

ANNUAL REPORT ON CORPORATE GOVERNANCE

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LISTED COMPANIES

SPANISH CORPORATE TAX ID: A-82110453

ISSUER ID

YEAR ENDED AT 31/12/2008

Corporate Name: CODERE, S.A.

**SPECIMEN ANNUAL CORPORATE GOVERNANCE REPORT ON LISTED
COMPANIES**

For a better understanding of this specimen and subsequent drafting hereof, please read the instructions given at the end of the present report on how to complete it.

Personal or Corporate Tax ID or the like	Other information
A-82110453	CODERE, S.A.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table regarding company share capital:

Most recent change	Share capital (Euros)	Number of Shares	Number of voting rights
19/10/2007	11,007,294€	55,036,470	55,036,470

Indicate whether or not there are different types of shares with different associated rights:

Yes

No ☒

Types	Number of shares	Unit number of voting rights	Other rights

A.2 Detail the direct and indirect shareholders of major shareholdings at year end, excluding directors:

Name of shareholder	Number of voting rights	Number of indirect voting rights(*)	% of total voting rights
UNION BANK OF SWITZERLAND AG	2,768,593	0	5.030%
TCS CAPITAL GP, LLC	0	2,766,801	5.027%
TCS CAPITAL INVESTMENTS, LP	1,561,796	0	2.838%

(*) **Through:**

Name of shareholder	Number of direct voting rights	% of total voting rights
¹ TCS CAPITAL INVESTMENTS, LP	1,561,796	2.838%
¹ TCS CAPITAL, LP	156,303	0.283%
¹ TCS CAPITAL II, LP	856,964	1.548%

¹ Companies through which TCS CAPITAL GP, LLC holds its shares.

Indicate the most significant movements in shareholder structure which have taken place during the year:

Name of shareholder	Date of operation	Description of operation
UNION BANK OF SWITZERLAND, AG	04/03/2008	Exceeds 3% of the share capital
UNION BANK OF SWITZERLAND, AG	31/03/2008	Exceeds 5 % of the share capital
UNION BANK OF SWITZERLAND, AG	03/04/2008	Falling below 5% of the share capital
UNION BANK OF SWITZERLAND, AG	04/04/2008	Exceeds 5 % of the share capital
UNION BANK OF SWITZERLAND, AG	07/04/2008	Falling below 5% of the share capital
UNION BANK OF SWITZERLAND, AG	14/04/2008	Exceeds 5 % of the share capital
TCS CAPITAL GP LLC	17/01/2008	Exceeds 5% of the share capital
TCS CAPITAL INVESTMENTS, LP	01/10/2008	Falling below 3 % of the share capital
TCS CAPITAL INVESTMENTS, LP	08/01/2008	Exceeds 3 % of the share capital

A.3 Complete the following tables regarding members of the Board of Directors of the company which hold share voting rights in the company:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
José Antonio Martínez Sampedro	7,991,518	28,254,326	65.858%
Encarnación Martínez Sampedro	1,300,000	0	2.362%
Javier	1,350,000	100.000	2.635%

Martínez Sampedro			
José Ramón Romero Rodríguez	50,000	0	0.091%
José Ignacio Cases Méndez	0	0	0
Joseph Zappala	278,738	0	0.506%
Eugenio Vela Sastre	0	20,718	0.038%
Juan José Zornoza Pérez	0	0	0

(*) Through:

Name of direct shareholder	Number of direct voting rights	% of total voting rights
MASAMPE HOLDING, B.V.	28,254,326	51.338%
Carmen Ferrer Palasí	20,718	0.038%
SOLGIM INVERSIONES SICAV, S.A.	100.000	0.181%

Total % of voting rights held by the Board of Directors	71.49%
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Complete the following tables regarding members of the Board of Directors holding company share rights:

Name of director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights

A.4 Indicate, if applicable, any relation, whether family, commercial, contractual or corporate, existing between the owners of significant shareholdings, insofar as the company is aware, unless said relations are insignificant or are the result of ordinary business activity:

Name of significant shareholder	Type of relation	Brief description

- A.5** Indicate, if applicable, any relation, whether family, commercial, contractual or corporate, existing between the owners of significant shareholdings and the company and/or its group, unless said relations are insignificant or are the result of ordinary business activity.

Name of significant shareholder	Type of relation	Brief description
MASAMPE HOLDING, B.V.	Corporate	MASAMPE HOLDING is the maximum shareholder of the company

- A.6** Indicate any shareholder agreements entered into by shareholders affecting the company pursuant to article 112 of the Spanish Securities Market Act which have been reported to the company. If applicable, briefly describe these agreements and list the shareholders bound by the agreement:

Yes

No ☒

Participants in shareholder agreement	% of share capital affected	Brief description of the Agreement

Indicate any concerted actions existing among the company shareholders of which the company is aware; if applicable, briefly describe these.

Yes

No ☒

Participants in concerted action	% of share capital affected	Brief description of the concerted action

In the event that during the year any change or break has occurred in said agreements or concerted actions, indicate this expressly:

- A.7** Indicate whether there is any individual or corporate body which currently exercises or may exercise control over the company pursuant to article 4 of the Spanish Securities Market Act

Yes ☒

No

Name
José Antonio Martínez Sampedro through Masampe Holdings

Comments

A.8 Complete the following tables regarding company treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital

(*) Through:

Name of direct shareholder	Number of direct shares
Total:	

Detail significant changes, pursuant to Spanish Royal Decree 1362/2007, taken place during the year:

Date of communication	Total direct shares acquired	Total indirect shares acquired	Total % of share capital

Gain/ (loss) on treasury stock transactions during the period	
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A.9 Detail the conditions and term of authorization in force for the Board of Directors' Meeting to acquire and transfer own shares.

The General Shareholders' Meeting held on 7 May 2008 approved the following as the fifth point on the agenda:

1. Relinquishing the unused part of the approval for the buy-back of shares granted under point eight on the agenda by the General Shareholders' Meeting held on 15 June 2007, to approve, in accordance with the stipulations contained in article 75 et seq. and the first additional provision, paragraph 2, of the current Companies Act, the derivative acquisition by Codere, S.A of the Company's own shares, fully paid up, at any time and as often as deemed appropriate, either directly or through any of the subsidiaries of which it is the parent company, by means of their purchase or under any other legal title involving a valuable consideration.

The minimum acquisition price or consideration will be the nominal value of the shares bought back and the maximum will be the result of increasing the share price on the date of acquisition by 20 percent.

Such approval is granted for a period of eighteen months counting from the date of this Meeting and is expressly subject to the restriction that at no time may the nominal value of the shares bought-back through this approval, added to that of those already owned by Codere, S.A. and any of its subsidiaries, exceed 5% of the Company's corporate capital at the time of the acquisition.

It is expressly stated that this approval may be used fully or partially for the acquisition of the Company's own shares to be handed over or transferred to directors or to employees of the Company or of the companies in its group, directly or as a consequence of the implementation of the "Share-Price Based Incentive Programme" to which the resolution adopted by this General Shareholders' Meeting under point five of the agenda refers.

2. To empower the Board of Directors, in the broadest terms, for the exercise of the approval concerned in this resolution and in order to carry out the rest of the planned actions contained therein, with the possibility of the delegation of such powers by the Board of Directors to any of the Members, the Secretary or the Deputy Secretary of the Board of Directors, or to any other person whom the Board of Directors may empower expressly for this purpose.

- A.10 Indicate, if applicable, any restrictions imposed by law or by the corporate bylaws in regard to the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of share capital.**

Indicate if there are any legal restrictions on the exercise of voting rights:

Yes

No ☒

Percentage of voting rights which a shareholder may exercise owing to legal restriction	
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Indicate whether there are any restrictions imposed by the corporate bylaws on the exercise of voting rights:

Yes

No ☒

Percentage of voting rights which a shareholder may exercise owing to restriction imposed by corporate bylaws	
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Description of the constraints established in law and bylaw restrictions on the exercise of voting	
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rights	
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Indicate whether there are legal restrictions on share capital acquisitions or transfer:

Yes

No ☒

Description of legal restrictions on the acquisition or disposal of shares in the capital	
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A.11 Indicate if the General Shareholders' Meeting has agreed to adopt neutralization measures with respect to a takeover bid pursuant to Act 6/2007:

Yes

No ☒

If yes, explain the measures approved and the terms in which the restrictions will become ineffective.

B. COMPANY ADMINISTRATION STRUCTURE

B.1 Board of Directors

B.1.1 Detail the maximum and minimum number of directors provided for in the Bylaws.

Maximum number of Directors	15
Minimum number of Directors	4

B.1.2 Complete the following table with the names of the members of the Board.

Name of director	Representative	Position on the Board	Date of initial appointment	Date of most recent appointment	Method of Election
José Antonio Martínez Sampedro		Chairman	07/05/1999	04/05/2004	General Shareholders' Meeting
Javier Martínez Sampedro		Director	07/05/1999	04/05/2004	General Shareholders' Meeting
Encarnación Martínez Sampedro		Director	17/06/1999	04/05/2004	General Shareholders' Meeting

José Ramón Romero Rodríguez		Director	17/06/1999	04/05/2004	General Shareholders' Meeting
José Ignacio Cases Méndez		Director	17/06/1999	04/05/2004	General Shareholders' Meeting
Joseph Zappala		Director	20/11/2002	21/06/2004	General Shareholders' Meeting
Eugenio Vela Sastre		Director	17/06/1999	04/05/2004	General Shareholders' Meeting
Juan José Zornoza		Director	17/06/1999	04/05/2004	General Shareholders' Meeting

Total number of Directors	8
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Indicate any resignations or dismissals from the Board of Directors produced during the period.

Name of Director	Type of directorship at time of resignation	Date of resignation or dismissal
José María Vegas Cordobés	Independent	17/03/2008

B.1.3 Complete the following tables regarding members of the Board of Directors and their type of directorship:

EXECUTIVE DIRECTORS

Name of director	Committee which proposed the appointment	Position in company organization chart
José Antonio Martínez Sampedro		Chairman and CEO
Javier Martínez Sampedro		Director Codere America
Encarnación Martínez Sampedro		Director

Total number of Executive Directors	3
Total % of the Board	37.5

EXTERNAL NOMINEE DIRECTORS

Name of director	Committee which proposed the appointment	Name of significant shareholder which this director represents or which proposed the director's appointment
José Ignacio Cases Méndez		José A. Martínez Sampedro
José Ramón Romero Rodríguez		José A. Martínez Sampedro

Total number of External Nominee Directors	2
Total % of Board	25

EXTERNAL INDEPENDENT DIRECTORS

Name of Director	Profile
Eugenio Vela Sánchez	President of the Inster Group Degree in Business and Industrial Engineering from the Madrid Complutense University and the Madrid Polytechnic.
Joseph Zappala	Former US Ambassador in Spain 1989-1992. President of Joseph Zappala Investments
Juan José Zornoza Pérez	Department Chairman of Finance and Tax Law at the Universidad Carlos III in Madrid

Total number of Independent Directors	3
Total % of Board	37.5

OTHER EXTERNAL DIRECTORS

Name of Director	Committee which proposed the appointment

Total number of Independent Directors	
Total % of Board	

State the reasons why they cannot be considered as nominee or independent directors and any ties they have, whether with the company or its managers, or with company shareholders.

Name of director	Reasons	Company, manager or shareholder with which the director has ties

Indicate, if applicable, any changes which may have taken place during the period in regard to the type of directorship:

Name of director	Date of change	Prior type of directorship	Current type of directorship
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B.1.4 Explain, if applicable, the reasons for appointing nominee directors at the request of shareholders holding less than 5% of the share capital:

Name of shareholder	Justification

Indicate whether formal requests for appointment to the Board have been denied to shareholders having a shareholding equal to or greater than that of other shareholders at whose request nominee directors were appointed:

Yes

No ☒

Name of shareholder	Explanation
José María Vegas Cordobés	For personal reasons

- B.1.5** In the case where a director has resigned from his or her position before the end of the term of the directorship, indicate whether or not said director has explained his or her reasons to the Board, and by what means, and, in the case where the director has explained the reasons in writing to the entire Board, explain below at least the reasons given by the director:

Name of shareholder	Reason for resignation

- B.1.6** Indicate, where appropriate, the powers delegated to the managing director/s:

Name of shareholder	Brief description
José Antonio Martínez Sampedro	The Board of Directors permanently delegates all powers to the Managing Director, except those which are reserved by law or the bylaws, and those which cannot be delegated in accordance with the Rules of Procedure of the Board of Directors of Codere, S.A.

- B.1.7** Identify, if applicable, the members of the Board who hold directorships or management positions in other companies which form part of the listed company group.

Name of director	Corporate name of group company	Position
José Antonio Martínez Sampedro	Codere América, SLU	Joint and Several Director
José Antonio Martínez Sampedro	Codere España SLU	Joint and Several Director
José Antonio Martínez Sampedro	Codere Internacional SLU	Joint and Several Director
José Antonio Martínez Sampedro	Nididem SLU	Joint and Several Director
José Antonio Martínez Sampedro	Colonder SA	Joint and Several Director
José Antonio Martínez Sampedro	C-F8 S.L.	Joint and Several Director
José Antonio Martínez Sampedro	Cartaya SA	Joint and Several Director
José Antonio Martínez Sampedro	Codere Asesoría SA	Joint and Several Director
José Antonio Martínez Sampedro	Codere Barcelona SA	Joint and Several Director
José Antonio Martínez Sampedro	Codere Distribuciones SL	Joint and Several Director
José Antonio Martínez Sampedro as representative of Codere	Codere Girona SA	Secretary of the Board

España SLU		
José Antonio Martínez Sampedro	Codere Madrid SA	Joint and Several Director
José Antonio Martínez Sampedro	Codere Valencia SA	Joint and Several Director
José Antonio Martínez Sampedro	Operibérica SA	Joint and Several Director
José Antonio Martínez Sampedro	Recreativos Mae SL	Joint and Several Director
José Antonio Martínez Sampedro	Codere México S.A. de CV	Chairman of the Board
José Antonio Martínez Sampedro	Impulsora de Centros de Entretenimiento de las Americas S.A. de CV	Director
José Ramón Romero Rodriguez	Impulsora de Centros de Entretenimiento de las Americas S.A. de CV	Director
Encarnación Martínez Sampedro	Codere América SLU	Joint and Several Director
Encarnación Martínez Sampedro	Codere España SLU	Joint and Several Director
Encarnación Martínez Sampedro	Codere Internacional SLU	Joint and Several Director
Encarnación Martínez Sampedro	Nididem SLU	Joint and Several Director
Encarnación Martínez Sampedro	Colonder SA	Joint and Several Director
Encarnación Martínez Sampedro	Bingo Oasis SRL	Sole Director
Encarnación Martínez Sampedro	Bingo Re SRL	Sole Director
Encarnación Martínez Sampedro	Bintegral S.P.A.	Sole Director
Encarnación Martínez Sampedro	Operbingo Italia SPA	Deputy Chair of the Board
Encarnación Martínez Sampedro	Gestioni Marconi SRL	Sole Director
Encarnación Martínez Sampedro	Giomax S.R.L.	Sole Director
Encarnación Martínez Sampedro	Immobilgest SRL	Sole Director
Encarnación Martínez Sampedro	Opergames SRL	Sole Director
Encarnación Martínez Sampedro	Operinvestments	Sole Director
Encarnación Martínez Sampedro	Operslots Italia SRL	Sole Director
Encarnación Martínez Sampedro	Vegas SRL	Sole Director
Encarnación Martínez Sampedro	Maxibingo SRL	Sole Director
Encarnación Martínez	Codematica SRL	Sole Director

Sampedro		
Encarnación Martínez Sampedro	Codere Gaming SRL	Sole Director
Encarnación Martínez Sampedro	Codere Italia SPA	Sole Director
Encarnación Martínez Sampedro	Codestrada SRL	Sole Director
Encarnación Martínez Sampedro	Gaming Service SRL	Sole Director
Encarnación Martínez Sampedro	Opergiochi Italia SRL	Sole Director
Encarnación Martínez Sampedro	Operinvestments SRL	Sole Director
Encarnación Martínez Sampedro	Codere Network SPA	Director
Encarnación Martínez Sampedro	Automáticos Mendoza SL	Joint Director
Encarnación Martínez Sampedro as representative of Codere SA	C-F8 S.L.	Joint and Several Director
Encarnación Martínez Sampedro as representative of Codere SA	Caneda SL	Joint Director
Encarnación Martínez Sampedro	Cartaya SA	Joint and Several Director
Encarnación Martínez Sampedro	Codere Asesoría SA	Joint and Several Director
Encarnación Martínez Sampedro	Codere Barcleona SA	Joint and Several Director
Encarnación Martínez Sampedro	Codere Distribuciones SL	Joint and Several Director
Encarnación Martínez Sampedro	Codere Gandía SA	Chair of the Board and Joint and Several Managing Director
Encarnación Martínez Sampedro	Codere Guadalajara SA	Secretary and Managing Director
Encarnación Martínez Sampedro	Codere Madrid SA	Joint and Several Director
Encarnación Martínez Sampedro	Codere Valencia SA	Joint and Several Director
Encarnación Martínez Sampedro	JMQuero Asociados SA	Joint and Several Director
Encarnación Martínez Sampedro	JPVMatic 2005 SL	Sole Director
Encarnación Martínez Sampedro	Mepe SA	Joint and Several Director
Encarnación Martínez Sampedro	Misuri SA	Sole Director
Encarnación Martínez Sampedro	Opealmar, SLU	Sole Director
Encarnación Martínez Sampedro	Operibérica SA	Joint and Several Director

Encarnación Martínez Sampedro	Operoeste SA	Joint and Several Director
Encarnación Martínez Sampedro	Opersherka SL	Joint and Several Director
Encarnación Martínez Sampedro	Opertrinidad SL	Joint Director
Encarnación Martínez Sampedro as representative of Codere Madrid SA	El Portalón SL	Joint Director
Encarnación Martínez Sampedro	Recreativos Agut85 SA	Member of the Board
Encarnación Martínez Sampedro	Recreativos Cósmicos SL	Joint and Several Director
Encarnación Martínez Sampedro	Recreativos Mae SL	Joint and Several Director
Encarnación Martínez Sampedro	Recreativos Obelisco SL	Chair of the Board
Encarnación Martínez Sampedro	Recreativos Otein SL	Sole Director
Encarnación Martínez Sampedro	Recreativos Populares SL	Joint Director
Encarnación Martínez Sampedro	Recreativos Sierra Sur SL	Sole Director
Encarnación Martínez Sampedro	Red AEAM SA	Joint and Several Director
Encarnación Martínez Sampedro as representative of Codere Madrid SA	Resti y Cia SL	Joint Director
Encarnación Martínez Sampedro	Sigirec SL	Chair of the Board
Encarnación Martínez Sampedro as representative of Codere SA	Superpik SL	Joint and Several Director
Encarnación Martínez Sampedro	Vimatir, SLU	Joint and Several Director
Luis J. Martínez Sampedro	Codere América SL	Joint and Several Director
Luis J. Martínez Sampedro	Codere Internacional SL	Joint and Several Director
Luis J. Martínez Sampedro	Interbas S.A.	Chairman of the Board
Luis J. Martínez Sampedro	Iberargen S.A.	Chairman of the Board
Luis J. Martínez Sampedro	Itapoán S.A	Chairman of the Board
Luis J. Martínez Sampedro	Nanos S.A.	Chairman of the Board
Luis J. Martínez Sampedro	Bingos del Oeste S.A	Director
Luis J. Martínez Sampedro	Bingos Platenses S.A	Director

Luis J. Martínez Sampedro	Interjuegos S.A.	Director
Luis J. Martínez Sampedro	Intermar Bingos S.A	Director
Luis J. Martínez Sampedro	Codere Argentina SA	Director
Luis J. Martínez Sampedro	San Jaime S.A.	Director
Luis J. Martínez Sampedro	Codere México SA de CV	Treasurer
Luis J. Martínez Sampedro	Hípica de Panamá SA	Chairman of the Management Board
Luis J. Martínez Sampedro	Alta Cordillera SA	Treasurer
Luis J. Martínez Sampedro	Codere Panamá SA	Chairman of the Management Board
Luis J. Martínez Sampedro	Compañía de Recreativos de Panamá SA	Chairman of the Management Board

B.1.8 Detail, if applicable, the company directors who are members of the Board of Directors of other listed companies in Spain other than those of your Group, which have been reported to the company:

Name of director	Corporate name of group company	Position

B.1.9 Indicate, and if applicable, explain, if the company has established rules on the number of boards its directors may form part of.

Yes ☒

No

EXPLANATION OF THE RULES
Pursuant to article 4 of the Rules of Procedure of the Board of Directors of Codere, unless expressly authorized by the Board after a report by the Appointments and Compensation Committee, Directors may not form part of more than 8 Boards, excluding (i) Boards of Companies forming part of the same group as the Company, (ii) Boards of family Companies or Companies which form part of the patrimony of the Directors or their families and (iii) Boards which they are members of owing to their professional relation.

B.1.10 In relation to Recommendation number 8 of the Unified Code, indicate the general policies and strategies which the plenum of the Board has reserved for itself to approve:

	Yes	No
Investment and Finance Policy	X	
Definition of the Structure of the Group of Companies	X	
Corporate Governance Policy	X	
Corporate Social Responsibility Policy	X	
Strategy or Business Plan, as well as Management Objectives and Annual Budgets	X	
Compensation Policy and Evaluation of Senior Management Performance	X	
Risk Management and Control, as well as Periodic Monitoring of Internal Information and Control Systems	X	
Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof	X	

B.1.11 Complete the following tables with respect to aggregate compensation of directors payable during the year:

a) In the company which is the subject of the present report:

Type of compensation	Figures in thousands of euros
Fixed compensation	427
Variable compensation	
Meeting Attendance fees	259
Directors' fees as stipulated in bylaws	
Stock options and/or other financial instruments	
Other	
Total:	686

Other benefits	Figures in thousands of euros
Advances	
Credits granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Obligations	
Life Insurance Premiums	
Guarantees furnished by the company in favor of directors	

b) Payable to company directors forming part of other boards of directors and/or senior management of other group companies.

Type of compensation	Figures in thousands of euros
Fixed compensation	869
Variable compensation	
Meeting Attendance fees	
Directors' fees as stipulated in bylaws	
Stock options and/or other financial instruments	
Other	
Total:	869

Other benefits	Figures in thousands of euros
Advances	
Credits granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Obligations	
Life Insurance Premiums	
Guarantees furnished by the company in favor of directors	

c) Total compensation by type of directorship

Type of directorship	By company	By group
Executive	363	869
External nominee	126	0
External independent	197	0
Other external	0	0
Total	686	869

d) With respect to income attributed to the parent company:

Total compensation paid to directors (in thousands of euros)	1.562
Total compensation paid to directors / income attributed to the parent company (expressed as a percentage)	

B.1.12 Identify any senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name	Position
Rafael Catalá Polo	General Secretary and Secretary of

	the Board of Directors; Legal Area Manager
Adolfo Carpena Manso	Internal Audit Manager
Robert Gray	Economic and Financial General Manager
Rafael López Enríquez Chillón	Human Resources Manager
Jorge Martín Francesconi	Technology Manager
Ricardo Moreno	Corporate Development Manager
Fernando Ors Villarejo	New Business Manager
Claudio Vallejo Aguila- Real	Communications Manager
Serafín Rafael Gómez R.	Compliance Manager
Luis Miguel Arean	Operations Manager Mexico
Marco Castaldo	Recreational Machines Manager Italy
Vicente Di Loreto	Operations Manager Latin America
Jaime Estalella	Chairmanship Deputy Manager and Operations Manager Europe
Arturo González Arqueta	General Manager Colombia
Alberto González del Solar	General Manager Argentina
Kim Pasha Sharpe	Chairman Mexico
José Ramón Ortuzar	Chairman Italy
Beatrice Rangel	Institutional Relations Manager for the US and Latin America
Juan Carlos Restrepo Kozeschnik	General Manager Panama
Pedro Vidal - Aragón	Recreational Machines Manager Spain

Senior Management Total Compensation (in thousands of euros)	5,110
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B.1.13 Identify in aggregate terms whether any golden parachute contracts exist for senior management, including the executive directors, of the company or its group for cases of dismissal or changes in control. Indicate whether the existence of such contracts is to be reported and/or whether they must be approved by the governance organs of the company or of its group.

Number of beneficiaries	3
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	Board of Directors	General Shareholders' Meeting
Organ which authorized the contracts		

	Yes	No
Was the General Shareholders' Meeting informed of the contracts?		X

B.1.14 Indicate the process for determining the compensation paid to members of the Board of Directors and, if warranted, any clauses in the bylaws pertaining to this:

Process for Determining Compensation to Members of the Board of Directors and Pertinent Bylaw Clauses

In accordance with article 5.2 of the stipulations of the Rules of Procedure of the Board of Directors of Codere, S.A., compensation of Directors shall be made in accordance with the Bylaws. After a report by the Appointments and Compensation Committee containing the proposals in regard to said matter, the Board of Directors shall be in charge of approving an annual report on compensation policy which, among other matters, shall deal with fixed compensation, types of compensation, and characteristics of social welfare systems. The Board of Directors may put said annual report to a vote by the General Shareholders' Meeting, as a separate item on the Agenda, for the purpose of consultation.

Pursuant to the stipulations of the Bylaws:

24.5.- The position of Director shall be remunerated. Said compensation shall be comprised of three categories:

- a) A fixed annual payment of twenty-four thousand (24,000) euros for each Director.
- b) Payment of a fee for attendance at Board meetings. For each case of personal attendance at a Board meeting, each director shall be paid two-thousand four-hundred (2,400) euros.
- c) Compensation for all directors consisting of the equivalent of 1% of the year's consolidated income attributed to the Company, less 50% of the fixed annual amount payable for the year in question in accordance with paragraph a) above, likewise applicable to all directors. The Board of Directors shall establish for each year the specific amount to be paid to each of its members, in terms of the position each one holds on the Board, as well as each director's dedication to the service of the Company. In any event, profit-sharing in the Company may only be carried out in accordance with article 130 of the Companies Act.

The amount of compensation referred to in paragraphs (a) to (c) above shall be automatically adjusted each year to the increases and decreases recorded in the Consumer Price Index published by the Spanish National Institute of Statistics.

If so resolved by the General Shareholders' Meeting, the Directors may likewise receive compensation in the form of shares or stock option rights to said shares or by means of any other market-indexed option compensation system.

24.6- The amounts payable as stipulated in this article shall be

compatible with and independent from the wages, compensation, indemnity, pensions, stock options, market-indexed option compensation systems or any other type of compensation generally or specifically established for Directors providing executive or professional services for the Company regardless of the nature of their relation to the Company, whether this be an ordinary or special senior management labor relation, mercantile labor relation or service-provision labor relation, all of which types of relations shall be compatible with the position of member of the Board of Directors.

24.7.- Compensation shall be understood as payable monthly in arrears; consequently, the compensation paid to each Director shall be proportional to the time said director has held his or her position during the year.

Indicate whether the plenum of the Board has reserved for itself the approval of the following decisions:

	Yes	No
At the proposal of the chief executive of the company, the appointment and eventual dismissal of senior management, as well as their indemnity contracts.	X	
Compensation of directors, and, in the case of executives, additional compensation for their executive duties and other conditions which their contracts must respect .	X	

B.1.15 Indicate whether the Board of Directors has approved a detailed compensation policy and specify the matters with regard to which it pronounces itself.

Yes ☒

No

	Yes	No
Amount of fixed components, itemizing, if applicable, fees for participation at Board Meetings and Board Committees, and an estimation of the fixed annual compensation to which they give rise.	X	
Variable compensation categories	X	
Principle characteristics of social welfare systems, estimating their equivalent annual amount or cost.	X	
Conditions which must be respected by the contracts of those performing senior management duties as executive directors, among which these shall be included.	X	

B.1.16 Indicate whether the Board puts a report on director compensation policy to a vote by the General Shareholders' Meeting, as a separate item on the agenda, for the purpose of consultation. If applicable, explain those aspects of the report dealing with the compensation policy approved by the Board for future years, the most significant changes in these policies with respect to the policy applied during the year, and an

overall summary of how the compensation policy was applied in the year. Detail the role of the Compensation Committee and, if external consultancy has been used, identify the external consultants providing the service.

Yes

No ☒

Matters dealt with in the Compensation Policy
<ol style="list-style-type: none"> 1. Composition of the Board of Directors of the Company 2. Composition, functions and running of the Appointments and Compensation Committee 3. General Principles pertaining to Directors' Compensation Policy 4. Compensation System for executive directors, including compensation planned for 2009. 5. Compensation system for non-executive directors, including compensation planned for 2009.

Role of Compensation Committee
In accordance with article 5.2 of the Rules of Procedure of the Board of Directors of CODERE, the Board approves said Report after a report by the Appointments and Compensation Committee.

	Yes	No
Have you used external consultancy	X	
Identity of the external consultants	Garrigues	

B.1.17 Indicate, if applicable, the identity of the members of the Board who are, in turn, members of the Board of Directors, managers or employees of companies having significant shareholdings in the listed company and/or in companies belonging to its group:

Name of director	Corporate name of significant shareholder	Position
José Antonio Martínez Sampedro	MASAMPE HOLDING, B.V.	Chairman

☒

Detail, if applicable, any relevant relations other than those considered in the preceding paragraph with respect to members of the Board of Directors which relate them with significant shareholders and/or in companies of their group.

Name of related director	Corporate name of related significant shareholder	Description of relation

B.1.18 Indicate if any change has been made during the year in the rules of procedure of the Board:

Yes

No ☒

Description of changes

B.1.19 Indicate the procedures for appointment, reelection, evaluation and resignation and dismissal of directors. Detail the competent organs, the steps to be taken and the criteria to be employed in each procedure.

Appointment.

The designation of members of the Board of Directors corresponds to the General Meeting of Shareholders, notwithstanding the power of the Board to appoint, from among the shareholders, the persons who are to fill any vacancies produced, until the next Shareholders' Meeting is held.

Any persons who are legally disqualified, barred, rendered unfit, or banned either in general terms or in relation to the corporate object and activities, in any territorial scope affecting the Company, are not eligible to be directors or to represent directors.

Furthermore, in any event, those persons appointed as Directors are required to meet not only the requisites stipulated by Law and the Corporate Bylaws, but also those laid down in the Rules of Procedure of the Board of Directors, formally undertaking at the time when they take over their position to comply with the obligations and duties thereof; it is to be highlighted that proposals of Directors made by the Board of Directors to the General Meeting are required, firstly, to be proposed by the Appointments and Compensation Committee in the case of independent directors, and secondly, to be proposed after a report by said Committee in the case of other directors.

Reelection.

Directors shall perform their duties during a term of six years, and are eligible for reelection for new terms of the same duration.

As in the case of appointments, reelection must be preceded either by a proposal or by a report from the Appointments and Compensation Committee, in regard to Independent Directors as well as the other Directors.

Evaluation.

Pursuant to the stipulations of the Rules of Procedure of the Board of Directors, the Board meeting in plenum shall be required to evaluate once a year the quality and efficiency thereof.

Resignation and Dismissal.

Directors shall resign from their position when the term for which they were appointed has expired; likewise, they shall be dismissed in the legally stipulated cases and grounds.

B.1.20 Indicate the cases in which directors are obliged to resign.

In accordance with article 3.6 of the Rules of Procedure of the Board of Directors, Directors are required to resign in those cases in which they may damage the credit and reputation of the Company, and are required to inform the Board of any criminal matter of which they are accused, as well as of the subsequent procedural outcome. In the event that a Director should be indicted or tried for any of the crimes listed in article 124 of the Companies Act, the Board shall examine the case as soon as possible and, in view of the specific circumstances, decide on whether or not the Director should continue to hold his or her position. The Board shall explain the entire matter in a reasoned manner in the Corporate Governance Annual Report.

B.1.21 Explain whether the position of chairman of the board entails the function of chief executive of the company. If so, indicate the measures taken to limit the risks of accumulation of powers in a sole person:

Yes ☒

No

Measures aimed at limiting Risks
<p>In accordance with the Rules of Procedure of the Board of Directors, the Chairman and Chief Executive Officer is a member of the Board of Directors, a collegiate organ which is required to carry out its duties with a sole purpose and independence, strictly within the context of criteria of strictness, impartiality and objectivity as stipulated by Law and the Corporate Bylaws.</p> <p>Likewise, any resolution or decision which is of special significance to the company is required, prior to approval by the Board, to be put to the corresponding Board Committee.</p> <p>Furthermore, in order to adopt certain resolutions, reports and proposals by the various Committees of the Company are required.</p> <p>Likewise, it is important to highlight that the Chairman does not have a casting vote on the Board of Directors.</p>

Indicate and, if applicable, explain whether regulations have been established which empower one of the independent directors to request that a Board meeting be called, or that new items be included on the agenda, in order to coordinate and reflect the concerns of external directors and to direct the evaluation made by the Board of Directors.

Yes ☒

No

Explanation of the Rules
In accordance with article 10.5 of the Rules of Procedure of the Board of Directors, insofar as the Chairman of the Board is the chief executive of the company, exercising the position of Chairman together with that of CEO, the Board of Directors may authorize one of the Independent Directors to request that a meeting be called or new items included on the agenda; to coordinate and reflect the concerns of the external Directors; and to direct the evaluation which the Board makes of its Chairman.

B.1.22 Are reinforced majorities, other than the legal ones, required for any type of decision?

Yes

No ☒

Indicate how resolutions are adopted on the Board of Directors, stating at least the minimum attendance quorum and the type of majorities required in order to adopt resolutions:

Attendance Quorum

In accordance with article 24.11 of the Corporate Bylaws, in order for the Board to be validly constituted, it is required that half plus one of its members be in attendance, whether physically present or represented by proxy.

Pursuant to article 12.3 of the Rules of Procedure of the Board of Directors, the stipulations contained in the Law and in the Bylaws shall be abided by for the valid constitution of the Board and the adoption of resolutions.

Quorum for the Adoption of Resolutions

Article 24.13 of the Corporate Bylaws stipulates that the resolutions of the Board, except for those requiring by law a reinforced majority, shall be adopted by an absolute majority of votes by the Directors, both present and represented, and shall be reflected in the corresponding Minutes.

In regard to matters concerning the adoption of resolutions, we make reference to the aforesaid article 12.3 of the Rules of Procedure of the Board of Directors.

Adoption of Resolutions		
Description	Quorum	Type of Majority

B.1.23 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

Yes

No ☒

Description of Requirements

B.1.24 **Indicate whether the Chairman has a casting vote.**

Yes

No ☒

Matters in which a casting vote exists

B.1.25 **Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate any age limit for directors:**

Yes

No ☒

Age Limit for Chairman

Age Limit for CEO

Age Limit for Director

B.1.26 **Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:**

Yes ☒

No

Maximum number of years for term of office	12
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B.1.27 **In the event that there are no or very few women directors, explain the reasons and the initiative adopted to correct this situation.**

Explanation of Reasons and Initiatives
The Company has one female Director, and the Appointments and Compensation Committee, when evaluating the competence, knowledge and experience required on the Board, takes into consideration the recommendation aimed at the policy of equality on the Boards of Directors.

In particular, indicate whether the Appointments and Compensation Committee has established procedures aimed at ensuring that the selection processes are not implicitly biased so as to prevent the selection of female directors, and that they deliberately seek out female candidates who meet the required profile.

Yes ☒

No

Indicate the Principle Procedures

B.1.28 Indicate whether there are any formal processes for proxy voting on the Board of Directors. If so, briefly explain.

Notwithstanding the obligation of Directors to attend the meetings of the governance organs which they form part of, in accordance with the Corporate Bylaws and with the Rules of Procedure of the Board of Directors, Directors may delegate their attendance, provided that their representation is essential and is conferred upon another member of the Board by means of a written communication addressed to the Chairman of the Board, containing instructions and serving for the special purpose of that particular meeting.

B.1.29 Indicate the number of meetings held by the Board of Directors during the past year. Likewise, indicate, if applicable, the number of times that the Board has met without the attendance of its Chairman.

Number of meetings of the Board	11
Number of meetings of the Board without the attendance of its Chairman	0

Indicate the number of meetings which the various Board Committees have held during the year:

Number of meetings of the Executive or Delegated Committee	
Number of meetings of the Audit Committee	7
Number of meetings of the Appointments and Compensation Committee	2
Number of meetings of the Appointments Committee	
Number of meetings of the Compensation Committee	
Number of meetings of the Compliance Committee	4

B.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all of its members. This calculation shall consider proxies without specific instructions as cases of non-attendance:

Number of cases of non-attendance by directors during the past year	3
% of non-attendance with respect to total votes during the year	2,250%

B.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval by the Board have been previously certified:

Yes

No ☒

Identify, if applicable, the person/s who has/have certified the individual and consolidated annual accounts of the company, for the drafting thereof by the Board:

Name	Position

- B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts drafted by it from being presented at the General Shareholders' Meeting with a qualified opinion in the auditors' report.**

In accordance with article 14 e) of the Rules of Procedure of the Board of Directors, among the powers of the Audit Committee is that of maintaining relations with the outside Auditor to receive information on any matters which may jeopardize the Auditor's independence, and any other matters related to the auditing process, as well as to receive information and maintain with the auditor the communications stipulated by law.

Pursuant to article 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the outside Auditors of the company, which are to be channeled through the Audit Committee, shall abide by criteria of loyal collaboration and respect for their independence. It is sought that the annual accounts drafted by the Board be verified without a qualified opinion by the auditors. In the event that such a qualified opinion is unavoidable, the Board, the Chairman of the Audit Committee and the auditors shall explain clearly to the shareholders the content and scope of the reservations or qualified opinions.

The report by the outside auditors Ernst & Young corresponding to the year 2008 has not presented any reservation.

- B.1.33 Is the Secretary of the Board of Directors a Director?**

Yes

No ☒

- B.1.34 Explain the procedures for appointment and dismissal of the Secretary of the Board, indicating whether the Secretary's appointment and dismissal have been reported by the Appointments Committee and approved by the plenum of the Board.**

Procedure for Appointment and Dismissal
In accordance with article 11 of the Rules of Procedure of the Board of Directors, in order to safeguard the independence, impartiality and professionalism of the Secretary, the appointment and dismissal of the latter shall be reported to the Appointments and Compensation Committee and approved by the plenum of the Board.

	Yes	No
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the dismissal?	X	

Does the plenum of the Board approve the appointment?	X	
Does the plenum of the Board approve the dismissal?	X	

Does the Secretary of the Board have the special duty to monitor compliance with the recommendations of good governance?

Yes ☒

No

Comments
<p>Pursuant to article 11.3 of the Rules of Procedure of the Board of Directors, the Secretary of the Board has the special duty to monitor Board actions in order to verify the following:</p> <ul style="list-style-type: none"> ▪ That said actions conform to the letter and spirit of the Law and the regulations thereof, including those approved by regulatory agencies; ▪ That they conform to the Corporate Bylaws and the Rules of Procedure of the General Shareholders' Meeting, and those of the Board of Directors, as well as any other Rules of Procedure which the Company has. ▪ That said actions keep in mind any recommendations on good governance accepted by the Company.

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditor, the financial analysts, the investment banks and the valuation agencies.

Pursuant to article 14 of the Rules of Procedure of the Board of Directors, one of the powers of the Audit Committee is to maintain relations with the outside Auditor in order to receive information which may compromise the independence of the latter.

Additionally, the Audit Committee is the one in charge of submitting to the Board of Directors proposals for the selection, appointment, reelection and substitution of the outside auditor, as well as the conditions for the contracting thereof, in order that these may be subsequently put to the General Shareholders' Meeting.

B.1.36 Indicate whether during the year the Company has changed its auditor. If so, identify the incoming and the outgoing auditor:

Yes

No ☒

Outgoing Auditor	Incoming Auditor

In the event of any disagreement with the outgoing auditor, explain:

Yes

No

Explanation of disagreements

- B.1.37** Indicate whether the auditing firm does any work other than auditing for the company and/or its group, and, if this be the case, state the fees received for said work and the percentage this entails of the fees invoiced to the company and/or its group

Yes ☒

No

	Company	Group	Total
Amount of work other than auditing	90	485	575
Amount of work other than auditing / Total amount invoiced by the auditing firm (in %)	82,10%	35,40%	38,86%

- B.1.38** Indicate whether the audit report of the Annual Accounts for the preceding year shows any reservation or qualified opinion. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations or qualified opinions.

Yes

No ☒

Explanation of Reasons

- B.1.39** Indicate the number of years that the current auditing firm has been auditing the annual accounts of the company and/or its group without interruption. Likewise, indicate what the percentage is of the number of years audited by the current auditing firm with respect to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	10	10

	Company	Group
Number of years audited by the current auditor firm /no. of years that the company has been audited	100%	100%

- B.1.40** Indicate the shareholdings which members of the Board of Directors have in the capital of companies having the same, similar or complementary type of activity as that which constitutes the corporate object of both the company and its group, and which have been reported to the company. Likewise, indicate the positions they hold or the duties they perform in these companies:

Name of Director	Corporate name of object company	Shareholding %	Position or Duties
José Antonio Martínez Sampedro	Francomar Investments,S.A.	26%	Director and Chairman of the Board
José Antonio Martínez Sampedro	Prisamar, S.A.	26%	Director and Chairman of the Board
José Antonio Martínez Sampedro	Cia. de Salones Recreativos, S.A.	14.97	
José Antonio Martínez Sampedro	Gesti Ocio,S.L.	14.98	
José Antonio Martínez Sampedro	Juegos 2000, S.L.	14.87	
José Antonio Martínez Sampedro	Salones Castilla, S.A	18.72	
José Antonio Martínez Sampedro	Madrileña Explotadora de Salones, S.L.	18.72	
José Antonio Martínez Sampedro	Majisa, S.A.	13.00	Joint and Several Director
José Antonio Martínez Sampedro	Pez Volador, S.A.	10.48	
José Antonio Martínez Sampedro	Centros de Ocio familiar, S.L.	4.42	
José Antonio Martínez Sampedro	Promobowling, S.A	15.42	Director and Chairman of the Board
José Antonio Martínez Sampedro	Planet Bowling España, S.A.	8.84	
José Antonio Martínez Sampedro	Magic Recreativos, S.L	6.19	
José Antonio Martínez Sampedro	Zarabowling, S.A.	6.19	
José Antonio Martínez Sampedro	Sunset Bowling, S.L.	8.84	
José Antonio Martínez Sampedro	Formula Giochi, S.p.A., in liquidation	1.66	
José Antonio Martínez	Formula Bingo, S.p.A in	0.07	

Sampedro	liquidation		
José Antonio Martínez Sampedro	Masampe, S.L.	99.98	Sole Director
José Antonio Martínez Sampedro	Promobowling Levante, S.A.	2.04	Sole Director
Luis Javier Martínez Sampedro	Francomar Investments,S.A.	6.00	
Luis Javier Martínez Sampedro	Prisamar, S.A.	6.00	
Luis Javier Martínez Sampedro	Recreativos Metropolitano, S.L	100	Sole Director
Encarnación Martínez Sampedro	Francomar Investments, S.A	6.00	Director and Secretary of the Board
Encarnación Martínez Sampedro	Prisamar, S.A.	6.00	Director and Secretary of the Board
Encarnación Martínez Sampedro	Cia. de Salones, S.A.	3.46	
Encarnación Martínez Sampedro	Gesti Ocio, S.L.	3.46	
Encarnación Martínez Sampedro	Juegos 2000, S.L.	3.43	
Encarnación Martínez Sampedro	Salones Castilla, S.A.	4.32	
Encarnación Martínez Sampedro	Madrileña Exploradora de Salones, S.L.	4.32	Joint and Several Director
Encarnación Martínez Sampedro	Majisa, S.A.	3.00	
Encarnación Martínez Sampedro	Pez Volador, S.A.	2.42	
Encarnación Martínez Sampedro	Centros de Ocio familiar, S.L.	1.02	Director and Secretary of the Board
Encarnación Martínez Sampedro	Promobowling, S.A.	8.62	
Encarnación Martínez Sampedro	Planet Bowling España, S.A	2.04	Director and Chair of the Board
Encarnación Martínez	Promobowling Levante, S.A.	2.04	Joint and Several Director

Sampedro			
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B.1.41 **Indicate whether there is any procedure allowing directors to have access to external consultancy, and if so, give details:**

Yes ☒

No

Details of the Procedure
<p>In accordance with article 5 of the Rules of Procedure of the Board of Directors, Directors shall have access to all company services, and may gather any information and consultancy they require for the performance of their duties. They are required to gather said information through the channels of the Chairmanship.</p> <p>In addition, Directors may propose to the Board of Directors the hiring of external consultants, whether financial, legal, technical, commercial or of any other type which they consider necessary for the interests of the company. External consultancy should be sought when the majority of independent Directors coincide in deeming said need to exist.</p>

B.1.42 **Indicate whether there is any procedure allowing directors to have access to the information required to prepare the meetings of the organs of administration sufficiently in advance:**

Yes ☒

No

Details of the Procedure
<p>In accordance with article 12.2 of the Rules of Procedure of the Board of Directors, the notice of meeting shall always include the agenda of the meeting together with any information required in accordance with the stipulations of said Rules. Nevertheless, when the Chairman considers that the circumstances so warrant, the meeting of the Board may be called by telephone, fax or e-mail, without complying with the term of advance notice mentioned above, and without attaching the aforesaid information, with the Directors being informed of the possibility of examining said information at the registered office.</p>

B.1.43 **Indicate, and if applicable, detail whether the company has established rules obliging directors to inform about, and, where appropriate, resign, in those cases which may damage the credit and reputation of the company:**

Yes ☒

No

Explain the Rules
<p>Article 3.6 stipulates that “The Directors are obliged to resign in those cases which may damage the credit and reputation of the Company, and likewise to inform the Board of any criminal matters of which they stand accused, as well as the subsequent procedural outcome.</p>

B.1.44 Indicate whether any member of the Board of Directors has informed the company that he or she has been indicted or ordered to stand trial for any of the crimes indicated in article 124 of the Companies Act:

Yes

No ☒

Name of Director	Criminal Action	Comments

Indicate whether the Board of Directors has analyzed the case. If so, give a reasoned explanation of the decision taken as to whether or not it is advisable for the director to remain in his or her position.

Yes

No ☒

Decision Taken	Reasoned Explanation
It is/ is not advisable to continue	

B.2 Committees of the Board of Directors

B.2.1 Detail all of the Committees of the Board of Directors as well as the members thereof:

EXECUTIVE OR DELEGATED COMMITTEE

Name	Position	Type

AUDIT COMMITTEE

Name	Position	Type
Mr. Juan José Zornoza Pérez	Chairman	Independent
Mr. Eugenio Vela Sastre	Member	Independent
Mr. Joseph Zappala	Member	Independent

APPOINTMENTS AND COMPENSATION COMMITTEE

Name	Position	Type
Mr. Eugenio Vela Sastre	Chairman	Independent
Mr. José Ignacio Cases Méndez	Member	Nominee
Mr. Joseph Zappala	Member	Independent

APPOINTMENTS COMMITTEE

Name	Position	Type

COMPENSATION COMMITTEE

Name	Position	Type

COMPLIANCE COMMITTEE

Name	Position	Type
Mr. Eugenio Vela Sastre	Chairman	Independent
Mr. José Ignacio Cases Méndez	Member	Nominee
Mr. Juan José Zornoza Pérez	Member	Independent

B.2.2 Indicate whether the following functions correspond to the Audit Committee:

	Yes	No
Supervise the process for the drafting and the integrity of the financial information regarding the company and, where appropriate, the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.	X	
Periodically revise the internal control and risk management systems in order that the principal risks may be identified, managed and adequately made known.	X	
Monitor the independence and efficiency of the internal audit process; propose the selection, appointment, reelection and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into consideration the conclusions and recommendations of its reports.	X	
Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate,	X	

anonymously, any irregularities which they note in the company and which may have repercussions, especially in regard to financial and accounting matters.		
Bring before the Board proposals for the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions.	X	
Receive on a regular basis from the external auditor information regarding the audit plan and the results of its implementation, and verify that senior management take into consideration the recommendations thereof.	X	
Ensure the independence of the external auditor	X	
In the case of groups, encourage that the auditor of the group take responsibility for conducting the audits of the companies making up the group.	X	

B.2.3 Describe the rules of procedure regarding the organization and functioning, as well as the responsibilities, of each Board committee:

AUDIT COMMITTEE

Article 14 of the Rules of Procedure of the Board of Directors regulates the Audit Committee in the following terms:

1) Composition.

The Audit Committee is comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said Committee are required to be external Directors.

The Chairman of the Audit Committee is required to be an Independent Director, is to be replaced every four years, and is eligible for reelection after one year has lapsed from the time the Chairman steps down.

2) Functions.

Notwithstanding any other duty which may be assigned to it by the Board of Directors, the principle function of the Audit Committee shall be to serve as support for the Board of Directors in its supervisory functions and, specifically, the Audit Committee shall be required to do at least the following:

- a) Inform the General Shareholders' Meeting of any matters within the scope of the Audit Committee's functions posed by shareholders at the Meeting.
- b) Propose to the Board of Directors the appointment of external auditors in order that said proposals may be put to the General Shareholders' Meeting.
- c) Supervise the internal auditing services.
- d) Be familiarized with the financial information and internal control systems.

- e) Maintain relations with the external auditor in order to receive information on any matters which may compromise the independence of the latter, and any other matters related to the audit process, and likewise receive information and maintain with the auditor the information stipulated by law.
- f) Report on the annual accounts, as well as on the issue prospectuses and the periodical financial information which is required to be sent quarterly or semi-annually to the regulatory agencies, paying special attention to compliance with the legal requirements and the correct application of generally accepted accounting principles, as well as to the existence of internal control systems and the monitoring thereof and compliance with internal auditing.
- g) Draft an annual report containing the activities performed by the Committee.

3) Functioning.

The Audit Committee meets at least once each quarter, as well as whenever this is deemed advisable, after having been called by its Chairman, either as a result of the Chairman's own decision or in response to a request by two Committee members or by the Board of Directors, the Chairman of the Board, or the CEO.

COMPLIANCE COMMITTEE

Pursuant to article 14 *bis* of the Rules of Procedure of the Board of Directors, the Compliance Committee is regulated under the following terms:

1) Composition.

The Compliance Committee is comprised of a minimum of three and a maximum of six members appointed by the Board of Directors.

The Chairman of the Compliance Committee is required to be an Independent Director.

2) Functions.

Notwithstanding any other duty which may be assigned to it by the Board of Directors, the Compliance Committee shall have the following functions:

- a) Examine compliance with the Internal Rules of Conduct and make the proposals required for the improvement thereof, as well as supervise compliance with the applicable corporate governance rules.
- b) Draft reports and proposals to the Board in regard to the decision to be adopted in cases of conflict of interests.

- c) Submit the annual Corporate Governance Report to the Board for approval thereof.
- d) Monitor on behalf of the Company and the Group all applicable national or foreign gaming regulations.
- e) Evaluate the internal control systems of the Company and the Codere Group in relation to their obligations regarding information and transparency in gaming matters, and make any proposals for introducing measures and making improvements which it considers necessary and unnecessary or advisable.
- f) Monitor compliance and control systems by the Company and the Group in regard to the regulations for the prevention of money laundering, and make any proposals for introducing measures and making improvements which it considers necessary or advisable.

3) Functioning.

The Compliance Committee shall meet whenever the Board of Directors calls for a report or the approval of proposals which fall within the scope of the functions of the Compliance Committee, as well as whenever the Chairman of said Committee considers such a meeting necessary to successfully carry out the objects thereof.

APPOINTMENTS AND COMPENSATION COMMITTEE

Pursuant to article 15 of the Rules of Procedure of the Board of Directors, the Appointments and Compensation Committee is regulated under the following terms:

1) Composition.

The Appointments and Compensation Committee is comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said Committee are required to be external Directors and the majority must be Independent Directors.

The Chairman of the Appointments and Compensation Committee is required to be an Independent Director.

2) Functions.

Notwithstanding any other duty which may be assigned to it by the Board of Directors, the Appointments and Compensation Committee shall have the following functions:

- a) Make the proposals as provided for in these Rules, in regard to compensation of the members of the Board of Directors.
- b) Evaluate the competence, knowledge and experience required on the Board, consequently define the functions and aptitudes

required of the candidates who are to cover each vacancy and evaluate the time and dedication required to adequately carry out said functions.

- c) Carry out the proposals of the Board in line with the Committee functions of appointment or proposal, in relation to the composition of the Board and its Committees.
- d) Examine or organize, in the way it sees fit, the succession of the Chairman and the CEO and, where appropriate, make proposals to the Board in order that said succession may take place in a well-planned, orderly manner.
- e) Report the appointments and dismissals of senior management proposed by the CEO to the Board.
- f) Inform the Board about the various types of matters provided for in article 1.12.
- g) Draft a proposal to the Board of Directors regarding compensation of the Managing Director as chief executive officer of the company, or compensation of the other executive directors, apart from the compensation they receive as directors pursuant to the Bylaws, as well as all of their other contract conditions, with said proposal being approved in a closed session in the absence of the interested party.
- h) Propose to the Board the general compensation policy for senior management of the Company and its subsidiaries, as well as the basic contract conditions for senior management.
- i) Set up guidelines and supervise actions in regard to the appointment, selection, career development, promotion and dismissal of managers, in order that the Company may have the highly qualified personnel it requires for its management.

3) Functioning.

The Appointments and Compensation Committee shall meet whenever the Board of Directors calls for a report or the approval of proposals which fall within the scope of the Committee's functions, as well as whenever the Chairman of said Committee considers such a meeting necessary to successfully carry out the objects thereof.

B.2.4 Indicate the advisory and consultancy powers of each one of the committees and, if applicable, any delegations they may have:

Committee Name	Brief Description
Audit Committee	Supervision of internal auditing, verification of financial information and proposal for appointment of external auditor. See B.2.3

Compliance Committee	Supervision of the correct application of the rules of Good Corporate Governance which are in force in the Company. See B.2.3
Appointments and Compensation Committee	Development and Coordination of the appointment and compensation policy for senior representation and management of the Company. See B.2.3

- B.2.5** Indicate the existence, if any, of rules of procedure for the Board committees, the place where they are available for consultation and any changes made in them during the year. In turn, indicate whether any annual report in regard to the activities of each committee has been voluntarily drafted.

The organization and operation of the Committees of the Board of Directors are regulated in detail in the Rules of Procedure of the Board of Directors. Said document can be found on the Codere web page (www.codere.com).

- B.2.6** Indicate whether the composition of the executive committee reflects the participation in the Board of the various directors in terms of their type of directorship.

Yes

No

If “no”, explain the composition of your executive committee

C. RELATED OPERATIONS

- C.1** Indicate whether the plenum of the Board has reserved the right to approve, after a favorable report from the Audit Committee or any other entrusted with said function, the operations which the Company engages in with directors, significant shareholders or represented shareholders on the Board, or any person related to them:

Yes ☒

No

- C.2** Detail the relevant operations entailing a transfer of resources or obligations between the company or entities of its group, and the significant shareholders of the company:

Name of	Name of	Nature of	Type of	Amount (in
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significant shareholder	company or entity of its group	the relation	operation	thousands of euros)

C.3 Detail the relevant operations entailing a transfer of resources or obligations between the company or entities of its group, and the directors or management of the company:

Name of Director or Manager	Name of company or entity of its group	Nature of the relation	Type of operation	Amount (in thousands of euros)
Javier Martínez	Codere, S.A.	Director	Loan	888
Encarnación Martínez	Codere, S.A.	Director	Loan	443
José Ramón Romero	Codere, S.A.	Director	Loan	444
Rafael Catalá	Codere, S.A.	Senior Manager	Loan	89
Robert Gray	Codere, S.A.	Senior Manager	Loan	1,944
Jorge Martín	Codere, S.A.	Senior Manager	Loan	34
Ricardo Moreno	Codere, S.A.	Senior Manager	Loan	445
Fernando Ors	Codere, S.A.	Senior Manager	Loan	133
Vicente Di Loreto	Codere, S.A.	Senior Manager	Loan	89
Jaime Estalella	Codere, S.A.	Senior Manager	Loan	89
José Ramón Ortuzar	Codere, S.A.	Senior Manager	Loan	133
Pedro Vidal	Codere, S.A.	Senior Manager	Loan	133
Adolfo Carpena	Codere, S.A.	Senior Manager	Loan	89

C.4 Detail the relevant operations carried out by the company with other companies belonging to the same group, provided that these are not eliminated in the process of drafting the consolidated financial accounts and do not form part of the normal business activity of the company in regard to their object and conditions:

Corporate Name of the Company of its Group	Brief description of the operation	Amount (thousands of euros)
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- C.5** **Indicate whether during the year the members of the Board of Directors have found themselves in any situation of conflict of interest, as stipulated in article 127.3 of the Companies Act.**

Yes

No ☒

Name of Director	Description of situation creating conflict of interest

- C.6** **Detail the mechanisms established in order to detect, determine and resolve any possible conflict of interest between the company and/or its group, and its directors, management or significant shareholders.**

Pursuant to article 5 of the Codere Internal Code of Conduct, those persons affected by a conflict of interest (that is, the directors, senior management and any employees who may have access to privileged information) are required, in relation to said conflict, to act in line with the stipulations of the present Code and likewise those of the Rules of Procedure of the Board of Directors, insofar as this proves applicable to them.

When a situation of actual or potential conflict of interest occurs for the person subject to the Code, said person is to notify Compliance Management immediately, in order that the latter may transfer the matter to the Compliance Committee for the adoption of the pertinent decisions.

The affected person shall refrain from intervening in or influencing, either directly or indirectly, the operation, decision or situation which is the object of conflict.

In the event of conflict of interest, and as a general rule stemming from the obligation of loyalty to the Company, the interest of the CODERE Group shall prevail over that of the person affected by the conflict.

- C.7** **Does the Group have more than one listed company in Spain?**

Yes

No ☒

Identify the listed subsidiaries in Spain:

Listed subsidiaries

Indicate whether the respective areas of activity and their eventual mutual business relations, as well as those of the listed subsidiary with the other companies in the group, have been accurately defined to the public:

Yes

No

Define the eventual business relations between the parent company and the listed subsidiary, and between the latter and the other companies in the group

Identify the mechanisms provided to resolve eventual conflicts of interest between the listed subsidiary and the other companies in the group:

Mechanisms to resolve eventual conflicts of interest

D. RISK CONTROL SYSTEMS

D.1 Provide a general description of the risk policy of the company and or its group, detailing and evaluating the risks covered by the system, and justifying how said systems fit each type of risk profile.

Codere considers the identification, control and management of internal and external risks to be a basic part of its management system; consequently, it monitors on an ongoing basis the most significant risks which could affect the principle companies comprising the Group.

With this aim in mind, Codere has introduced the system proposed by the reports of the COSO II (Committee of Sponsoring Organizations of the Treadway Commission), establishing an integrated framework of Internal Control and Risk Management.

In this way, the Group has a risk map allowing it to identify those risks requiring specific control and monitoring, listed in order of importance.

The principle risks on which the Codere Corporate Risk Management is based are the following:

1.- Risk identification and evaluation.

Codere recognizes the need to increase the capacity to identify potential occurrences, evaluate risks and establish effective, immediate responses as the most suitable way to achieve a better management of these risks.

2.- Centralization of Risk Systems.

The repercussions of the decisions taken in the Group requires the establishment of centralized policies, measurement procedures and exposure limits at the various levels of organization which the Board of Directors defines.

3.- Global Perspective.

The risk management system is conceived from a global perspective, that is, integrating all of the strategic and operational factors which comprise the Codere risks profile, including economic, regulatory, legal and socio-political factors.

4.- Compliance.

Monitor policies and procedures and the state of corporate risk management.

By virtue of the model in force which Codere employs, the types of risks are detailed and identified by the Group:

Regulatory and socio-political risks.-

- Risks of changes in the legal framework, which may adversely affect foreseen income or profit margins.
- Social movements against Gaming.

Financial risks, with the following being considered the most important:

- Change in interest rates
- Risks from fluctuations in exchange rates of local currencies or, if applicable, with respect to the euro.
- Breach of payment or late payment by customers
- Risks in countries (Latin America)

Risks by Business Unit

- Strategic and Management Risks
- Human Resources Management Risks
- Legal Management Risks
- Gaming Management Risks
- Hotel and Restaurant Management Risks
- Administration Management Risks

Technological Risks

- Information security verification (accesses, data protection, etc.)
- Contingency Plans
- Automation of Activities

Reputation and Compliance Risks

- Consolidate the Compliance Policy by intensifying transparency and Codere good practices.

D.2 Identify whether any of the various types of risks (operational, technological, financial, legal, reputation, fiscal, etc.) affecting the company and/or its group have materialized:

Yes

No ☒

If “yes”, indicate the circumstances which gave rise to said risks and whether or not the control systems worked.

Risk materialized during the year	Circumstances giving rise to the risk	How the control systems functioned
Gaming Management	Not renewal Codere’s license to operate La Plata (Argentine)	

D.3 Indicate whether there is any committee or other organ of governance in charge of establishing and supervising these control mechanisms:

Yes ☒

No

If “yes”, explain their functions.

Name of committee or organ	Description of functions
Audit Committee	The functions of this Committee are contained in article 24 of the Corporate Bylaws and in article 14 of the Rules of Procedure of the Board of Directors. See point B.2.3
Compliance Committee	The functions of this Committee are contained in article 14 bis of the Rules of Procedure of the Board of Directors. See point B.2.3

D.4 Identify and describe the processes for compliance with the various regulations affecting your company and/or group.

Codere is aware that it carries out its business activity in a sector as particularly sensitive as is the gaming sector. This sector has been seen in many different lights by the public throughout its history, ranging from the most absolute prohibition, with the resulting negative consequences, to the highest degrees of regulation, and likewise going through intermediate periods of a-legality and an absence of regulatory measures. The relations of Codere with the various leading figures in this complex business environment are clearly strategic. Associates and suppliers are groups which are of special interest for the company. Given its position of leadership in the sector, Codere considers that it must take on the challenge of setting up the finest guidelines in its relations with this group which must be included in its global strategy of social responsibility and in its corporate culture. These guidelines take shape in the creation of a Compliance Policy.

The CODERE Compliance Policy

This Policy is the materialization of the decided position taken by CODERE to comply with the spirit and the letter of all of the gaming sector's regulatory norms, as well as with good business practices. This decision is one which is not limited merely to managing the internal control of the company, but is extended to include all of the entities and persons with which it has relations, in an aim to avoid maintaining commercial relations with inadequate or unfit persons or companies.

CODERE requires of itself, as well as of its associates and suppliers, absolute compliance with the gaming regulations in each country where it operates, and likewise maximum respect for all the financial, fiscal and labor regulations in effect wherever it carried out its activities.

The Compliance Policy reflects the special commitment which CODERE has with the various legislations against fraud and money laundering, and its commitment as well to the values of honesty and integrity in its corporate business practices and to the internal code of conduct it has assumed, taking shape in the following strategic objectives:

- Establish suitable activities and mechanisms for the introduction throughout the Company of a *Compliance Culture*, as an essential tool to be able to reach and maintain the level of excellence to which CODERE aspires.
- Cooperate in identifying and setting up the strictest standards of ethical conduct and applicable Law in the performance of the CODERE business activities.
- Attain the proactive participation of all the CODERE Managers and Employees in regard to Compliance policies in the diverse activities and geographical areas in which the Company operates, establishing the minimum mechanisms for coordination and exigency among the various actors.
- Identify, evaluate and control the principle *Compliance risks*, understood to be those which may lead to legal sanctions, tangible financial loss, or loss of reputation as the result of possible breaches of the Law, regulations and self-regulation standards of the organization, or of codes of conduct applicable to its business activities.

Stages of Execution of the CODERE Compliance Policy

In 2005, the Board of Directors of CODERE approved the Company Compliance Plan, which contains the specific guidelines for action by the Group in this area, creating a Compliance Committee within it chaired by an independent Director. In 2006, the Compliance Corporate Management was established and throughout 2008 actions were carried out in the following spheres:

1. CULTURE OF COMPLIANCE:

- a. The carrying out of multiple actions for disseminating throughout the organization the decision adopted by the Board

of Directors of CODERE, S.A. for the decided ongoing consolidation of all of the Compliance policies.

2. COMPLIANCE INFORMATION SYSTEM:

- a. Materialization of a specific computer tool (*Compliance Information System, C.I.S.*) required in order to automate the information required by the Compliance Plan.
- b. Special measures for the processing and safekeeping of Compliance documentation, furnishing the Compliance Committee with the data and reports which meet its requirements with respect to quality and time.

3. COMPLIANCE PLAN MANAGEMENT POLICIES:

- a. Regulation compliance policy affecting gaming in all geographical areas in which CODERE operates, through permanent coordination with the Legal Consultancy and Audit Departments.
- b. Compliance policy for the prevention of money laundering through permanent coordination with the Operations and Financial Administration Departments.
- c. Internal control policy through the specific requirement of due diligence by all management or key personnel of the Company with the direct collaboration of the Corporate or Local Human Resources Department.
- d. External control policy for contractual relations or agreements with Third Parties, whether individuals or corporate bodies, by requiring information in certain cases and due diligence in other cases.
- e. Communications and institutional relations policy with the regulators and agencies for the prevention of money laundering, through the mandatory or optional communications pre-established by them.

4. INTERNAL CODE OF CONDUCT MANAGEMENT POLICIES

On 19.10.2007, the Internal Code of Conduct approved by the Board of Directors of CODERE on 15.06.07 took effect. Compliance Management is the internal Organ of CODERE which has been entrusted to comply with and enforce this Code, as well as the decisions adopted by the Compliance Committee in those matters which are reserved for it. Among these are the following:

- a. Maintain control and registers up to date, both for *Affected Securities* and *Affected Persons*, as well as the communication of purchase-sale securities operations to the Spanish Securities and Exchange Commission (CNMV), if applicable.
- b. Communicate to the CNMV the *acquisition or transfer of significant shares* as stipulated in article 53 of the Spanish Securities Market Act and other applicable provisions.
- c. Keep records, from the time of the study or negotiation stage, of any legal or financial operations which may appreciably

affect the share price of the Affected Securities (*Privileged Information*).

- d. Manage, through the Compliance Committee, any situation which may entail an actual or potential *conflict of interest*.

5. COORDINATION OF COMPLIANCE POLICIES IN THE COUNTRIES WHERE CODERE OPERATES, through the following actions:

- a. Evaluate, give guidelines for, and bring in line with one another the various local compliance initiatives or studies which arise.
- b. Participate in the Risk Analysis Plans, collaborating in standardizing responses in the face of risks of damage to reputation.
- c. Ensure adequate transversal information to optimize prevention or response procedures in the face of situations of risk.
- d. Support local structures in verifying incidents or in designing strategies for response in the face of criminal or administrative accusations, following up on the actions taken.
- e. Advise and inform the Compliance Committee and the Country Manager, if applicable, of actions taken at a given time to ensure the Compliance objectives, materializing the Committee decisions.

In short, it can be stated that CODERE is perhaps the first company in the leisure sector at the international level which has introduced an exclusive automatic electronic system for carrying out internal and external due diligence as well as for customer knowledge and control (KYC). It does all of this not only to optimize resources, but also to guarantee insofar as possible both the suitability and good commercial practices of the companies with which Codere has contractual relations, as well as the maximum integrity of managers and key personnel, at the same time that maximum controls and requirements for the prevention of money laundering are intensified.

In 2008, the decisions of the Compliance Committee taken in the previous year in regard to Local Compliance Officials were materialized. This has taken place in Italy and Argentina, which together with the system already existing in Panama, greatly strengthen the capacities of the Corporate Compliance Department in its function of carrying out the Compliance Policies efficiently. Likewise, Compliance Corporate Management has been strengthened and restructured in three functional Areas to adapt it to the new functions generated by the flotation of CODERE in the securities markets:

- PBC, *Prevención de Blanqueo y Cumplimiento Normativo* (Prevention of Money Laundering and Regulatory Compliance)
- C.I.C.-MV, *Código Interno de Conducta y Mercado de Valores* (Internal Code of Conduct and Securities Market)
- KYC, *Conocimiento de Clientes y Operaciones con Terceros* (Knowledge of Customers and Third-Party Operations)

E. GENERAL SHAREHOLDERS' MEETING

- E.1 Indicate, and, if applicable, explain any differences in the minimum quorum requirement for constituting the General Shareholders' Meeting with respect to the quorum requirements stipulated in the Spanish Companies Act (LSA).**

Yes

No ☒

	% quorum differing from that stipulated in art. 102 LSA for general cases	% quorum differing from that stipulated in art. 103 LSA for the special cases in art. 103
Quorum required at first call		
Quorum required at second call		

DESCRIPTION OF THE DIFFERENCES

- E.2 Indicate, and, if applicable, explain any differences regarding the adoption of corporate resolutions with respect to the system provided for in the Spanish Companies Act (LSA):**

	Reinforced majority other than that stipulated in art. 103.2 LSA for the cases stated in 103.1	Other cases of reinforced majority
% established by the company for the adoption of resolutions		
Description of the differences		

- E.3 State the shareholders' rights in regard to the general shareholders' meetings, other than those stipulated in the LSA.**

The Corporate Bylaws and the Rules of Procedure of the General Shareholders' Meeting do not stipulate any shareholder rights with respect to the General Meetings other than those stipulated in the Companies Act.

- E.4 Indicate, if applicable, the measures taken to encourage shareholder participation at general shareholders' meetings.**

Apart from the requirements of the applicable legislation, and of the Rules of Procedure of the General Shareholders' Meeting, which aim to set out the principles for the organization and running of the General Shareholders' Meeting of Codere, S.A. in order to facilitate the exercise by shareholders of

their corresponding rights, the following measures aimed at encouraging participation should be highlighted:

Web page.-

As from the time the notice of the meeting is published, the Company shall make available to the shareholders at the registered office all the information which it considers appropriate, and shall maintain access to this information for shareholders and investors in general at all times through the Company web page. This information includes the following:

- a) The complete text of the call to meeting.
- b) All documents and information which, in accordance with the Law or the Corporate Bylaws, is required to be furnished in relation to the various items on the agenda, such as annual accounts, reports by directors, auditors, experts, etc.
- c) The complete text of all resolutions proposed by the Board of Directors, as well as the corresponding documentation, for approval of said resolutions by the General Shareholders' Meeting.
- d) Specimen of attendance and proxy delegation card, and indication of the procedures to be followed in order to acquire said card.
- e) Indication of the procedures required in order to delegate a proxy for the General Meeting.
- f) Indication of the procedures required for remote voting by shareholders as stipulated by Law and the Corporate Bylaws.
- g) Information on the manner in which the General Meeting is to be carried out, such as the location where it is to be held, accesses, the existence of various halls, technical means or procedures making it easier to follow the Meeting, such as simultaneous interpreting, the use of audiovisuals, etc.
- h) Also included are telephone numbers, e-mail addresses, offices, shareholder information service timetable and any other shareholder information service data which the Company has.

Remote voting.-

Shareholders may exercise their right to vote on proposals related to items on the agenda by mail, electronic means or any other means of remote voting, provided that the identity of the shareholder exercising his or her right to vote is duly guaranteed.

E.5 Indicate whether the post of Chairman of the General Shareholders' Meeting coincides with that of Chairman of the Board of Directors. Detail, if applicable, the measures that are taken to ensure the independence and proper running of the General Shareholders' Meeting:

Yes ☒

No

Description of Measures
The General Shareholders' Meeting of Codere, S.A. establishes in its Rules of Procedure the principles for the organization and running of the General Meetings, by which the Chairman is bound, in order to ensure

that shareholders are able to exercise their rights.

In addition, at its own initiative, the Board of Directors usually calls for the presence of a Notary to attend the General Meeting and take the minutes of the meeting. Consequently, neither the Chairman nor the Secretary of the General Meeting take part in the drafting of the minutes, which is entrusted to a Notary, with the resulting guarantee of neutrality for the shareholders.

E.6 Indicate, if applicable, any modifications made during the year to the Rules of Procedure of the General Shareholders' Meeting.

The Rules of Procedure of the General Shareholders' Meeting of Codere, S.A. were approved by the Regular General Shareholders' Meeting of Codere, S.A., held on 22 September 2005. This document can be found on the Codere web page and in the official registers of the Spanish Securities and Exchange Market (CNMV).

In order to adapt the Rules of Procedure of the Board of Directors to the Unified Code of Good Governance of Listed Companies, at the Regular General Meeting held on 15 June 2007 the corresponding amendments were approved resulting in the approval of a new text which, as mentioned above, can be found on the Codere web page, as well as in the official registers of the Spanish Securities and Exchange Market (CNMV).

E.7 Indicate the attendance data for the general meetings held during the year of reference of the present report:

		Attendance data			
Date of General Meeting	Physically present %	Proxy %	Remote vote %		Total
			Electronic vote	Other	
07/05/2008	16.607	64.205			80.812%

E.8 Briefly indicate the resolutions adopted at the general shareholders' meetings held during the year of reference of the present report and the percentage of votes with which each resolution has been adopted.

The points discussed according to the Agenda of the General Shareholders' Meeting, held on 7 May 2008, were approved with the votes and percentages specified below:

ORDINARY GENERAL SHAREHOLDERS' MEETING HELD ON 7 MAY 2008.

ONE.- Approval of the annual accounts and the management report, both those of CODERE, S.A. as well as those of its consolidated group of companies, referring to the financial year ended on 31 December 2007, and of the application of the result for that year.

This point on the agenda was approved by 80.812% in favour.

TWO.- Approval of management of the Company by the Board of Directors during the 2007 financial year.

This point on the agenda was approved by 80.812% in favour.

THREE.- Appointment or re-election of the auditor of CODERE, S.A. and of its consolidated group of companies.

This point on the agenda was approved by 80.812% in favour.

FOUR.- Termination of Office and Appointment of Directors.

This point on the agenda was approved by 80.812% in favour.

FIVE.- Approval to enable the Company to purchase its own shares, with the legal requirements and limits established in article 75 et seq. of the Companies Act.

This point on the agenda was approved by 80.812% in favour.

SIX.- Approval of a programme of incentives referenced to the price of the CODERE, S.A. share for executive directors, senior managers and managers of the CODERE Group.

This point on the agenda was approved by 80.647% in favour.

SEVEN.- Fresh approval and ratification as necessary of the resolutions of the Company's Ordinary General Shareholders' Meeting held on 27 June 2006 in relation to the following points on the agenda:

7.1. Examination and approval, if appropriate, of the consolidated annual accounts and the management report of the Group, referring to

the financial year ended 31 de December de 2005, and examination of the running of the Company by the management body during the said financial year.

7.2.- Application of the result of the year ended 31 December 2005, in view of the proposal made by the management body.

7.3.- Appointment or re-election of the Company's auditors.

7.4.- Resolutions which, if any, as may be forthcoming with respect to the composition of the management body.

7.5.- Approval enabling the Board of Directors to proceed with the derivative acquisition of the Company's own shares.

7.6.- Approval of an Incentives Plan based on the share price, aimed at the Managers and Executive Directors of the CODERE, S.A. Group.

This point on the agenda was approved by 80.647% in favour.

EIGHT.- Fresh approval and ratification as necessary of the resolutions of the Company's Extraordinary General Shareholders' Meeting held on 30 January 2007 with respect to the following points on the agenda:

8.1.- Relocation of the registered office.

8.2.- Consequent amendment of the Articles of Association.

This point on the agenda was approved by 80.812% in favour.

NINE.- Fresh approval and ratification as necessary of the resolutions of the Company's Ordinary and Extraordinary General Shareholders' Meeting held on 15 June 2007 in relation to the following points on the agenda:

9.1.- Approval of the annual accounts and of the management of CODERE, S.A and of its consolidated group, as well as the proposal for the application of the result obtained by CODERE, S.A., all referring to the financial year ended 31 December 2006.

9.2.- Re-election of the auditors of CODERE, S.A. and of its consolidated group for the financial year ending on 31 December 2007.

9.3.- Application for listing of the Company's shares on the Spanish Stock Exchanges, as well as their inclusion in the Stock Exchange Link-Up.

9.4.- Amendment of articles 16 and 24 of the Company's Articles of Association.

9.5.- Making of an offer of sale of the Company's shares, for shareholders, prior to flotation on the Stock Exchange. Joining of shareholders in the offer.

9.6.- Amendment of the Rules of Procedure of the General Shareholders' Meeting.

9.7.- Information on the amendments to the Rules of Procedure of the Board of Directors.

9.8.- Approval for the buy-back of shares.

9.9.- Approval enabling the Board to proceed with a capital increase, with the possibility of excluding the pre-emptive subscription right.

This point on the agenda was approved by 80.812% in favour.

TEN.- Fresh approval and ratification as necessary of the resolutions of the Company's General Shareholders' Meeting held on 27 July 2007 in relation to the following points on the agenda:

10.1.- Approval of the consolidated annual accounts and the management report of the CODERE, S.A. Group referring to the financial year ended 31 December 2006.

This point on the agenda was approved by 80.812% in favour.

ELEVEN.- Delegation of powers in order to formalise, interpret, remedy and implement the resolutions adopted by the General Shareholders' Meeting.

This point on the agenda was approved by 80.812% in favour.

TWELVE.- Questions and answers and other matters of interest.

None of the shareholders raised any issues, asked any questions or made any requests whatsoever with respect to this point on the agenda.

E.9 Indicate whether the Bylaws contain any restriction regarding the minimum number of shares required in order to attend the General Meeting:

Yes ☒

No

Number of shares required to attend the General Meeting	100
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E.10 Indicate and justify the policies followed by the company regarding proxy voting at the General Shareholders' Meetings.

Pursuant to article 14 of the Rules of Procedure of the General Shareholders' Meeting, any shareholder entitled to attend the General Meeting can be represented at said Meeting by another person, who need not be a shareholder, by using the method of proxy delegation. The same shareholder may not be represented by more than a single representative at the same Meeting.

Delegation of proxy is to be made in writing specifically for each General Meeting, by means of sending in the attendance and delegation card duly filled in and signed by the shareholder delegating proxy, or by those means of remote voting which comply with the stipulations of article 105 of the

Spanish Companies Act and all other applicable legislation for the exercise of the right of remote voting, as well as that which may be established by the Board of Directors as a general rule or for each Meeting.

Proxy delegation is under all circumstances subject to revocation, and shall be understood to be revoked when the principal personally attends the Meeting or, if applicable, exercises his or her right to remote voting.

E.11 Indicate whether or not the company is aware of the institutional investor policy to participate or not in company decisions:

Yes

No ☒

Describe the Policy

E.12 Indicate the address and mode of access to the contents of Corporate Governance on your web page.

Codere complies with the applicable legislation and the best practices in regard to the contents related to Corporate Governance on its web page, as can be seen in the section on shareholder and investor information on the company web page (www.codere.com).

F DEGREE OF COMPLIANCE WITH THE REGULATIONS

Indicate the degree of compliance by the company of the Recommendations of the Unified Code of Good Governance.

If any of these are not complied with, explain the recommendations, standards, practices or criteria which are applied by the company.

- 1. That the Bylaws of the listed companies not limit the maximum number of votes which the same shareholder can cast, and not contain any other restrictions which would hinder taking control of the company through the acquisition of its shares on the market.**

See sub-paragraphs: A.9, B.1.22, B1.23 and E.1, E.2

Complies ☒ Fails to comply

- 2. That when both the parent company and a subsidiary are listed on the Stock Exchange, both publicly define with accuracy the following:**
 - a) The respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group;**
 - b) The mechanisms established to resolve any eventual conflict of interest which may arise.**

See sub-paragraphs: C.4 and C.7

Complies Complies partially Explain Not applicable ☒

3. That although this is not expressly required by commercial legislation, any operations entailing a structural change in the company be put to the General Shareholders' Meeting for approval, particularly any of the following operations:

- a) The transformation of listed companies into holdings, through a process of subsidiarization or incorporation into the subsidiaries of activities essentially carried out up until then by the company itself, even though the company maintains full control over the subsidiaries;
- b) The acquisition or disposal of essential operating assets, when this entails an amendment of the corporate object;
- c) Operations the effect of which is equivalent to winding up the company;

Complies ☒ Complies partially Explain

4. That the detailed proposals of the resolutions to be adopted at the General Meeting, including the information which recommendation 28 refers to, be made public at the time of publication of the notice of the General Meeting.

Complies ☒ Explain

5. That at the General Meeting a separate vote be taken on those matters which are substantially independent, so that shareholders may exercise their voting preferences separately. And that said regulation be applied in particular:

- a) To the appointment or ratification of directors, which are to be voted on individually;
- b) In the case of amendment of Bylaws, to each article or group of articles which are substantially independent.

See sub-paragraph: E.8

Complies ☒ Complies partially Explain

6. That the companies allow votes to be split in order that financial intermediaries who are legitimated as shareholders, but who act on behalf of different clients, can cast their votes in accordance with the instructions of said clients.

See sub-paragraph: E.4

Complies ☒ Explain

7. That the Board carry out its functions with a sole purpose and independence of criteria, treat all shareholders alike, and be guided by company interest, understood as maximizing the economic value of the company in a sustained manner.

And that it likewise oversee that the company in its relations with the stakeholders respect the laws and regulations; comply in good faith with its obligations and contracts; respect the usage and good practices of the sectors and territories where it exercises its activity; and observe those additional principles of any social responsibility which it has voluntarily accepted.

Complies ☒ Complies partially Explain

8. That the Board take on, as the core of its objective, the approval of the corporate strategy and the organization required for its implementation, and likewise supervise and ensure that the Management comply with the objectives set out and respect the corporate object and interest of the company. And for said purpose, that the Board reserve for itself the power to approve:

a) The general policies and strategies of the company, particularly the following:

- i) The strategic plan or business plan, as well as the management objectives and annual budgets;
- ii) The investment and financing policy;
- iii) The definition of the structure of the group of companies;
- iv) The corporate social responsibility policy
- v) The compensation policy and evaluation of senior management performance;
- vi) The dividend policy and the treasury stock policy, especially in regard to the limits thereof.

See sub-paragraphs: B.1.10, B.1.13, B.1.14, and D.3

b) The following decisions:

- i) At the proposal of the company CEO, the appointment and eventual dismissal of senior management, as well as their indemnity clauses.

See sub-paragraph: B.1.14

- ii) Compensation of directors, and, in the case of executive directors, additional compensation for their executive duties and all other conditions which their contracts are required to respect.

See sub-paragraph: B.1.14

- iii) The financial information which, given that it is a listed company, the company is required to make public periodically.
- iv) All types of investments or operations which, in view of the elevated amount or special characteristics thereof, are strategic, unless they are required to be approved by the General Meeting.

- v) The creation or acquisition of shares in special-purpose companies or companies domiciled in countries or territories considered as tax havens, and any other similar transactions or operations which, given their complexity, may diminish the transparency of the group.
- c) Operations which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with related persons (“related operations”).

This authorization by the Board shall not be understood as necessary, however, in those related operations which simultaneously comply with the following three conditions:

1. That they be carried out by virtue of contracts having standardized conditions and be applied en masse to a large number of clients;
2. That they be carried out at prices or rates generally established by the supplier of the good or service in question;
3. That the amount thereof not exceed 1% of the annual revenues of the company.

It is recommended that the Board approve the related operations after a favorable report of the Audit Committee or, where appropriate, of any other Committee entrusted with this function; and that the directors which these operations affect, in addition to not exercising or delegating their right to vote, be absent from the meeting room while the Board deliberates and votes on said operation.

It is recommended that the functions attributed herein to the Board not be subject to delegation, except those mentioned in letters b) and c), which, for urgent reasons, may be taken on by the Delegated committee, to be subsequently ratified by the plenum of the Board.

See sub-paragraphs: C.1 and C.6

Complies ☒ Complies partially Explain

9. That the size of the Board be large enough to be able to function effectively and in a participative manner, which makes it advisable that it have no fewer than five nor more than fifteen members.

See sub-paragraph: B.1.1

Complies ☒ Explain

10. That the external nominee and independent directors make up an ample majority of the Board and that the number of executive directors be limited to the minimum required, taking into account the complexity of the corporate group and the percentage of share capital held by the executive directors.

See sub-paragraphs: A.2, A.3, B.1.3, and B.1.1.4

Complies ☒ Complies partially Explain

11. That in the event that there is any external director who cannot be considered either as a nominee or independent director, the company explain said circumstance and the ties of said director either with the company or its management or with company shareholders.

See sub-paragraph: B.1.3

Complies Complies partially Explain Not applicable ☒

12. That with respect to the external directors, the ratio of the number of nominee directors to the number of independent directors be the same as the ratio of the corporate capital represented by the nominee directors to the rest of the capital.

This criterion of strict proportionality may be modified so that the nominee directors have greater weight than that which would correspond to the total percentage of capital which they represent:

1. In highly capitalized companies in which there are few or no shareholdings which are legally considered as significant, but where there are shareholders with packages having a high absolute value.
2. When companies have a plurality of shareholders represented on the Board, and said shareholders have no ties among them themselves.

See sub-paragraphs: B.1.3 and A.3

Complies ☒ Explain

13. That the number of independent directors represent at least one-third of the total number of directors.

See sub-paragraph: B.1.3

Complies ☒ Explain

14. That the type of directorship be explained by the Board to the General Shareholders' Meeting which is to make or ratify the appointment, and that this be confirmed or, where appropriate, revised, annually in the Corporate Governance Report, after verification by the Appointments Committee. Furthermore, that said report likewise give the reasons for the appointment of nominee directors at the petition of shareholders holding less than 5% of the capital; and that the reasons be given for not having heeded formal petitions for appointments to the Board from shareholders holding the same or greater percentage of shares in comparison to the percentage held by others at whose petition nominee directors were appointed.

See sub-paragraphs: B.1.3 and B.1.4

Complies ☒ Complies partially Explain

15. That when there are few or no female directors the Board explain the reasons and the initiatives adopted to correct the situation; and that, in particular, the Appointments Committee see to it that when new vacancies are produced:

- a) There be no implicit bias in the selection processes so as to hinder the selection of female directors;
- b) The company deliberately seek out and include among the potential candidates women having the professional profile sought.

See sub-paragraphs: B.1,2, B.2.7, and B.2.3

Complies ☒ Complies partially Explain Not applicable

16. That the Chairman, as the person in charge of seeing to it that the Board is run effectively, make sure that the directors receive sufficient information in advance; encourage debate and the active participation of the directors during Board meetings, safeguarding their freedom to take their own stand and express their own opinion; and organize and coordinate together with the chairs of the pertinent Committees the periodical evaluation of the Board and of the Managing Director or CEO.

See sub-paragraph B.1.4

Complies ☒ Complies partially Explain

17. That, when the Chairman of the Board is also the company CEO, one of the independent directors be authorized to do as follows: request that a meeting be called or that new items be included on the agenda; coordinate and reflect the concerns of the external directors; and conduct the evaluation by the Board of its Chairman.

See sub-paragraph: B.1.21

Complies ☒ Complies partially Explain Not applicable

18. That the Secretary of the Board see to it that the actions of the Board:

- a) Conform to the letter and the spirit of the Law and its regulations, including those approved by regulatory agencies;**
- b) Conform to the Corporate Bylaws and the Rules of Procedure of the General Shareholders' Meeting, the Board of Directors and any other Rules of the company;**
- c) Keep in mind the recommendations on good governance contained in the Unified Code accepted by the company.**

Furthermore, to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and resignation or dismissal be reported by the Appointments Committee and approved by the plenum of the Board, and that said procedure for appointment, resignation or dismissal be included in the Rules of Procedure of the Board.

See sub-paragraph: B.1.34

Complies ☒ Complies partially Explain

19. That the Board meet as often as required in order to carry out its functions effectively, following the timetable and agenda which it establishes at the beginning of the year, with each Director being authorized to propose additional items to be put on the agenda.

See sub-paragraph: B.1.29

Complies ☒ Complies partially Explain

20. That the number of cases of non-attendance of directors at Board meetings be limited to absolute necessity, and that such cases be quantified in the Annual Corporate Governance Report; moreover, if proxy delegation should prove to be essential, that this be granted with instructions.

See sub-paragraphs: B.1.28 and B.1.30

Complies ☒ Complies partially Explain

21. That when the directors or the Secretary express their concern over a given proposal or, in the case of the directors, over the running of the company, and these concerns are not resolved at the Board meeting, said circumstance be reflected in the minutes at the request of the person voicing such concerns.

Complies ☒ Complies partially Explain Not applicable

22. That the plenum of the Board evaluate once a year the following:

- a) The quality and efficiency of the manner in which the Board is run;**
- b) On the basis of the report submitted to it by the Appointments Committee, the Chair's performance of his or her functions, as well as the CEO's performance of his or her functions.**
- c) How well its Commissions are run, on the basis of the report submitted to it by said Commissions.**

See sub-paragraph: B.1.34

Complies ☒ Complies partially Explain

23. That all directors be able to exercise their right to gather any additional information which they consider necessary regarding matters which are the competence of the Board, And, unless the Bylaws or Rules of Procedure of the Board stipulate otherwise, that they address their request to the Chairman or the Secretary of the Board.

See sub-paragraph: B.1.42

Complies ☒ Explain

24. That all directors be entitled to obtain from the company the consultancy they require in order to comply with their functions. Moreover, that the company find the adequate channels for the exercise of this right, which under special circumstances may include external consultancy at company expense.

See sub-paragraph: B.1.41

Complies ☒ Explain

25. That companies set up an orientation program to familiarize new directors with the company and its corporate governance rules rapidly and to a sufficient degree. Moreover, that the companies offer their directors programs for updating their knowledge when this is deemed advisable by the circumstances.

Complies ☒ Complies partially Explain

26. That companies require that their directors devote sufficient time and energy to their function in order to perform their duties efficiently; consequently,

- a) That directors inform the Appointments Committee of their other professional obligations, in case these should interfere with the dedication required;**

- b) That companies establish rules on the number of boards on which their directors may sit.

See sub-paragraphs: B.1.8, B.1.9 and B.1.17

Complies ☒ Complies partially Explain

27. That the proposal for appointment or reelection of directors by the Board to the General Shareholders' Meeting, as well as their provisional appointment owing to co-option, be approved by the Board:

- a) At the proposal of the Appointments Committee, in the case of independent directors;
- b) After a report by the Appointments Committee, in the case of the other directors.

See sub-paragraph: B.1.2

Complies ☒ Complies partially Explain

28. That companies publicize and keep up to date through their Web page the following information on their directors:

- a) Professional profile and biography;
- b) Other Boards of Directors on which they sit, regardless of whether or not these are listed companies.
- c) Indication of the type of directorship they hold, indicating in the case of nominee directors, the shareholder which they represent or with which they have ties.
- d) Date of their initial appointment as company director, and dates of subsequent appointments; and
- e) Any company shares and stock options which they hold.

Complies ☒ Complies partially Explain

29. That independent directors not remain as such for a continual period of more than 12 years.

Complies ☒ Complies partially Explain

30. That nominee directors tender their resignation when the shareholder which they represent sells his or her entire shareholding. And that they likewise do so, in the corresponding proportion, when said shareholder reduces his or her

shareholding down to a level which requires the reduction of the number of the shareholder's nominee directors.

See sub-paragraphs: A.2, A.3 and B.1.2

Complies ☒ Complies partially Explain

31. That the Board of Directors refrain from proposing the dismissal of any independent director before said director finishes his or her term of appointment as stipulated in the Bylaws, unless there is good cause to do so, as determined by the Board on the basis of a report by the Appointments Committee. In particular, good cause shall be understood to exist when the director has failed to comply with the duties inherent to his or her position or is affected by any of the circumstances described in sub-paragraph a5 of section III of the definitions of this Code.

The dismissal of independent directors may also be proposed as a result of Takeover Bids, mergers or other similar corporate operations entailing a change in the corporate capital structure when said changes in the structure of the Board are made owing to the criterion of proportionality indicated in Recommendation 12.

See sub-paragraphs: B.1.2, B.1.5, and B.1.26

Complies ☒ Explain

32. That the companies set up rules obliging directors to report and, where appropriate, resign in those cases which may damage the credit and reputation of the company, and in particular, oblige them to report to the Board any criminal matter of which they stand accused, as well as the subsequent procedural outcome.

That, in the event that a director should be charged or ordered to stand trial for any of the crimes indicated in article 124 of the Companies Act, the Board is to examine the case as soon as possible and, in view of the specific circumstances, decide on whether or not the director should remain in his or her position. Moreover, the Board is to render account thereof, in a reasoned manner, in the Annual Report on Corporate Governance.

See sub-paragraphs: B.1.43, and B. 1.44

Complies ☒ Complies partially Explain

33. That all directors clearly express their opposition when they consider that a given proposal for decision put to the Board may be contrary to the corporate interest. And that they likewise do so, especially the independent and other directors who are not affected by the potential conflict of interest, when decisions are involved which may harm the shareholders not represented on the Board.

Moreover, when the Board adopts significant or reiterated decisions in regard to which the director had made serious reservations, that the latter draw the pertinent conclusions, and, if said director chooses to resign, that he or she explain the reasons in a letter referred to in the following recommendation.

This recommendation is likewise made in regard to the Secretary of the Board, even if said Secretary is not a director.

Complies ☒ Complies partially Explain Not applicable

34. That when, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explain the reasons in a letter to be sent to all of the members of the Board. And, notwithstanding said resignation or dismissal, if this is reported as a relevant fact, that the reason for the resignation or dismissal be stated in the Annual Corporate Governance Report.

See sub-paragraph: B.1.5

Complies ☒ Complies partially Explain Not applicable

35. That the compensation policy approved by the Board deal at least with the following matters:

- a) Amount of fixed components, with a breakdown, if applicable, of fees for attendance at Board and Committee meetings, and an estimation of the fixed annual compensation to which they give rise;
- b) Variable types of compensation, including, in particular, the following:
 - i) Types of directorships to which they apply, together with an explanation of the relative importance of the variable types of compensation with respect to fixed types.
 - ii) Criteria for evaluating results which serve as a basis for any right to compensation in shares, stock options or any variable component;
 - iii) Fundamental parameters and basis for any annual premium (bonus) system or other non-cash benefits; and
 - iv) An estimation of the absolute amount of variable compensation to which the proposed compensation plan will give rise, in terms of the degree of compliance with the hypotheses or objectives which it takes as a reference.
- c) Principle characteristics of the social welfare systems (for instance, additional pensions, life insurance and the like), with an estimation of their equivalent annual cost.
- d) Conditions to be respected in the contracts of those performing senior management duties as executive directors, among which are to be included:
 - i) Duration

ii) Terms of advance notice

iii) Any other clauses regarding contract premiums, such as indemnity or golden parachute contracts for early rescission or termination of the contractual relation between the company and the executive director.

See sub-paragraph: B. 1.15

36. That only executive directors be eligible for compensation in the form of company or group-company shares, stock options or market-indexed instruments, variable compensation linked to company performance or social welfare systems.

This recommendation will not apply to the granting of shares, when this is done under the condition that directors keep said shares until they resign from their directorship.

See sub-paragraphs: A.3 and B.1.15

Complies ☒ Explain

37. That compensation paid to external directors be sufficient so as to compensate their dedication, qualification and responsibility required by the position, but not so high as to compromise their independence.

Complies ☒ Explain

38. That the compensation related to the company results take into account any eventual qualified opinions stated in the external auditor's report and diminish said results.

Complies ☒ Complies partially Explain

39. That in cases of variable compensation, compensation policies incorporate the technical precautions required so as to ensure that said compensation is in line with professional performance of its beneficiaries and do not merely result from general market performance or from corporate sector activity performance or other similar circumstances.

Complies ☒ Complies partially Explain

40. That the Board put to the vote of the General Shareholders' Meeting, as a separate item on the agenda, and for the purpose of consultation, a report on director compensation policy. Furthermore, that said report be made available to the shareholders, either separately or in any other way that the company considers advisable.

Said report is to focus especially on the compensation policy approved by the Board for the year already under way and, if applicable, the policy planned for future years. It shall cover all of the matters referred to in Recommendation 35, except for those points which may entail the revelation of sensitive commercial

information, and shall stress the most significant changes made in said policies with respect to the policy applied during the past year to which the General Meeting refers. It shall also include a global summary of how the compensation policy was applied during said past year.

That the Board likewise report on the role played by the Compensation Committee in drafting the compensation policy, and if external consultancy was used, identify the external consultants providing the service.

See sub-paragraph: B.1.16

Complies Complies partially ☒ Explain

On the occasion of the Company's Ordinary General Shareholder' Meeting, shall be delivered, for information purposes, the report regarding the Director compensation policy, which was made available to shareholders from the date of publication of call for General Meeting.

41. That the Annual Report detail the individual compensation paid to the directors during the year, and that it include:

- a) **An individualized breakdown of the compensation paid to each director, which is to include, if applicable:**
 - i) **Director attendance fees and other fixed compensation.**
 - ii) **Additional compensation as chairman or member of a given committee of the Board.**
 - iii) **Any compensation in the form of profit-sharing or bonuses, and the reason for this compensation.**
 - iv) **Contributions on behalf of the director to defined contribution pension plans; or the increase in the director's consolidate rights, in cases of contributions to defined benefit plans.**
 - v) **Any indemnity agreed to or paid in the event of termination of the director's functions.**
 - vi) **Compensation received as director of other companies in the group.**
 - vii) **Compensation for the performance of the senior management duties of executive directors.**
 - viii) **Any other type of compensation other than the above, no matter what type or what company in the group pays it, especially when it is considered to be a related operation or when its omission distorts the true and fair view of the total compensation received by the director.**
- b) **An individualized breakdown of any eventual granting to directors of shares, stock options or any other market-indexed instruments, detailing:**
 - i) **The number of shares or options granted during the year and the conditions for their exercise;**

- ii) The number of options exercised during the year, indicating the number of shares affected and the exercise price;
 - iii) The number of options pending exercise at year-end, indicating their price, date and other exercise requirements;
 - iv) Any change during the year in the exercise conditions of the options already granted.
- c) Information regarding the relation, during said past year, between the compensation obtained by the executive directors and the results or other measures of company performance.

Complies ☒ Complies partially Explain

42. That when a Delegated or Executive Committee (hereinafter, “Delegated Committee”) exists, the participation structure of the various categories of directors be similar to that of the Board itself and that its Secretary be the same as the Secretary of the Board.

See sub-paragraphs: B.2.1 and B.2.6

Complies Complies partially Explain Not applicable ☒

43. That the Board always be informed of the matters dealt with and the decisions adopted by the Delegated Committee, and that all members of the Board receive a copy of the minutes of the Delegated Committee meetings.

Complies	Explain	Not applicable <input checked="" type="checkbox"/>
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44. That the Board of Directors set up from among its members, in addition to the Audit Committee required by the Spanish Securities Market Act, an Appointments and Compensation Committee, or two separate Committees.

That the rules for the composition and running of the Audit Committee and the Appointments and Compensation Committee or Committees be stated in the Rules of Procedure of the Board, and that they include the following:

- a) That the Board appoint the members of these Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee; that it deliberate on the proposals and reports of these Committees; and that said Committees report to the Board on their activity and be held accountable for the work they have done, at the first Board plenum held after the Committee meetings.
- b) That said Committees be made up exclusively of a minimum of three external directors. This notwithstanding the attendance of executive directors or senior management, when the Committee members so expressly agree.

- c) That the Chairs thereof be independent directors.
- d) That these Committees may obtain external consultancy, when they consider this advisable for the performance of their functions.
- e) That minutes be taken of these Committee meetings, with a copy being sent to all members of the Board.

See sub-paragraphs: B.2.1 and B.2.3

Complies ☒ Complies partially Explain

45. That the supervision of compliance with the internal codes of conduct and the rules of good corporate governance correspond to the Audit Committee, to the Appointments Committee or, if there are two separate Committees, to those of Compliance or Corporate Governance.

Complies ☒ Explain

46. That the members of the Audit Committee, especially the Chairman thereof, be appointed taking into account their knowledge and experience in matters of accounting, auditing or risk management.

Complies ☒ Explain

47. That listed companies have an internal audit function which, under the supervision of the Audit Committee, oversees the proper running of the information and internal control system.

Complies ☒ Explain

48. That the person in charge of the internal audit function present to the Audit Committee the annual work plan, directly inform the Committee of any incidents which may arise in carrying out said plan, and submit to the Committee a report on its activities at the end of each year.

Complies ☒ Complies partially Explain

49. That the risk control and management policy identify at least the following:

- a) That the various types of risk (operational, technological, financial, legal, reputation, etc.) faced by the company, including contingent liabilities and other off-balance sheet-risks among the financial or economic risks;
- b) The establishment of the risk level which the company considers acceptable;
- c) The measures planned to mitigate the impact of identified risks, should they materialize;

- d) The information and internal control systems which will be used to control and manage the aforesaid risks, including contingent liabilities or off-balance sheet-risks.

See sub-paragraph: D

Complies ☒ Complies partially Explain

50. That the Audit Committee be in charge of the following:

1. In relation to the information and internal control systems:

- a) Supervising the process of drafting the financial information of the company and, if applicable, of the group, as well as the integrity of said information, revising compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- b) Periodically revising the internal control and risk management systems, in order that the principle risks may be identified, managed and adequately made known.
- c) Seeing to it that the internal audit function is run independently and efficiently; proposing the selection, appointment, reelection and dismissal of the person in charge of the internal audit system; proposing the budget for this service; receiving periodical information on its activities; and verifying that senior management takes into account the conclusions and recommendations contained in its reports.

2. In relation to the external auditor:

- a) Submitting to the Board proposals regarding the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions.
- b) Receiving from the external auditor on a regular basis information on the audit plan and the results of the execution of said plan, and verifying that senior management take into account the auditor's recommendations.
- c) Ensuring the independence of the external auditor and, in this regard:
 - i) That the company communicate the change in auditor as a relevant fact to the Spanish Securities and Market Commission (CNMV), together with a statement on the eventual existence of disagreements with the outgoing auditor and, if such disagreements had existed, what they consisted of.
 - ii) That it be ensured that the company and the auditor respect the regulations in force regarding the provision of services other than auditing services, the limits to the concentration of the auditor's business and, in general, all other norms established to ensure the independence of the auditors.

- iii) That in the event that the auditor should choose to leave, the Committee examine the reasons why.
- d) In the case of groups, favoring that the auditor of the group take on the responsibility for auditing the companies comprising the group.

See sub-paragraphs: B.1.35, B.2.2, B.2.3 and D.3

Complies ☒ Complies partially Explain

51. That the Audit Committee may call on any company employee or manager, and even order that they appear without the presence of any other manager.

Complies ☒ Explain

52. That the Audit Committee inform the Board, prior to the Board's adopting the corresponding decisions, about the following matters indicated in Recommendation 8:

- a) The financial information which, given that it is a listed company, the company is required to make public periodically. The Committee should ensure that the intermediate accounts are drafted using the same accounting criteria as the annual accounts and, for this purpose, consider the suitability of a limited revision by the external auditor.
- b) The creation or acquisition of shareholdings in special-purpose companies or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, may diminish the transparency of the group.
- c) Related operations, unless that function of prior report has been entrusted to another supervisory and control Committee.

See sub-paragraphs: B.2.2 and B.2.3

Complies ☒ Complies partially Explain

53. That the Board of Directors endeavor to present the annual accounts to the General Meeting without reservations or qualified opinions and, in the exceptional case that there should be a reservation or qualified opinion, both the Chair of the Audit Committee as well as the auditors clearly explain to the shareholders the content and scope of said reservations or qualified opinions.

See sub-paragraph: B.1.38

Complies ☒ Complies partially Explain

- 54. That the majority of members of the Appointments Committee –or Appointments and Compensation Committee, if there is only one Committee- be independent directors.**

See sub-paragraph: B.2.1

Complies ☒ Complies partially Explain

- 55. That the Appointments Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted with the following functions:**

- a) Evaluate the competence, knowledge and experience required on the Board; consequently define the functions and aptitudes required of the candidates who are to cover each vacancy, and evaluate the time and dedication required in order to carry out their functions adequately.**
- b) Examine or organize, in a manner understood to be adequate, the succession of the Chairman and the CEO and, if applicable, make proposals to the Board, in order that said succession may be carried out in an orderly and well-planned manner.**
- c) Report any appointments and dismissals of senior management proposed by the CEO to the Board.**
- d) Inform the Board of the diverse matters indicated in Recommendation 14 of this Code.**

See sub-paragraph: B.2.3

Complies ☒ Complies partially Explain Not applicable

- 56. That the Appointments Committee consult with the company Chairman and CEO, especially in regard to matters pertaining to executive directors.**

Furthermore, that any director be able to request that the Appointments Committee take into consideration potential candidates to cover director vacancies, if it considers them suitable.

Complies ☒ Complies partially Explain Not applicable

- 57. That the Compensation Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted to do the following:**

- a) Propose to the Board**
 - i) The compensation policy for directors and senior management;**
 - ii) Compensation and other contract conditions for executive directors;**
 - iii) Basic contract conditions for senior management.**

- b) See to it that the compensation policy established by the company is observed.

See sub-paragraphs: B.1.14 and B.2.3

Complies ☒ Complies partially Explain

58. That the Compensation Committee consult with the company Chairman and CEO, especially in regard to matters concerning executive directors and senior management.

Complies ☒ Complies partially Not applicable

G OTHER INFORMATION OF INTEREST

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relation with the company, its significant shareholders or its managers, which had it been sufficiently significant or important would have made it impossible for the director to be considered independent in accordance with the definition contained in section 5 of the Unified Code of Good Governance:

Yes No ☒

Name of director	Type of relation	Explanation

The Annual Report on Good Governance has been approved by the Board of Directors of the company at its meeting held on 26 February 2008.

Indicate whether any Directors have voted against or have abstained from the approval of the present report.

Yes No ☒

Name of director not voting in favor of the approval of the present report	Reasons (against, abstention, non-attendance)	Explain the reasons