the executive directors receive no compensation for membership on the Board of Directors and its committees. They receive, exclusively for their executive and senior management functions, fixed annual compensation in cash, which is determined by their respective contracts, and which amount the following:

- i. Mr. Juan Luis Cebrián Echarri: 1,000,000 euros.
- ii. Mr. Manuel Polanco Moreno: 460,420 euros
- iii. Mr. José Luis Sainz Díaz: 750,000 euros.

A.4 Explain the amount, nature and main features of the variable components of the compensation schemes.

In particular:

- Identify each of the compensation plans of which the directors are beneficiaries, the scope thereof, the date of approval, the date of implementation, the term of validity and the main features. In the case of option plans on shares and other financial instruments, the general features of the plan are to include information regarding the conditions for exercise of the options or financial instruments for each plan.
- Indicate any compensation under profit-sharing or bonus plans, and the reason it is paid.
- Explain the basic parameters and basis for any annual bonus system.
- The classes of directors (executive directors, proprietary external directors, independent external directors and other external directors) that are beneficiaries of compensation schemes or plans that incorporate variable compensation
- The underlying basis of such variable compensation schemes or plans, the criteria for evaluation of performance that are used, as well as the components of and methods for evaluation to determine whether or not the evaluation criteria have been met, and an estimate of the absolute amount of the variable compensation resulting from the current compensation plan, based on the degree of fulfilment of the hypotheses or objectives taken as a reference.
- If applicable, the information is to include a report on the payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments, if any.

Explain the variable components of the compensation schemes

Without prejudice to the disclosures in section A.1 on the new compensation policy that will be submitted for approval at the next General Shareholders' Meeting, the terms of the current compensation policy includes the following variable components of compensation for executive directors:

1. Short-term variable compensation (annual):

The annual variable compensation consists of a bonus scheme related to 100% fulfilment of management objectives. These objectives are approved annually by the Nominating and Compensation Committee for the management team. In the case of executive directors, the approval corresponds to the Board of Directors, on proposal of that committee. The target bonus, in the case of executive directors, is the one agreed in their respective contracts.

100% of the amount fixed as the target bonus for each beneficiary is earned in the event of achievement of 100% of the established objectives.

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The quantitative objectives refer to the consolidated group. In 2016 the Board, at the proposal of the Nominating and Compensation Committee, resolved to eliminate the qualitative part of the performance evaluation for the Chairman and the Chief Executive Officer.

The Deputy Chairman maintain the 20% of the qualitative evaluation, and the evaluation criteria will be the same as for the rest of the executives in the Company's corporate centre.

The quantitative objectives of the annual bonus are tied directly to the compliance scale that relates the level of achievement of the objectives to the percentage incentive that applies to the variable bonus target amount set at the start.

In the case of the President and CEO, there have been set metrics with the requirement of a minimum level of attainment for their inclusion in the bonus, and a maximum payment level of 110%. In the case of the Deputy Chairman, the maximum level of payment is 130% for the metrics except for the EBITDA, for which the maximum pay level is 120%

The targets for executive directors for the 2017 annual bonus will not be established by the Board of Directors until the new compensation policy is approved at the 2017 General Shareholders' Meeting.

Payment of the annual bonus is made after the end of the year. For this reason the bonuses earned in 2017 by the executive directors, will be paid, where appropriate, in 2018.

The target variable compensation of the executive directors is in accordance with the terms of their respective contracts.

2. Multi-year variable compensation:

i) Mr. Juan Luis Cebrián Echarri

According to the terms of Mr. Cebrián's contract with the Company, for the period 2016/2018 and subject to Mr. Cebrián's fulfilment of the strategic objectives to be set by the Board of Directors, Mr. Cebrián will receive a gross variable multi-year non-cash and non-vesting incentive (hereinafter, the Variable Multi-year Incentive) of a maximum of 100,000 shares of the Company, taking as basis for that calculation a share price of 15 euros.

The Board of Directors will not establish the strategic objectives applicable to the multi-year compensation scheme until the new compensation policy is approved at the 2017 General Shareholders' Meeting.

ii) Mr. José Luis Sainz Díaz:

In accordance with the terms of his contract with the Company, Mr. Sainz will be entitled to receive a variable multi-year incentive, payable in shares of PRISA, subject to fulfilment of the Company's strategic plans:

- For 2014-2016, in line with the terms of the Long-Term Incentive Plan (ILP) approved by the ordinary general meeting held on 28 April 2014, the term for the generation of that incentive has been three years (2014, 2015 and 2016).

The parameters for evaluation of the degree of achievement of the objectives have been determined based on the Basic Cash Flow of the group EBITDA, minus provisions, minus CAPEX), for the accumulated period 2014-2016, weighted at 100%, and remaining until 31 December 2016. Not having reached the minimum achievement of 80% of the target, no amount has been accrued.

- For the 2017-2018 period, the target will be a maximum of 189,329 shares, being the reference price of a share the weighted average price on the thirty days prior to 1 January 2017.

The Board of Directors will not establish the quantitative and qualitative objectives for this period until the new compensation policy is approved at the 2017 General Shareholders' Meeting.

iii) Mr. Manuel Polanco Moreno:

Mr. Polanco is a beneficiary of the Long-term incentive that, within the compensation policy of the Company, for the purpose of aligning the interests of the management team of Prisa Group with those of

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its shareholders, and to incentivise and encourage loyalty among the members of the Management Team, was approved by the PRISA shareholders meeting held on 28 April 2014 (ILP). The ILP has been for a total term of three years, from 1 January 2014 to 31 December 2016. By virtue thereof a given number of ordinary shares of the Company and a given amount of cash may be delivered to executive directors of the Company and a specific group of 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.

Of the three executive directors, only Mr. Manuel Polanco is a current beneficiary of the ILP.

The parameters for evaluation of the degree of achievement of the objectives have been determined based on the Basic Cash Flow of the group EBITDA, minus provisions, minus CAPEX), for the accumulated period 2014-2015, weighted at 100%, and remaining with the group until 31 December 2016. Not having reached the minimum achievement of 80%, no amount has been accrued.

3. Coverage for delivery of shares in payment of multi-year variable compensation:

As already indicated in section A.1 of this report, the ordinary shareholders meeting held on 28 April 2014 authorised delivery of shares of the Company in payment of compensation of directors of the Company and a defined group of Prisa Group executives. Within the cases covered by that resolution delivery of shares to executive directors and payment of long-term variable compensation (long-term incentive) was included, for these purposes expressly including the aforesaid ILP, also approved at that meeting, when it resolved that it was to be paid in whole or in part in the form of shares of PRISA.

4. Early termination and variable compensation:

i) Contract of Mr. Juan Luis Cebrián Echarri:

In the event of early termination of the contract between the Company and Mr. Cebrián, except when termination thereof is decided by the Company by reason of the Executive Chairman's having engaged in any of the conduct that current labour legislation considers to be just cause for dismissal, he will receive the part of the annual bonus accruing in proportion to the time worked during the year, provided that the objectives contemplated in each case are achieved.

ii) Contract of Mr. José Luis Sainz Diaz:

In the event of termination of the contract between the Company and Mr. Sainz for any reason not attributable to the CEO, he will receive the part of the annual bonus and the multi-year compensation earned in proportion to the time worked during the year or relevant multi-year period, respectively, provided that the objectives contemplated in each case are achieved.

In any event, the multi-year compensation corresponding to the year of departure will not be paid if it results from a decision of the company based on breach of his obligations, or by resignation or voluntary departure of the CEO, unless in the latter case the resignation or departure occurs during the last two months of the year, in which case he will receive the proportional part of the corresponding variable compensation, provided that the contemplated annual objectives are achieved.

In no case will the annual variable compensation corresponding to the year in which the contract is terminated, or the multi-year variable compensation corresponding to the relevant period, be paid if the termination of the contract is decided upon by the Company by reason of the CEO engaging in any of the conduct that current labour legislation deems to be just cause for dismissal.

iii) Contract of Mr. Manuel Polanco Moreno:

In the event that the contract between Mr Polanco and the company is terminated, Mr Polanco will receive the fraction of the accrued annual bonus and the multi-year compensation in proportion to the amount of time worked during the year or the corresponding multi-year period respectively, provided that the targets set in each case have been achieved.

Under no circumstances will the annual variable compensation corresponding to the year in which the agreement is terminated be paid, nor shall the multi-year variable compensation corresponding to the relevant period be paid if the Company decides to terminate the CEO's contract due to any of the just causes or conduct that justify dismissal under prevailing employment legislation.

Either the multi-year variable compensation will not be paid when he voluntarily leaves the position. The aforesaid loss of rights will occur at the time of notice of the resignation or termination of his contract, or when he is properly dismissed or his contract is terminated for just cause. The aforesaid loss of rights will occur from the day of notice of the dismissal or termination of the contract, and he will not be entitled to receive any compensation whatever by way of multi-year incentive.

In the event of death or disability requiring departure from office, temporary disability by reason of illness or accident, Mr. Polanco or his heirs will receive the proportional part of the incentive that has been generated. In this regard, the incentive will be prorated based on the time actually worked from the commencement date of the plan. In the event of forced leave, retirement, early retirement or similar circumstances under a company plan, improper dismissal or termination of the contract with a right of indemnification, he will not be entitled to receive the incentive. Nonetheless, in the foregoing cases the Nominating and Compensation Committee may establish whether Mr. Polanco will retain all or a part of the incentive, and on what conditions. When the termination of the labour relationship occurs by mutual agreement or by reason of a leave of absence not referred to in any of the preceding sections, the provisions of the termination or leave of absence agreement will apply.

A.5 Explain the principal features of the long-term savings schemes, including retirement and any other survival benefit, financed in whole or in part by the company, whether funded internally or externally, with an estimate of the amount thereof or the equivalent annual cost, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the conditions for vesting of the economic rights in favour of directors and compatibility thereof with any kind of indemnification for early termination of the contractual relationship between the company and the director.

Also indicate the contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes.

Explain the long-term savings schemes

The contract signed with the Chairman, Mr. Juan Luis Cebrián Echarri, which entered into effect on 1 January 2014, provides that he is entitled to an annual contribution of 1,200,000 euros, as retirement benefit. Mr. Cebrián, founder of El País, this year has completed 40 years of service to the Company.

The retirement benefit will be delivered to Mr. Cebrián upon conclusion of his contract and will vest even in the event of early termination of the contract, in any case. In the event of early termination of his contract by the Company, Mr. Cebrián as indemnification will receive exclusively the retirement benefit, which will not be compatible with any other kind of indemnification.

In the event of breach of the noncompetition clause established in his contract, Mr. Cebrián will be required to repay such amount as he may have received as retirement benefit to the Company.

A.6 Indicate any indemnification agreed or paid in the event of termination of a director's duties

Explain the indemnification

The Company's compensation policy includes recognition that executive directors are entitled to indemnification in certain cases of early termination of their executive functions. Their respective contracts set forth the agreements reached by the company and the executive directors:

1. As already indicated in section A.5 above, in the event of early termination of the contract of Mr. Juan Luis Cebrián Echarri by the Company, he will receive exclusively as indemnification the retirement benefit, which will not be compatible with any other kind of indemnification.
2. The contract signed with the CEO, Mr. José Luis Sainz Díaz, provides that, in the event of unilateral resignation or by simple decision of the Company or its breach, he will be entitled to indemnification equivalent to 15 months of fixed and annual variable compensation, as the reference using the last one paid.
3. The contract signed with the Deputy Chairman, Mr. Manuel Polanco, provides that in the case of unilateral resignation, simple decision of the Company or breach by it, he will be entitled to payment of indemnification equivalent to compensation equivalent to 15 months of the fixed and variable annual compensation in cash, taking the most recent payment as reference.

A.7 Indicate the conditions to apply to the contracts of executive directors exercising senior management functions. The report is to include, inter alia, the duration, the limits on amounts of indemnification, minimum terms of employment (cláusulas de permanencia), terms of advance notice, as well as payment as a substitute for the aforesaid advance notice, and any other clauses related to hiring bonuses, indemnification or golden parachutes for early termination of the contractual relationship between the company and the inside director. Include, inter alia, noncompetition, exclusivity, minimum terms or loyalty and post-contractual noncompetition clauses or agreements.

Explain the terms of the contracts of the executive directors

Conditions of contracts of executive directors

	Chairman Mr. Juan Luis Cebrián Echarri	Deputy Chairman Mr. Manuel Polanco Moreno	CEO Mr. José Luis Sainz Diaz
Term	Until 31 December 2020 (Executive Chairman until 31 December 2018).	Indefinite.	Until 31 September 2019
Advance notice from the director	Three (3) months. Obligation to pay the Company the compensation corresponding to the period of advance notice not honoured. Receipt of the retirement benefit.	Three (3) months. Obligation to pay the fixed compensation corresponding to the period of advance notice not honoured.	Three (3) months. Obligation to pay the fixed compensation corresponding to the period of advance notice not honoured.
Indemnification for termination of contract by the Company	Retirement benefit	Advance notice of three (3) months. Indemnification equivalent to fifteen (15) months of the most recent fixed and variable compensation	Advance notice of three (3) months. Indemnification equivalent to fifteen (15) months of the most recent fixed and variable compensation
Exclusivity and noncompetition clauses	Exclusivity while he is in the position of executive chairman. General prohibition of competition.	Exclusivity and specific prohibition of competition, except for companies identified in the contract.	Exclusivity and specific prohibition of competition, except for companies identified in the contract.
Post-contractual noncompetition	Four (4) years Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group, in particular those of PRISA. Commitment not to hire any person that is or during the twelve (12) months prior to the date of contracting was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: retirement benefit. Breach: obligation to return the amount received as retirement benefit.	One (1) year. Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group. Commitment not to hire any person that is or during the twelve (12) months prior to the date of termination of the contract was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of the compensation and, in addition, indemnification in an amount equal to six (6) months of the fixed compensation received.	One (1) year. Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group. Commitment not to hire any person that is or during the twelve (12) months prior to the date of termination of the contract was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of the compensation and, in addition, indemnification in an amount equal to six (6) months of the fixed compensation received.

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A.8 Explain any additional compensation accrued to directors as consideration for services rendered other than those inherent in the position.

Explain the additional compensation

Mr. Gregorio Marañón y Bertrán de Lis provides legal services to the Company in an annual amount of €90,000. This amount is included in tables of section D of this report.

Furthermore, Mr. Dominique D'Hinnin will receive as from January 2017 €50,000 every six months for advising the Chairman and the Chief Executive Officer on the Company's Refinancing Plan.

A.9 Indicate any compensation in the form of advances, loans and guarantees granted, indicating the interest rate, the essential features and the amounts eventually repaid, as well as the obligations assumed on their behalf by way of guarantee.

Explain the advances, loans and guarantees granted

Not applicable

A.10 Explain the main features of in-kind compensation

Explain the in-kind compensation

1. Life or Accident Insurance and Health Insurance:

PRISA has signed a policy with an insurance company that covers the contingencies of death for any reason, absolute disability and total permanent disability by reason of accident with a coverage amount equivalent to one year of total compensation of the beneficiary (compensation received in the prior year), additional coverage in the case of accidental death or absolute disability by reason of accident and further additional coverage in the event of death by traffic accident.

Within the Board of Directors of the Company the only beneficiaries of this policy are the executive directors.

The death benefit has an age limit of 75 years, and the supplementary risk coverages also have an age limit of 65 years.

In addition the group within its policy applicable to all executives has private health insurance, in the form of reimbursement of expenses. Within the Board of Directors of the Company, the beneficiaries of this insurance are the executive directors and the outside director Mr. Gregorio Marañón y Bertrán de Lis, as well as the family members thereof, respecting the age limits appearing in the corresponding policy.

2. Rental housing:

Under the terms of the contract, the company is required to provide Mr Cebrián with a house in Comunidad de Madrid with a maximum rental value of up to €50,000 per annum.

A.11 Indicate the compensation earned by a director by virtue of payments made by the listed company to a third party entity within which the director serves, when the purpose of such payments is to compensate the director's services within the company.

Explain the compensation earned by the director by virtue of payments made by the listed company to a third party entity within which the director serves

Not applicable

- A.12 Any category of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered to be a related party transaction or when payment thereof distorts the true and fair view of the total compensation received by the director.

Explain the other compensation categories

Not applicable

- A.13 Explain the actions taken by the company regarding the compensation system to reduce exposure to excessive risk and to adapt it to the long-term interests, values and objectives of the company. This if applicable is to include reference to: measures contemplated to ensure that the compensation policy is responsive to the long-term results of the company, measures establishing appropriate balance between fixed and variable components of compensation, measures adopted regarding those categories of personnel the professional activities of which have a material impact on the company's risk profile, recovery clauses or formulas to allow claims for return of variable components of compensation based on results when those components of compensation have been paid based on data the inaccuracy of which is thereafter clearly demonstrated, and measures contemplated for the avoidance of conflicts of interest, if applicable.

Explain the actions taken to reduce risks

The variable compensation system established by the company includes the following aspects, for the purposes of trying to reduce risk:

- The Company has eliminated the right to obtain guaranteed annual variable compensation.
- Also, the Regulation of the Board establish that compensation related to the results of the Company must take account of any possible qualifications appearing in the audit report that diminish those results.
- Additionally, the contracts of the three executive directors have a clawback clause that will allow the Company to claim reimbursement of items of variable pay where the pay was not matched to performance or where it was awarded based on performance figures that later are found to have been inaccurate.

This measure apply to compensation received by directors on or after 1 January 2016.

In addition, a variable compensation scheme is defined annually on the basis of formal procedures for the determination of the amounts to be paid to executive directors. The objectives are fixed in writing in advance, on the basis of results adjusted for risk, audited and approved by the board.

The system for establishing metrics for the quantitative targets tries to include variables that have been identified in the company's risk map. The digital transformation process is therefore an identified risk, resulting in greater significance being placed on the indicators related to the digital transformation process in the annual variable compensation system in recent years.

All of the variable compensation has fixed maximum amounts to be paid.

Likewise, in relation to the right of Mr. Manuel Polanco and Mr. José Luis Sainz to receive the multi-year incentive will be deemed to be extinguished, regardless of whether the objectives have been achieved, under the following circumstances:

1. If on the date of payment thereof the group is in any of the insolvency situations governed by the Bankruptcy Act, for these purposes including the situation contemplated in article 5.bis of the aforesaid Act, as well as the situation in which the group has impaired capital.
2. If, during the term of the Plan, the participant breaches the code of conduct or the internal regulation of conduct in matters related to the securities markets of PRISA and its group of companies.

3. If at the end of the Plan the participant receives a deficient evaluation. That evaluation will be undertaken by the Board of Directors on proposal of the Nominating and Compensation Committee.

Performance is deficient if it results in material harm to the image or results of the Company.

Application by the Company of the indicated conditions subsequent will require preparation of a report by the Nominating and Compensation Committee appropriately explaining the breach, which must be approved by the Board of Directors and notified to the director.

B. Section Withdrawn

C. OVERALL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE MOST-RECENTLY CLOSED PERIOD.

C.1 Explain in a summary manner the main features of the compensation categories and structure of the compensation policy applied during the most-recently closed period, which results in the details of individual compensation earned by each of the directors reflected in section D of this report, and summarise the decisions taken by the board for application of the aforesaid categories.

Explain the compensation categories and structure of the compensation policy applied during the period

The compensation policy actually applied during 2016 was in response to the one approved for that year by the Board of Directors, on proposal of the Nominating and Compensation Committee, and approved by the ordinary shareholders meeting held on April 2015 (view section A.1 and A.2 of this report).

During 2016, Ms Arianna Huffington, Ms Agnes Noguera Borel, Mr Borja Pérez Arauna and Mr Claudio Boada Pallerés left the Board of Directors. Likewise, in May 2016 Mr Walid Saadi and Mr Dominique D'Hinnin joined the Board.

Set forth below is a summary of the categories constituting the compensation package of the directors in 2016

External directors:

The external directors earned annual fixed compensation, for membership on the Board of Directors and, depending on the case, compensation for membership on the various committees of the board (Delegated Commission, Audit Committee, Nominating and Compensation Committee, Corporate Governance Committee and Committee for Digital Change). Also, they received per diems for attendance at meetings of the Board of Directors and its committees.

Also, Ms. Arianna Huffington (director until February 2016) and Mr. John Paton received € 8,353 and €33,520, respectively, as fixed allocation for their membership on the Board of Directors of Diario El País S.L.

Executive directors:

i. Compensation earned by the Chairman of the Board of Directors and Delegated Commission:

Mr. Juan Luis Cebrián earned annual fixed compensation in cash and variable annual compensation based on objectives, payable in cash in 2017

It is also noted for the record that in 2016 the following remuneration was settled and paid for Mr. Cebrián in shares of PRISA:

- i. Variable annual compensation for 2013, part of which was paid in cash in 2014 and part in PRISA shares in 2016 (54,042 shares), in accordance with the contract signed with Mr. Cebrián.

- ii. Variable multi-year incentive earned in 2015, in PRISA shares. According to the terms of his contract with the Company, Mr. Cebrián received 39,202 shares after the corresponding tax withholdings.

As already indicated in section A.10 above, the Company paid 48,000 euros for rental housing at a disposal of Mr. Cebrián.

ii. Compensation earned by the CEO

Mr. José Luis Sainz earned annual fixed compensation in cash and an annual variable compensation based on objectives, payable in cash in 2017.

iii. Compensation earned by the Executive Deputy Chairman

Mr. Polanco earned annual fixed compensation in cash and, in addition, variable annual compensation based on objectives (payable in cash in 2017).

Payment of the variable annual compensation of the executive directors:

The annual variable compensation earned in 2016 and payable in 2017 has quantitative objectives in respect to consolidated Group, and the qualitative portion has been eliminated for the performance evaluation of the Chairman, Mr. Cebrián, and for the Chief Executive Officer, Mr. Sainz, but maintained for the Deputy Chairman, Mr. Polanco.

For 2016, the quantitative and qualitative objectives pondered as follows:

Executive Director	Quantitative Targets	Qualitative Targets
Mr. Juan Luis Cebrián Echarri	100%	0%
Mr. Manuel Polanco Moreno	80%	20%
Mr José Luis Sainz Díaz	100%	0%

The quantitative targets of the annual bonus are directly linked to a scale that associated the degree of completion of the objectives with the percentage incentive applicable to the target amount of the variable bonus agreed at the start.

In the case of the President and CEO, there have been set metrics with the requirement of a minimum level of attainment for their inclusion in the bonus, and a maximum payment level of 110%. In the case of the Deputy Chairman, the maximum level of payment is 130% for the metrics except for the EBITDA, for which the maximum pay level is 120%

As for determination of the 2016 bonus, the following system of independent metrics has been used, with certain quantitative indicators or objectives, to each of which there is applied an objectives achievement scale:

Targets	Mr Juan Luis Cebrián Echarri	Mr Manuel Polanco Moreno	Mr José Luis Sainz Díaz (
1	EBITDA of the Group (40%)	EBITDA of the Group (50%)	EBITDA of the Group (40%)
2	Free Cash Flow (40%)	Incomes from the transformation of the Group (10%)	Free Cash Flow (35%)
3	Incomes from the transformation of the Group (20%)	Expense Reduction Plan of the Group (20%)	Expense Reduction Plan of the Group (25%)

In the case of Mr Polanco, the aggregate weighting of the aforesaid indicators is 80% for achievement of 100% of the established objectives. In addition, there is a qualitative assesment with a weighting of 20%, which is determined by the Board of Directors on proposal of the Nominating and Compensation Committee.

Payment of the annual bonus is made after the end of the year. For this reason the bonus earned in 2016 by the executive directors, in accordance with the aforesaid rules and determined by the Board of Directors, on proposal of the Nominating and Compensation Committee, will be paid as follows:

i) The bonus of Mr. Juan Luis Cebrián Echarri, will be paid entirely in cash in 2017.

As established in the contract the target was 1,000,000 euros, the aggregate amount of achievement being 987,817euros.

This amount corresponds to achieving 98.78% of the company's targets

However, Mr Cebrián has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, being set at € 691,472.

ii) The bonus of Mr. José Luis Sainz Díaz, will be paid entirely in cash in 2017:

As established in the contract the target amounted to 750,000 euros, being the amount accrued for this period of 768,979 euros.

This amount corresponds to a 102.53% completion of the company's targets.

However, Mr Sainz has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, being set at 538,285€.

iii) The bonus of Mr. Manuel Polanco Moreno, will be paid entirely in cash in 2017 as follows:

As established in the contract the annual target was 275,000 euros, the accrued amount of achievement in this period being 250,508 euros.

This amount corresponds to 71.09% for achieving the quantitative targets and 20% for the qualitative evaluation.

In relation to the qualitative evaluation, the Nominating and Compensation Committee and the Board of Directors Regarding the qualitative evaluation, the Appointments and Remuneration Committee and the Board of Directors have emphasized that Mr. Polanco has promoted the group's new audiovisual area, proceeding to the renovation of its professional teams and whose initiatives will allow the development of this Area in 2017.

However, Mr Polanco has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, being set at 175,356 €.

D. DETAILS OF COMPENSATION INDIVIDUALLY EARNED BY EACH OF THE DIRECTORS

Name	Type	Period Accrued
JUAN LUIS CEBRIÁN ECHARRI	Executive	From 01/01/2016 to 31/12/2016
MANUEL POLANCO MORENO	Executive	From 01/01/2016 to 31/12/2016
JOSÉ LUIS SAINZ DIAZ	Executive	From 01/01/2016 to 31/12/2016
ROBERTO LAZARO ALCANTARA ROJAS	Representing Significant Shareholdings	From 01/01/2016 to 31/12/2016
JOHN PATON	Independent	From 01/01/2016 to 31/12/2016
ERNESTO ZEDILLO PONCE DE LEÓN	Independent	From 01/01/2016 to 31/12/2016
JOSÉ LUIS LEAL MALDONADO	Independent	From 01/01/2016 to 31/12/2016
GREGORIO MARAÑON BERTRAN DE LIS	Independent	From 01/01/2016 to 31/12/2016
ALAIN MINC	Independent	From 01/01/2016 to 31/12/2016
KHALID BIN THANI BIN ABDULLAH AL THANI	Representing Significant Shareholdings	From 01/01/2016 to 31/12/2016
JOSÉPH OUGHOURLIAN	Representing Significant Shareholdings	From 01/01/2016 to 31/12/2016
BLANCA HERNÁNDEZ RODRÍGUEZ	Independent	From 01/04/2016 to 31/12/2016
GLEN MORENO	Independent	From 01/04/2016 to 31/12/2016
ELENA PISONERO RUIZ	Independent	From 01/04/2016 to 31/12/2016
ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	Independent	From 01/04/2016 to 31/12/2016
DOMINIQUE D'HINNIN	Independent	From 06/05/2016 to 31/12/2016
WALEED ALSA'DI	Representing Significant Shareholdings	From 06/05/2016 to 31/12/2016
ARIANNA HUFFINGTON	Independent	From 01/01/2016 to 26/10/2016
AGNES NOGUERA BOREL	Representing Significant Shareholdings	From 01/01/2016 to 01/04/2015
BORJA JESÚS PEREZ ARAUNA	Representing Significant Shareholdings	From 01/01/2016 to 01/04/2015
CLAUDIO BOADA PALLERÉS	Other External	From 01/01/2016 to 01/04/2015

D.1. Complete the following tables regarding the individual compensation of each of the directors (including compensation for performance of executive duties) earned during the period.

a) Compensation accrued within the reporting company:

i) Cash compensation (in thousands of euros)

NAME	SALARIES	FIXED COMPENSATION	PER DIEMS	SHORT-TERM VARIABLE COMPENSATION	LONG-TERM VARIABLE COMPENSATION	COMPENSATION FOR MEMBERSHIP ON BOARD COMMITTEES	INDEMNIFICATION	OTHER CATEGORIES	TOTAL 2016	TOTAL 2015
JUAN LUIS CEBRIAN ECHARRI	1,000	0	0	692	0	0	0	70	1,762	2,061
MANUEL POLANCO MORENO	460	0	0	175	0	0	0	5	640	574
JOSÉ LUIS SAINZ DIAZ	750	0	0	538	0	0	0	4	1,292	1,480
ROBERTO LAZARO ALCANTARA ROJAS	0	45	25	0	0	75	0	0	145	140
JOSÉ LUIS LEAL MALDONADO	0	75	45	0	0	12	0	0	132	102
GREGORIO MARAÑON BERTRAN DE LIS	0	45	47	0	0	87	0	91	270	287
ALAIN MINC	0	45	67	0	0	97	0	0	209	223
ERNESTO ZEDILLO PONCE DE LEON	0	45	55	0	0	19	0	0	119	92
JOHN PATON	0	75	50	0	0	12	0	0	137	110
JOSÉPH OUGHOURLIAN	0	75	30	0	0	7	0	0	112	5
KHALID BIN THANI BIN ABDULLAH AL THANI	0	45	20	0	0	7	0	0	72	5
BLANCA HERNÁNDEZ RODRÍGUEZ	0	56	23	0	0	7	0	0	86	0
GLEN MORENO	0	56	33	0	0	14	0	0	103	0
ELENA PISONERO RUIZ	0	34	30	0	0	63	0	0	127	0
ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	0	56	22	0	0	8	0	0	86	0
WALEED ALSA'DI	0	30	10	0	0	6	0	0	46	0
DOMINIQUE D'HINNIN	0	50	10	0	0	0	0	0	60	0
ARIANNA HUFFINGTON	0	4	0	0	0	1	0	0	5	60
CLAUDIO BOADA PALLERES	0	19	15	0	0	2	0	0	36	117
AGNES NOGUERA BOREL	0	11	20	0	0	5	0	0	36	101
BORJA JESUS PEREZ ARAUNA	0	11	13	0	0	2	0	0	26	85

(Free translation from the original in Spanish language)

ii) Compensation schemes based on shares

ALAIN MINC											
Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016 FY			Options Exercised in the2016FY				Options sold and not exercised	Operations at end of 2016 FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
4,476	0.00	30	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

GREGORIO MARAÑON BERTRAN DE LIS											
Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the2016FY			Options Exercised in the 2016 FY				Options sold and not exercised	Operations at end of2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
3,946	0.00	30	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

ERNESTO ZEDILLO PONCE DE LEÓN												
Fixed Annual Remuneration (40%) for participating in the Board												
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016FY						
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise			
27/11/2010	0	0	0.00	0		0	0	0.00	0			
Conditions: 0												
Shares delivered in the 2016FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016 FY				
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	
4,296	0.00	30	0.00	0	0	0	0	0	0	0.00	0	
Other requirements to exercise: 0												

(Free translation from the original in Spanish language)

AGNES NOGUERA BOREL												
Fixed Annual Remuneration (40%) for participating in the Board												
Implement. Date	Ownership of Options beginning of 2016FY				Assigned Options during 2016FY							
	Nº Options	Share s Affect ed	Exercis e Price (€)	Deadline for Exercise	Nº Options	Shares Affecte d	Exercis e Price (€)	Deadline for Exercise				
27/11/2010	0	0	0.00	0	0	0	0.00	0				
Conditions: 0												
Shares delivered in the 2016 FY			Options Exercised in the 2016 FY				Options sold and not exercised	Operations at end of 2016 FY				
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	
1,006	0.00	8	0.00	0	0	0	0	0	0	0.00	0	
Other requirements to exercise: 0												

BORJA JESUS PEREZ ARAUNA												
Fixed Annual Remuneration (40%) for participating in the Board												
Implement. Date	Ownership of Options beginning of 2016FY					Assigned Options during 2016 FY						
	Nº Options	Share s Affect ed	Exercis e Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercis e Price (€)	Deadline for Exercise			
27/11/2010	0	0	0.00	0		0	0	0.00	0			
Conditions: 0												
Shares delivered in the 2016 FY			Options Exercised in the 2016 FY				Options sold and not exercised	Operations at end of 2016FY				
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline or Exercise	
1,006	0.00	7	0.00	0	0	0	0	0	0	0.00	0	
Other requirements to exercise: 0												

ARIANNA HUFFINGTON											
Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercis e Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline or Exercise
722	0.00	2	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

ROBERTO LAZARO ALCANTARA ROJAS Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affecte d	Exercis e Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016 FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
4,296	0.00	30	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

(Free translation from the original in Spanish language)

KHALID BIN THANI BIN ABDULLAH AL THANI Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016 FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
4,296	0.00	30	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

WALEED ALSA'DI Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016 FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
2,790	0.00	20	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

MARIA ELENA PISONERO RUIZ Fixed Annual Remuneration (40%) for participating in the Board											
Implement. Date	Ownership of Options beginning of 2016 FY					Assigned Options during 2016 FY					
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise		Nº Options	Shares Affecte d	Exercis e Price (€)	Deadline for Exercise		
27/11/2010	0	0	0.00	0		0	0	0.00	0		
Conditions: 0											
Shares delivered in the 2016 FY			Options Exercised in the 2016FY				Options sold and not exercised	Operations at end of 2016FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
2,940	0.00	23	0.00	0	0	0	0	0	0	0.00	0
Other requirements to exercise: 0											

iii) Long-term savings schemes

iv) Other benefits (€ 000s)

GREGORIO MARAÑÓN Y BERTRÁN DE LIS			
Remuneration in the form of advances, loans granted			
Transaction interest rate		Essential characteristics of the transaction	Amounts eventually returned
0,00		None	None
Life assurance premiums		Security given by the company in favour of the directors	
Year 2016	Year 2015	Year 2016	Year 2015
1	1	None	None

(Free translation from the original in Spanish language)

MANUEL POLANCO MORENO			
Remuneration in the form of advances, loans granted			
Transaction interest rate		Essential characteristics of the transaction	Amounts eventually returned
0,00		None	None
Life assurance premiums		Security given by the company in favour of the directors	
Year 2016	Year 2015	Year 2016	Year 2015
5	2	None	None

JUAN LUIS CEBRIAN ECHARRI			
Remuneration in the form of advances, loans granted			
Transaction interest rate		Essential characteristics of the transaction	Amounts eventually returned
0,00		None	None
Life assurance premiums		Security given by the company in favour of the directors	
Year 2016	Year 2015	Year2016	Year2015
22	41	None	None

JOSÉ LUIS SAINZ DIAZ			
Remuneration in the form of advances, loans granted			
Transaction interest rate		Essential characteristics of the transaction	Amounts eventually returned
0,00		None	None
Life assurance premiums		Security given by the company in favour of the directors	
Year 2016	Year 2015	Year 2016	Year 2015
4	5	None	None

b) Compensation accrued by directors of the company for membership on boards of other group companies:

i) Cash compensation (€ 000s):

Name	Salary	Fixed compensation	Per diems (Board and Committees)	Short term variable compensation	Long term variable compensation	Compensation for membership on Board Committees	Indemnification	Other Categories	Total 2016	Total 2015
MANUEL POLANCO MORENO	0	0	0	0	0	0	0	0	0	155
ARIANNA HUFFINGTON	0	8	0	0	0	0	0	0	8	52
JOHN PATON	0	34	0	0	0	0	0	0	34	52

ii) Compensation schemes based on shares

iii) Long-term savings schemes

iv) Other benefits (€ 000s)

(Free translation from the original in Spanish language)

MANUEL POLANCO MORENO				
Remuneration in the form of advances, loans granted				
Transaction interest rate		Essential characteristics of the transaction		Amounts eventually returned
0,00		None		None
Life assurance premiums		Security given by the company in favour of the directors		
Year 2016	Year 2015	Year 2016		Year 2015
0	2	None		None

c) Summary of compensation

The summary must include the amounts for all items of remuneration included in this report that have been accrued by the director, in thousands of euros.

In the case of long-term saving systems, include contributions or funding for these types of systems:

NAME	Compensation accrued in the Company				Compensation accrued from group companies				TOTAL		Contribution to savings schemes during period
	CASH COMPENSATION	COMPENSATION IN SHARES	GROSS PROFIT ON OPTIONS	TOTAL Company 2016	CASH COMPENSATION	NUMBER OF SHARES GRANTED	GROSS PROFIT ON OPTIONS	TOTAL Group Companies 2016	TOTAL 2016	TOTAL 2015	
JUAN LUIS CEBRIAN ECHARRI	1,762	0	0	1,762	0	0	0	0	1,762	2,061	0
MANUEL POLANCO MORENO	640	0	0	640	0	0	0	0	640	729	0
JOSÉ LUIS SAINZ DIAZ	1,292	0	0	1,292	0	0	0	0	1,292	1,480	0
ROBERTO LAZARO ALCANTARA ROJAS	145	30	0	175	0	0	0	0	175	170	0
JOSÉ LUIS LEAL MALDONADO	132	0	0	132	0	0	0	0	132	102	0
GREGORIO MARAÑON BERTRAN DE LIS	270	30	0	300	0	0	0	0	300	317	0
ALAIN MINC	209	30	0	239	0	0	0	0	239	253	0
ERNESTO ZEDILLO PONCE DE LEON	119	30	0	149	0	0	0	0	149	122	0
JOHN PATON	137	0	0	137	34	0	0	34	171	162	0
JOSÉPH OUGHOURLIAN	112	0	0	112	0	0	0	0	112	5	0
KHALID BIN THANI BIN ABDULLAH AL THANI	72	30	0	102	0	0	0	0	102	5	0
BLANCA HERNÁNDEZ RODRÍGUEZ	86	0	0	86	0	0	0	0	86	0	0
GLEN MORENO	103	0	0	103	0	0	0	0	103	0	0
ELENA PISONERO RUIZ	127	23	0	150	0	0	0	0	150	0	0
ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	86	0	0	86	0	0	0	0	86	0	0
WALEED ALSA'DI	46	20	0	66	0	0	0	0	66	0	0
DOMINIQUE D'HINNIN	60	0	0	60	0	0	0	0	60	0	0
ARIANNA HUFFINGTON	5	2	0	7	8	0	0	8	15	142	0
AGNES NOGUERA BOREL	36	8	0	44	0	0	0	0	44	131	0
BORJA JESUS PEREZ ARAUNA	26	7	0	33	0	0	0	0	33	115	0
CLAUDIO BOADA PALLERES	36	0	0	36	0	0	0	0	36	117	0
TOTAL	5,501	210	0	5,711	42	0	0	42	5,753	5,911	0

(Free translation from the original in Spanish language)

D.2 Report on the relationship between compensation obtained by directors and the results or other measures of profitability of the entity, if applicable explaining how the changes in profitability of the company may have influenced changes in compensation of directors.

The Company amends its variable compensation policy annually to adapt it to the results thereof.

- i. The compensation initially accrued by the Chairman of the Board of Directors and the Delegated Commission, Mr. Juan Luis Cebrián Echarri, for achievement of the 2016 objectives amounted to 987,817euros. However, since Mr Cebrián has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, the compensation accrued for this item is € 691,472.
- ii. The compensation initially accrued by the CEO, Mr. José Luis Sainz Díaz, for achievement of 2016 objectives, amounted to 768,979 euros. However, since Mr Sainz has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, the compensation accrued for this item is € 538,285.
- iii. The compensation initially accrued by Deputy Chairman Mr. Manuel Polanco Moreno for achievement of 2016 objectives amounted to 250,508 euros. However, since Mr Polanco has voluntarily agreed with the Company that the 2016 annual variable remuneration is reduced by 30%, the compensation accrued for this item is € 175,356.

D.3 Report on the result of the advisory vote of the general meeting on the annual report and compensation for the prior period, indicating the number of negative votes, if any:

	Number	% of total
Votes cast	56,354,849	100%

	Number	% of cast
Votes against	870,346	1.54%
Votes for	55,475,083	98.44%
Abstentions	9,420	0.02%

E. OTHER INFORMATION OF INTEREST

If there is any relevant aspect of director compensation that it has not been possible to include in the other sections of this report, but that it is necessary to include in order to set forth more complete and reasoned information regarding the compensation practices and structure of the company as regards its directors, briefly explain.

1. Appointments and resignations during 2016:

Mr Claudio Boada Pallerés, Ms Agnes Noguera Borel and Mr Borja Pérez Arauna ceased as directors on April 1, 2016, and Ms Arianna Huffington ceased as director on February 26, 2016.

Mr Waleed Alsa'di and Mr Dominique D'Hinnin were co-opted onto the Board by resolution of the Board of Directors dated 6 May 2016.

2. The amount of the total compensation of directors appearing in section D of this report, which follows the accrual criterion fixed in "CNMV Circular 4/2013, establishing the model annual report of compensation of directors of listed public limited companies", differs from the total amount of compensation of directors appearing in the Notes to the Financial Statements and Semi-annual Financial Information for 2016 which correspond to accounting provisions.

(Free translation from the original in Spanish language)

As indicated in section A.4 of this report, Mr Cebrián has a long term compensation, in shares, for the period 2016/2017. Since earning such compensation is conditioned on satisfaction of certain conditions there has been no accrual of any amount in 2016. Therefore it has not been reflected in the tables under heading D in this report, without prejudice to the accounting expenses recorded in the income statement.

Regarding the compensations settled in shares in 2016 to Mr Cebrián that is disclosed in section C.1, (Annual variable compensation for 2013 and variable multi-year incentive earned in 2015) it is noted that the aforesaid compensation is not included in the tables in section D of this report, because it was settled (not accrued) in 2016.

3. Regarding the information contained in table ii) under headings D.1.a) of this report (Compensation schemes based on shares accrued in the Company object of this report), the following is noted:

i) Although the compensation of external directors includes a fixed amount by way of delivery of shares, the gross amount of which is the same for all directors, the number of shares allotted varies because it depends on the withholding percentages applicable to each of them;

ii) Within "shares delivered during 2016" there are shares earned in 2016, although at 31 December 2016 they had not been delivered in full.

iii) The price of the "shares delivered during 2016" to external directors is not a single price. There are four prices, corresponding to each of the quarters of 2016 (5.523; 5.823; 5.902 and 5.318 euros).

4. Regarding the information contained in "Other Benefits"/ "Other categories", the following is noted:

i) The figures indicated in the column called "Life Insurance Premiums" include not only the premiums paid in this category, but also those corresponding to the Health and Accident Policy, since there is no specific section of this report in which they can be declared.

ii) The 91 thousand euros earned by Gregorio Marañón include 90 thousand euros which, as already mentioned in section A.8, relate to the provision of legal advisory services to the Company and not to any compensation for being a director.

5. In relation to the column "Contribution to savings schemes during the year", it should be noted that no contribution was made to such schemes during the year, as already indicated in section A.5 of the report: in 2014 the Company recorded a provision that covered the total amount (€6,000,000) of the retirement benefit of the executive chairman, Mr. Juan Luis Cebrián.

This annual compensation report was approved unanimously by the Board of Directors of the Company at its meeting of 24/02/2017.

State whether there are any directors who voted against or abstained from voting to approve this report.

Yes

Name of the Director	Reasons (against, abstention, not attendance)	Explain the Reasons
JOSÉPH OUGHOURLIAN	Against	Disagreement with the Appointments and Remuneration Committee's proposal.
BLANCA HERNÁNDEZ RODRÍGUEZ	Abstention	Not having sufficient basis to take a view, for or against, the Appointments and Remuneration Committee's proposal
ELENA PISONERO RUIZ	Abstention	Not having sufficient basis to take a view, for or against, the Appointments and Remuneration Committee's proposal
ALFONSO RUIZ DE ASSIN CHICO DE GUZMAN	Abstention	Not having sufficient basis to take a view, for or against, the Appointments and Remuneration Committee's proposal
DOMINIQUE D'HINNIN	Abstention	Not having sufficient basis to take a view, for or against, the Appointments and Remuneration Committee's proposal

(Free translation from the original in Spanish language)