

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF CODERE, S.A.,  
REGARDING THE ITEMS OF THE MANAGEMENT REPORT FORESEEN IN  
ARTICLE 116.BIS OF THE SPANISH SECURITIES MARKET ACT**

**Madrid, 1 April 2008**

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This report was drawn up by the Directors of CODERE, S.A. ("**CODERE**" or the "**Company**") in order to fulfil the provisions established in Article 116.bis of the Spanish Securities Market Act, in relation to the items of the Management Report foreseen in said article.

## **1.- INTRODUCTION**

According to Article 116.bis of the Securities Market Act, introduced by Act 6/2007, of 12 April, which amends the regulations affecting take-over bids and issuer transparency, all listed companies must include in their management report information on the issues indicated in said article.

Furthermore, it provides that the Board of Directors will present a report each year to the General Shareholders' Meeting, explaining the items foreseen in said article. This is why CODERE's Board of Directors is now issuing this report.

## **2.- ITEMS OF THE MANAGEMENT REPORT FORESEEN IN ARTICLE 116.BIS OF THE SECURITIES MARKET ACT**

### **2.1 The capital structure, including any securities not listed on a regulated Community market, indicating, in relation to the various classes of shares and for each class of shares, the rights and obligations conferred and the share capital percentage represented.-**

The share capital is represented by FIFTY-FIVE MILLION AND THIRTY-SIX THOUSAND FOUR HUNDRED AND SEVENTY (55,036,470) shares of a single class, with a face value each of TWENTY CENTS OF A EURO (0.20€).

All the shares confer the same political and economic rights.

### **2.2 Limits on the transferability of securities.-**

At present there are no restrictions on the transferability of securities.

### **2.3 Any significant stakes held directly or indirectly in the share capital**

- MASAMPE HOLDING, B.V. holds a direct stake in the share capital of 51.338%.
- JOSÉ ANTONIO MARTÍNEZ SAMPEDRO holds a direct stake in the share capital of 14.484%, and an indirect stake of 51.338%.
- FIDELITY INTERNATIONAL LIMITED holds a direct stake in the share capital of 1.272%.

- TCS CAPITAL GP, LLC holds an indirect stake in the share capital of 4.973%.

## **2.4 Restrictions on voting rights.-**

There are no restrictions on voting rights.

## **2.5 Shareholders' Agreements.-**

At present, the Company has not been informed of any shareholders' agreements that could affect it, further to Article 112 of Securities Market Act 24/1988, of 28 July.

## **2.6 Rules applicable to the appointment and replacement of members of the management body and amendment of the Company's by-laws.-**

### Appointment and replacement.-

The rules applicable to the appointment and replacement of members of the management body, apart from the general rules gathered in current law, may be found in sections 2, 3 and 15 of Article 24 of the By-laws, and in Articles 1, 2 and 3 of the Board of Directors Regulations and in Article 7 of the General Shareholders' Meeting Regulations.

### Amendment of the By-laws.-

Any amendment of the Company By-laws will be governed by the provisions established in applicable current law.

## **2.7 Powers held by the members of the Board of Directors and, specifically, those related to the possibility of issuing or repurchasing shares.-**

The corporation Codere, S.A. appointed Mr. José Antonio Martínez Sampedro as Managing Director, who was entrusted with all the powers able to be delegated, by law and under the by-laws, by the Board of Directors.

Furthermore, Codere, S.A. has granted to Ms. Encarnación Martínez Sampedro and to Mr. Luis Jaiver Martínez Sampedro, respectively, a general power of attorney with no possibility of replacement; said power of attorney was approved by the Board of Directors and recorded at the Mercantile Registry.

Except as provided above, the members of the Board of Directors of Codere, S.A., individually considered, lack any power to issue or repurchase shares of the Company, nor are they empowered in any other way.

**2.8 Any significant agreements executed by the Company that may come into force, be amended or rendered null and void in the event of a change of control in the Company further to a take-over bid, and the effects thereof, unless disclosure of these agreements is seriously detrimental to the Company. This exception will not apply if the Company is legally obliged to publish this information.-**

The significant resolutions that may come into force in the event of a change of control in the Company further to a take-over bid are described below:

1. According to the Offering Memorandum dated 30 October 2006, drawn up for the issue of High Yield Bonds by the Codere Group company Codere Finance, S.A., the section entitled "Repurchase at the Option of the Holders" foresees that, in the event of a change of control, Codere Finance or Codere, S.A. must make a bid for these securities at a price equal to 101% of the total amount as principal of the repurchased securities plus, as the case may be, any interest and other additional amounts due and unpaid.
2. Furthermore, the Senior Multicurrency Revolving Facilities Agreement, signed by Codere, S.A. on 19 October 2007, provides that in the event of a change of control, the Facilities will be cancelled and the total amount due must be immediately settled within two business days following the change of control.

**2.9 Any agreements between the Company and its managers, executives or employees that foresee indemnification in the event of resignation or unfair dismissal, or if the employment relationship is terminated as a result of a take-over bid.-**

Several of the Spanish members of Codere's management team are subject to employment contracts that foresee special payments in the event of dismissal, apart from the mandatory payments foreseen in applicable law. The global value of payments for dismissal under said contracts was 1 million euros, approximately, at 31 December 2007.