

CORPORATE GOVERNANCE ANNUAL REPORT

PUBLIC LISTED COMPANIES

ISSUER ID

YEAR ENDING AT: 31/12/2012

TAX ID: A-82110453

Corporate Name: CODERE, S.A.

CORPORATE GOVERNANCE ANNUAL REPORT FORM FOR PUBLIC LISTED COMPANIES

In order to better understand this form and subsequently fill in the required information, it is essential to read the instructions found at the end of the present report.

A - OWNERSHIP STRUCTURE

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

Date of most recent change	Share Capital (euros)	Number of shares	Number of voting rights
19/10/2007	11,007,294.00	55,036,470	55,036,470

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

NO

A.2 List the direct and indirect holders of significant shareholdings in your company at year-end, excluding directors.

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
NOONDAY ASSET MANAGEMENT LLP	0	2,931,415	5,326

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
NOONDAY ASSET MANAGEMENT LLP	FARALLON CAPITAL OFFSHORE INVESTORS II L.P	1,1422,286	2,076

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

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

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838, 261	28,259,088	63.771
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	1,202,000	0	2.184
MR. EUGENIO VELA SASTRE	0	20,718	0.038
MR. JOSEPH ZAPPALA	278,738	0	0.506
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	50,000	0	0.091
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	1,296,035	100,000	2.537

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	28,259,088	51.346
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SOLGIM INVERSONES SICAV, S.A.	100,000	0.182
MR. EUGENIO VELA SASTRE	DOÑA CARMEN FERRER PALASÍ	20,718	0.038

Total % of voting rights held by the Board of Directors	69.127
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Complete the following tables regarding members of the Board of Directors holding company share rights:

A.4 Indicate, if applicable, any relation, whether familial, 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:

Type of relation:

Corporate

Brief description:

José Antonio Martínez Sampedro is the majority shareholder of Masampe Holding BV.

Name of relation
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MASAMPE HOLDING, B.V.

A.5 Indicate, if applicable, any commercial, contractual or corporate relations existing between the significant shareholders and the company and/or its group, unless said relations are insignificant or are the result of ordinary business activity:

Type of relation:

Corporate

Brief description:

MASAMPE HOLDING, B.V. is the maximum shareholder of the company.

Name of relation
MASAMPE HOLDING, B.V.

A.6 Indicate whether or not the company has been informed of any quasi-corporate agreement affecting it, pursuant to article 112 of the Spanish Securities Act. If so, briefly describe such pacts and list the shareholders related through the agreement:

NO

Indicate whether or not the company is aware of the existence of concerted action among its shareholders. If so, briefly describe such action:

NO

In the case whereby any change or break in said agreements or concerted action has taken place during the year, expressly indicate said circumstance:

A.7 Indicate whether any natural or legal person exercises or is able to exercise control over the company pursuant to article 4 of the Spanish Securities Act. If so, identify said person:

YES

Name
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Comments
José Antonio Martínez Sampedro through MASAMPE HOLDING, B.V.

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
149,611	0	0.270

(*) Through:

Total	0
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List any significant changes made during the year, pursuant to the provisions of Spanish Royal Decree 1362/2007:

Gain /(Loss) on treasury stock disposed of during the period (thousands of euros)	-275,537
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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 treasury stock.

The General Meeting of Shareholders held on 10 May 2012 approved point nine of the agenda, as follows:

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point six of the agenda of the General Meeting of Shareholders held on 9 June 2011, to authorize, in accordance with applicable law, the derivative acquisition, at any time and as often as Codere, S.A. deems advisable, either directly or through any of the subsidiaries of which it is the parent, of treasury stock, fully paid up, by means of purchase-sale or by any other legal title for valuable consideration.

The minimum acquisition price or consideration shall be the par value of the acquired treasury stock and the maximum price shall be the result of increasing by 20% the trading value at their acquisition date.

This authorization is granted for the term of eighteen months as from the date of this General Meeting, and is expressly subject to the limitation that at no time shall the par value of the treasury stock acquired under this authorization, added to that already

owned by Codere, S.A. and any of its subsidiaries, exceed the maximum permitted by Law at any given time.

It is expressly stated that this authorization may be used totally or partially for the acquisition of treasury stock to be delivered or transferred to Consultants, Senior Management, Management and workers of the Company or of companies belonging to its group, either directly or as a consequence of the exercise by the former of their option rights, all of the foregoing in the context of remuneration systems indexed to the trading value of the shares of Codere, S.A. (ART. 146.1a) of the Revised Text of the Capital Companies Act).

2. Empower the Board of Directors, in the broadest terms possible, to exercise the authorization under this resolution, and to carry out the rest of the provisions contained herein, said powers being able to be delegated by the Board of Directors to any Director, the Secretary or the Deputy-Secretary of the Board of Directors, or to any other person expressly granted power of attorney by the Board of Directors in said regard.

A.10 Indicate, if applicable, any legal or statutory restrictions in regard to the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of share capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights which a shareholder may exercise owing to legal restriction	0
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Indicate whether there are any statutory restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights which a shareholder may exercise owing to statutory restriction	0
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Indicate whether there are any legal restrictions on the acquisition or transfer of share capital:

NO

A.11 Indicate whether the General Meeting of Shareholders has agreed to adopt neutralization measures with respect to a takeover bid pursuant to Act 6/2007.

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 respect to members of the Board:

Name of Director	Representative	Position on Board	Date of Initial Appointment	Date of Most Recent Appointment	Election Procedure
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	--	CHAIRMAN - CEO	07/05/1999	25/06/2009	GENERAL MEETING VOTE
MASAMPE, S.L.	FERNANDO LORENTE HURTADO	DEPUTY CHAIRMAN	07/05/2008	07/05/2008	GENERAL MEETING VOTE
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. EUGENIO VELA SASTRE	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JOSEPH ZAPPALA	--	DIRECTOR	20/11/2002	25/06/2009	GENERAL MEETING VOTE
MR. JOSÉ IGNACIO CASES MÉNDEZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JUAN JOSÉ ZORNOZA PÉREZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JUAN JUNQUERA TEMPRANO	--	DIRECTOR	10/05/2012	10/05/2012	GENERAL MEETING VOTE
MR. LUIS JAVIER	--	DIRECTOR	07/05/1999	25/06/2009	GENERAL

MARTÍNEZ SAMPEDRO					MEETING VOTE
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Total number of directors	10
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Indicate any resignations or dismissals from the Board of Directors produced during the period:

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
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	CHAIRMAN AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	DIRECTOR CODERE AMERICA

Total number of executive directors	3
Total % of Board	30,000

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
MASAMPE, S.L.	CORPORTE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MR. JOSÉ IGNACIO CASES MÉNDEZ	CORPORTE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MR. JOSÉ RAMÓN ROMERO	CORPORTE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Total number of external nominee directors	3
Total % of Board	30,000

EXTERNAL INDEPENDENT DIRECTORS

Name of director:

MR. EUGENIO VELA SASTRE

Profile

Chairman of the Cosien S.A. Group

President of La Maquinista Valenciana S.A.

Holds a degree in Economics and Business Administration and Industrial Engineering from the Complutense University and Polytechnic University of Madrid.

Name of director:

MR. JOSEPH ZAPPALA

Profile

Former United States Ambassador to Spain 1989-1992.

President of Joseph Zappala Investments.

Name of director:

MR. JUAN JOSÉ ZORNOZA PÉREZ

Profile

Department Chair of Finance and Tax Law at the Carlos III University of Madrid.

Doctor of Law from the Madrid Autonomous University.

Name of director:

MR. JUAN JUNQUERA TEMPRANO

Profile

Former Secretary of State for Telecommunications and the Information Society

Partner Director of Innersum S.L.

Total number of independent directors	4
Total % of Board	40.000

OTHER EXTERNAL DIRECTORS

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

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

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.

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. If applicable, explain the reasons why these requests were not honored.

NO

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:

NO

B.1.6 Indicate, if applicable, the powers delegated to the CEOs:

Name of director

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Brief description

The Board of Directors permanently delegates all of the powers to the CEO, with the exception of those powers which are reserved by law or statute, and those which may not be delegated pursuant to 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
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.L.U.	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA, S.L.	CHAIRMAN OF THE BOARD

Name of Director	Corporate name of group company	Position
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	PRESIDENT AND JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINGO OASIS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINGO RE, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTENGRAL, S.P.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMATICA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGÓN S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS GALICIA S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS MURCIA S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS S.A.U.	SOLE DIRECTOR

Name of Director	Corporate name of group company	Position
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE BARCELONA, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GANDIA, S.A.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA, S.A.	SECRETARY OF THE BOARD AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERATTIVA ITALIA SRL	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA, S.P.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE LOGROÑO, S.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE MADRID, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK, S.P.A.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE VALENCIA, S.A.	JOINT AND SEVERAL DIRECTOR

Name of Director	Corporate name of group company	Position
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODESTRADA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN, S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GAMING NEW, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	IMMOBILGEST, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAXIBINGO, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA, S.P.A.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERGAMES, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERGIOCHI ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERINVESTMENTS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERLOTS ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE BINGO SRL	SOLE DIRECTOR

Name of Director	Corporate name of group company	Position
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS MAE, S.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO, S.L.	CHAIR OF THE BOARD AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS POPULARES, S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA., S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC, S.L.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	WINNER BET S.R.L.	SOLE DIRECTOR
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA S.L.	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS DEL OESTE, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS PLATENSES, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE ARGENTINA, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	TREASURER

Name of Director	Corporate name of group company	Position
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A.	MANAGEMENT BOARD CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE DE JUEGOS REGULADOS S.A.	CHAIRMAN OF THE BOARD AND CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ, S.A.	MANAGEMENT BOARD CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	IBERARGEN, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERBAS, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERJUEGOS, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERMAN BINGOS, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ITAPOAN, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SAN JAIME, S.A.	CHAIRMAN

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:

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

Explanation of the rules
Pursuant to article 4.1.b) of the Rules of Procedure of the Board of Directors of Codere SA, the Directors may not, except when expressly authorized by the Board, after a report by the Corporate Governance Committee, form part of more than 8 boards, excluding (i) the Boards of Companies forming part of the same group as that of the Company (ii) the Boards of familial or

holding companies of the Directors or their families and (iii) the 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 the approval of which the plenum of the Board has reserved for itself:

Investment and Financing Policy	YES
Definition of the Structure of the Group of Companies	YES
Corporate Governance Policy	YES
Corporate Social Responsibility Policy	YES
Strategic or Business Plan, as well as Management Objectives and Annual Budgets	YES
Compensation Policy and Evaluation of Senior Management Performance	YES
Risk Management and Control, as well as Periodic Monitoring of Internal Information and Control Systems	YES
Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof	YES

B.1.11 Complete the following tables with respect to aggregate compensation payable to directors 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	1,320
Variable compensation	0
Meeting attendance fees	316
Directors' Fees as stipulated in Bylaws	0
Stock options and/or other financial instruments	0
Other	0

Total	1,636
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Other Benefits	Figures in thousands of euros
Advances	0
Credits granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations	0
Life insurance premiums	0

Guarantees furnished by the company in favor of directors	0
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b) Payable to company directors forming part of other boards of directors and/or senior management of group companies:

Type of Compensation	Figures in thousands of euros
Fixed compensation	843
Variable compensation	0
Meeting attendance fees	0
Directors' Fees as stipulated in Bylaws	0
Stock options and/or other financial instruments	0
Other	0

Total	843
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Other Benefits	Figures in thousands of euros
Advances	0
Credits granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations	0
Life insurance premiums	0
Guarantees furnished by the company in favor of directors	0

c) Total compensation by type of directorship (in thousands of euros):

Type of directorship	By company	By group
Executive	1,056	843
External Nominee	252	0
External Independent	328	0
Other External	0	0

Total	1,636	843
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d) With respect to income attributed to the parent company:

Total compensation paid to directors (in thousands of euros)	2,478
Total compensation paid to directors/income attributed to parent company (in %)	0.0

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

Name	Position
MR. PEDRO CARLOS ECHEVARRIA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
MR. RAFAEL LÓPEZ ENRÍQUEZ CHILLÓN	HUMAN RESOURCES MANAGER
MR. SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER
MR. CLAUDIO VALLEJO AGUILA REAL	COMMUNICATIONS MANAGER
MR. ANTONIO PARA ANDRADE	PRODUCT MANAGER FOR SPAIN
MR. JAIME ESTALELLA CARVAJAL	EUROPEAN OPERATIONS MANAGER
MR. FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER
MR. RICARDO MORENO WARLETA	ECONOMIC FINANCIAL MANAGER
MR. ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
MR. FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT MANAGER
MR. ALEJANDRO PASCUAL GONZALEZ	OPERATIONS MANAGER FOR ITALY
MR. MASSIMO RUTA	GENERAL MANAGER FOR ITALY
MS. BEATRICE RANGEL NBSP	DIRECTOR OF INSTITUTIONAL RELATIONS FOR AMERICA
MR. HECTOR OMAR LUNA NBSP	GENERAL MANAGER FOR ARGENTINA

Total senior management compensation (in thousands of euros)	3,463
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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 required to be reported and/or whether they must be approved by the governance organs of the company or of its group:

Number of beneficiaries	5
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	Board of Directors	GENERAL MEETING OF SHAREHOLDERS
Organ authorizing the contracts	YES	NO

Was the General Meeting of Shareholders informed of the contracts?	NO
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B.1.14 Indicate the process for determining the compensation paid to members of the Board of Directors and 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 the Rules of Procedure of the Board of Directors of Codere, S.A., specifically in article 5.2, compensation for Directors shall be in accordance with the stipulations of the Bylaws, with the Corporate Governance Committee being in charge of drafting proposals to the Board of Directors with respect to the resolutions which it is required by the Bylaws to adopt in said regard. The Board, after a report by the Corporate Governance Committee shall approve an annual report on the policy of Director compensation which, among other matters, when the compensation established in accordance with the Bylaws includes the amount of fixed components, will deal with variable items and the principal characteristics of social security systems. Said report is voted on by the General Meeting of Shareholders, as a separate item on the agenda, for advisory purposes.

In regard to compensation payable to members of the Board of Directors, Article 24.5 of the Corporate Bylaws states:

'The position of Director is subject to compensation. Compensation shall consist of the following three items:

- a) An annual fixed amount of thirty one-thousand and eighty-three euros and eighty-four cents (31,083.84 €) paid to each Director.
- b) An amount in terms of attendance at meetings of the Board of Directors. In the case whereby the Director attends the meeting in person, the Director shall receive an amount to be established by the Board, but which cannot exceed three-thousand and twelve euros (3,012 Euros) per meeting.
- c) Amounts which, if applicable, are assigned by the Board of Directors on the basis of the functions or activities carried out by the Directors in the exercise of their duties on the Board and Committees thereof.

The total amount of said assignments may not exceed for the year the total amount corresponding to the Directors as a whole for the items referred to in paragraphs a) and b) above.

The Board shall establish the specific functions or tasks the performance of which will give rise to payment of said amounts. The General Meeting of Shareholders shall be informed in detail of any resolutions concerning said assigned amounts in the Compensation Policy Annual Report.

The amount of compensation referred to in paragraphs (a) to (c) above shall each year automatically be brought in line with any upward or downward changes in the Spanish Consumer Price Index published by the Spanish National Institute of Statistics, with the amount thereof being increased or decreased.

Likewise, article 24.6 of the Corporate Bylaws indicates with respect to the above amounts of compensation, that said amounts shall be compatible with and independent of any salaries, remuneration, indemnity, pension, stock options, remuneration systems indexed to share value or any type of compensation established in general or specifically for those Directors providing executive or professional services to the Company regardless of the nature of their relation with the Company, whether this be a common or special senior management labor relation, mercantile relation or service provision relation, all of which relations shall be compatible with the position of member of the Board of Directors.

Lastly, article 24.7 of the Corporate Bylaws indicates that compensation shall be payable monthly in arrears so that consequently the compensation paid to each Director will be proportional to the amount of time said Director has held his/her position during the year.

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

At the proposal of the chief executive of the company, the appointment and eventual dismissal of senior management, as well as their indemnity clauses.	YES
Compensation of directors, and, in the case of executives, additional compensation for their executive duties and other conditions which their contracts must respect	YES

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

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	YES
Variable compensation categories.	YES
Principle characteristics of social welfare systems, estimating their equivalent annual amount or cost	YES
Conditions which must be respected by the contracts of those performing senior management duties as executive directors	YES

B.1.16 Indicate whether the Board puts the report on director compensation policy to a vote by the General Shareholders' Meeting, as a separate item on the agenda, for advisory purposes. 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:

Matters dealt with in the Compensation Policy
1. Composition of the Company Board of Directors. 2. Directors' Compensation. 3. Composition, duties and functioning of the Corporate Governance Committee. 4. General Principles regarding Compensation Policy for Directors. 5. Compensation System for Executive Directors, including forecast or estimate for the following year. 6. Compensation System for Non-Executive Directors, including forecast or estimate for the following year.

Role of the Compensation Committee
As established in article 5.2 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Board approves the Report on Directors' Compensation Policy, after a report by the Corporate Governance Committee (which deals with the nature and functions of the Appointments and Compensation Committee as recommended by the Unified Code of Good Governance) In addition, article 16 of the Rules of Procedure of the Board of Directors establishes that

among the functions of the Corporate Governance Committee is that of submitting the Director Compensation Policy Report to the Board of Directors for approval, and likewise that of making the proposals provided for in the Rules of Procedure of the Board of Directors regarding compensation for Board members.

Have you used external consultancy?

Identity of the External Consultants

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
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.

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.

Related Director Name or Corporate Name

MASAMPE, S.L.

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description

Masampe, S.L. is a company fully owned by Mr. José Antonio Martínez Sampedro

Related Director Name or Corporate Name

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MASAMPE HOLDING, B.V.

Relation Description

Ms. Encarnación Martínez Sampedro is a shareholder of Masampe Holding B.V.

Related Director Name or Corporate Name

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description

Blood relation (sister and brother).

Related Director Name or Corporate Name

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description

Blood relation (brothers).

Related Director Name or Corporate Name

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MASAMPE HOLDING, B.V.

Relation Description

Mr. Luis Javier Martínez Sampedro is a shareholder of Masampe Holding B.V.

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

NO

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 appointment of the members of the Board of Directors corresponds to the General Meeting of Shareholders (Art. 24.1 of the Corporate Bylaws), notwithstanding the power of the Board to appoint, from among the shareholders, those persons who are to fill any vacancies produced, until the next General Meeting is held (art. 24.16 of the Corporate Bylaws).

Those persons affected by any cause of incompatibility, disqualification, incapacity or legally established prohibition in any territorial sphere affecting the Company, both general causes as well as those applicable in terms of the object and activities of the Company (art. 24.4 of the Corporate Bylaws) are prohibited from being directors or representing directors which are legal persons.

Furthermore, and in any event, the persons appointed as Directors are required to meet not only the conditions called for by law and the Corporate Bylaws but also those established in the Rules of Procedure of the Board of Directors, formally undertaking at the time they take office to comply with the obligations and duties stated therein, it being highlighted that when the Board of Directors makes its proposals to the General Meeting for the appointment of Directors and makes the pertinent appointments under the system of co-option, it will do so at the proposal of the Corporate Governance Committee, in the case of Independent Directors, and after a report by the Corporate Governance Committee in the case of all other directors (art. 2 Rules of Procedure of the Board of Directors).

Reelection.

The Directors shall perform their duties for the term of six years, being eligible for reelection by the General Meeting of Shareholders for further terms of the same duration.

As in the case of appointment, reelection must be preceded either by a proposal (in the case of Independent Directors) or by a report from the Corporate Governance Committee (in the case of all other Directors).

Evaluation.

Once a year, at the proposal of the Corporate Governance Committee, the Board will evaluate its own functioning, as well as that of its Committees and that of the Chairman of the Board (art. 12 Rules of Procedure of the Board of Directors).

Resignation.

The Directors shall tender their resignation in the cases and for the reasons established by law or the bylaws (art. 3 Rules of Procedure of the Board of Directors).

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

Nominee Directors are required to tender their resignation when the shareholder whom they represent sells its entire shareholding or when said shareholder reduces its holding to a level which requires a reduction in the number of Nominee Directors (art. 3.3 Rules of Procedure of the Board of Directors).

The Board shall not propose the resignation of any Independent Director prior to compliance with the statutory period for which said Director was appointed, unless the Board considers that there is just cause for so doing, after a report by the Corporate Governance Committee. Just cause shall be deemed to exist when the Director has failed to comply with the duties inherent to his post or is affected by any of the circumstances which prevent him from being classified as independent (art. 3.4 Rules of Procedure of the Board of Directors). The resignation of Independent Directors may likewise be proposed as the result of takeover bids, mergers or other similar corporate transactions entailing a change in the capital structure of the Company when such changes in the structure of the Board are the result of proportionality criteria established in art. 1.9 Rules of Procedure of the Board of Directors (art. 3.5 Rules of Procedure of the Board of Directors).

Directors are required to tender their resignation in those cases in which they may harm the trustworthiness and reputation of the Company (art. 3.6 Rules of Procedure of the Board of Directors).

When, whether owing to resignation or another reason, a Director resigns from his post before the end of his term of office, said Director shall be required to explain his reasons for so doing in a letter which he will send to all of the member of the Board (art. 3.7 Rules of Procedure of the Board of Directors).

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

Measures aimed at limiting risks
Article 7 of the Rules of Procedure of the Board of Directors of Codere, S.A. establishes that notwithstanding the powers of representation and execution corresponding to the Chairman, and the powers of attorney or delegations granted by the Company, the Board of Directors, as the core of its mission, is in charge of approving company strategy and the organization required for the implementation of said strategy, as well as of supervising the established targets and overseeing compliance therewith by management, and seeing to it that management respects the Company object and interests. Moreover, said article reserves for the Board of Directors the function of approving up to 18 different matters, ranging from mergers, takeovers, spin-offs or business combinations in which any Codere subsidiary is interested, excluding those taking place solely within its Group, or the disposal of capital

holdings in companies or of other fixed assets the value of which exceeds three million euros, or rights assignments with respect to trade name or trademarks, or with respect to patents, technology and any industrial property modality owned by Codere, S.A. and having financial importance, when these go beyond normal Group business activity.

Pursuant to the Rules of Procedure of the Board of Directors, the President and Chief Executive is a member of the Board of Directors, a collegiate body which is required to comply with its functions for a sole independent purpose, and strictly within the criteria of thoroughness, impartiality and objectivity as established by Law and the Corporate Bylaws.

Likewise, any resolution or decision which is of special importance to the company, after being approved by the Board, must be submitted to the corresponding Board Committee for review thereby.

Furthermore, in order to adopt certain resolutions, the reports and proposals of the various company Committees must be first obtained.

It is also important to point out that the Chairman does not have a casting vote on the Board of Directors.

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 voice the concerns of external directors and to conduct the evaluation made by the Board of Directors:

YES

Explanation of rules
Pursuant to article 10.5 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Deputy Chairman, or in the absence thereof, one or more Independent Directors, may request a meeting of the Board or that new items be included on the agenda in order to voice the concerns of the external Directors and conduct the evaluation by the Board of its Chairman.
Additionally, article 10.6 in the context of designation of the Deputy Chairman, indicates that if the Board of Directors considers it advisable it may appoint a Deputy Chairman for the purpose not only of replacing the Chairman in the case of absence or illness, but also to collaborate with him in the exercise of his duties.

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

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:

Description of the resolution:

Board of Directors' resolutions.

Quorum	%
Pursuant to article 24.12 of the Corporate Bylaws, in order for the meeting of the Board to be validly constituted it must be attended by at least half	50.01

plus one of its members, including those attending in person and by proxy. Furthermore, article 12 of the Rules of Procedure of the Board of Directors states that the legal and statutory stipulations shall determine the valid constitution of the meeting of the Board and the adoption of resolutions therein.	
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Type of majority	%
Article 24.14 of the Corporate Bylaws establishes that the resolutions of the Board, with the exception of those which by law require reinforced majorities, shall be adopted by an absolute majority of votes of the Directors attending in person and by proxy, and shall be reflected in the corresponding Minutes.	50.01

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

NO

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

NO

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

Age Limit for Chairman	Age Limit for Chief Executive	Age Limit for Director
0	0	0

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:

NO

Maximum Number of Years in Office	0
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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
Currently, the Board of Directors of Codere S.A. is made up of ten members, one of whom is Ms. Encarnación Martínez Sampedro, who is an Executive Director of the Company. This means that 10% of the Board of Directors is made up of women, a percentage similar to the 2011 average for Spanish listed companies (at 10.4%) and higher than that of companies having similar capitalization (at 9.6%). Moreover, the Board of Directors of Codere S.A., through its Rules of Procedure, attributes as a function of the Corporate Governance Committee that of evaluating the competences, knowledge and experience required on the Board, as well as defining the functions and aptitudes required of candidates who are to cover each vacancy on the Board, so that

consequently the selection processes are not affected by bias which would hinder access to Board positions by women.

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

Indicate the principal procedures
The Board of Directors of Codere S.A., through its Rules of Procedure, attributes the Corporate Governance Committee (art. 1.12 Rules of Procedure of the Board) with the function of overseeing that the selection processes for covering vacancies on the board are not implicitly biased against the selection of female directors, and likewise the function of overseeing that the company deliberately seek out and include among potential candidates women who meet the professional profile sought. In this way, when the Corporate Governance Committee carries out this task, it takes into consideration the recommendation aimed at the policy of equality on Boards of Directors.

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

Art. 24.13 of the Corporate Bylaws provides as follows:

'Directors may delegate in writing any other director as their proxy to attend board meetings and vote on their behalf.

On its part, article 4.1.d. of the Rules of Procedure of the Company Board of Directors, establishes that Directors, notwithstanding their duty to attend the meetings of the organs which they form part of, and to reduce their absences to only the most essential instances, may delegate proxies to attend on their behalf, provided that said proxy is essential and is granted to another member of the Board in writing, is addressed to the Chairman of the Board, contains instructions and is exclusively for the meeting in question.

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 Board meetings	10
Number of Board meetings not attended by the 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	0
Number of meetings of the Audit Committee	10
Number of meetings of the Appointments and Compensation Committee	9
Number of meetings of the Appointments Committee	0
Number of meetings of the Compensation Committee	0

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 meetings with absences of directors during the year	2
% of absences with respect to total votes during the year	2.040

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

YES

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
MR. RICARDO MORENO WARLETA	ECONOMIC FINANCIAL MANAGER

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:

Pursuant to article 26.5 of the Corporate Bylaws and art. 14.2. e) of the Rules of Procedure of the Board of Directors, the Audit Committee has among its competences that of maintaining relations with external auditors in order to receive information in regard to those matters which might jeopardize the independence of the latter, and any other matters related to the audit process, and likewise to receive information and maintain with the auditor the communications stipulated by law.

In accordance with article 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which shall be channeled through the Audit Committee, shall conform to criteria of loyal collaboration and respect for their independence. It is endeavored that the annual accounts drafted by the Board will be verified by the auditors without a qualified opinion. In the case whereby such qualified opinions are unavoidable, the Board, the Chairman of the Audit

Committee and the auditors shall explain with clarity to the shareholders the content and scope of the reservations.

The report of the external auditor PriceWaterhouseCoopers corresponding to the year 2012 did not contain a qualified opinion.

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

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
Pursuant to art. 11.6 of the Rules of Procedure of the Board of Directors of Codere, S.A., in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and dismissal will be reported by the Corporate Governance Committee and approved by the plenum of the Board.
During 2012, Mr. Luis Argüello Álvarez was appointed as the new Secretary of the Board of Codere, S.A. after the former Secretary, Mr. Rafael Catalá Polo, had tendered his resignation. The Corporate Governance Committee favorably reported this appointment at its meeting held in April 2012, and the appointment was unanimously approved by the Board of Directors at its meeting held in May 2012.

Does the Appointments Committee report the appointment?	YES
Does the Appointments Committee report the dismissal?	YES
Does the plenum of the Board approve the appointment?	YES
Does the plenum of the Board approve the dismissal?	YES

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

YES

Comments
Pursuant to article 11.3 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Secretary of the Board must take special care in order to ensure that the actions of the Board:
Are in line with the Law and its regulations, including those approved by the regulatory agencies.
Are in accordance with the Company Bylaws and with the Rules of Procedure of the General Meeting, the Board and all other rules of 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 rating agencies:

Auditor Independence:

Pursuant to art. 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which are to be channeled through the Audit Committee, shall obey criteria of loyal collaboration and respect for their independence.

In addition, art. 14.2.e) of the same Regulation establishes that the Audit Committee shall have competence over the maintenance of relations with the external auditor, in order to receive information on those matters which may jeopardize the independence of the latter. Likewise, article 14.3.2 of the same text indicates that the Audit Committee is in charge of passing on to the Board proposals for selection, appointment, reelection, and replacement of the external auditor, as well as the conditions for the contracting thereof.

Lastly, art. 14.3.2c) of the Rules of Procedure of the Board of Directors stipulates that it corresponds to the Audit Committee to ensure the independence of the external auditor, being required for said purpose to ensure that the Company communicates the change in auditor as a relevant fact to the Spanish Securities Commission (together with a declaration on the eventual existence of disagreements between the incoming and outgoing auditor), ensure that the Company and the auditor respect the regulations in effect regarding the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and examine any circumstances which may have led to the resignation of the external auditor.

Independence of financial analysts, investment banks and rating agencies:

Article 6.2 of the internal Code of Conduct in Securities Markets stipulates that at the informative meetings between the company or its representatives with analysts, institutional investors and other securities market professionals, it will be endeavored to follow the recommendations established in said regard by the Spanish Securities Commission.

As a follow-up to the above, the investor relations department channels communication with institutional shareholders and financial analysts which cover the action of the Company, taking care to ensure that they are not furnished with any information which could entail a situation of privilege or advantage for them, in relation to the rest of the shareholders and moreover, consequently complying with the provisions of art. 6.1.c) of the Internal Code of Conduct in Securities Markets, which stipulates as prohibited conduct the recommendation to third parties of the acquisition, sale or assignment of company securities on the basis of privileged information.

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

NO

Outgoing Auditor	Incoming Auditor

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

NO

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

	Company	Group	Total
Amount of work other than auditing (thousands of euros)	108	144	252
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	45.910	7.570	11.790

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:

NO

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 percentage the number of years audited by the current auditing firm is with respect to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	4	4

	Company	Group
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	28.6	28.6

B.1.40 Indicate the shareholdings which members of the Board of Directors hold 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	Company	Shareholding %	Position or Duties
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PROMOBOWLING, S.A.	51.470	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAJISA, S.A.	26.000	JOINT AND SEVERAL DIRECTOR

Name of Director	Company	Shareholding %	Position or Duties
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PLANET BOWLING, S.A. IN LIQUIDATION	51.480	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	52.000	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAJICOL	26.520	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	36.040	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	51.480	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	51.480	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	25.740	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	12.200	INDIRECT SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	36.040	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAJISA, S.A.	6.000	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PLANET BOWLING ESPAÑA, S.A. IN LIQUIDATION	11.970	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	12.000	SECRETARY AND JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	8.380	CHAIRMAN OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PROMOBOWLING, S.A.	11.900	SECRETARY AND JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	11.970	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	11.970	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	5.990	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	2.810	INDIRECT SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	8.380	INDIRECT SHAREHOLDER
MR. JOSEPH ZAPPALA	TUCSON GREYHOUND PARK	80.000	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAJISA, S.A.	6.000	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PLANET BOWLING ESPAÑA, S.A. IN LIQUIDATION	11.970	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	12.000	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAJICOL	6.120	INDIRECT SHAREHOLDER

Name of Director	Company	Shareholding %	Position or Duties
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	8.380	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOBOWLING, S.A.	11.900	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	11.970	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	5.990	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	2.810	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	8.380	INDIRECT SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	11.970	INDIRECT SHAREHOLDER

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

YES

Detail of Procedure
Pursuant to article 5.1 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Directors shall have access to all company services, and are entitled to obtain the information and consultancy which they require in order to carry out their duties. They are required to obtain this through the channels of the Chairmanship or Secretariat of the Board; in the latter case, the Secretary will keep the Chairman informed about the information requested, naturally notwithstanding, in any event, the obligation to obtain the information and convey it to the Director so requesting. The Directors shall likewise have the power to propose to the Board of Directors the contracting of external consultants, be these financial, legal, technical, commercial or of any other type deemed necessary for the Company interests. External consultancy is to be sought when the majority of independent Directors coincide on the need thereof. Additionally, article 13.6 of the Rules of Procedure of the Board of Directors establishes that the Committees are authorized to call for the attendance and collaboration of Company managers and employees, who will offer the information and support required by the Committees. The Committees may also seek outside consultancy, the contracting of which will be requested of the Chairman of the Board. Managers, employees and outside consultants report directly to the Committee seeking their services.

B.1.42 Indicate and if so, detail 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:

Detail of Procedure
Pursuant to article 12 of the Rules of Procedure of the Board of Directors of Codere, S.A., the notice of meeting shall at all times include the agenda of the meeting together with any written

information deemed suitable as stipulated in said Rules. Nevertheless, when the Chairman deems that there are exceptional circumstances so requiring, the meeting of the Board may be called by telephone, fax or email, without observing the term of advance notice mentioned in said article (5 days), and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.

Likewise, article 10.4 of the aforementioned Rules states that the Chairman, as the person responsible for the effective running of the Board, is required to ensure that the Directors receive sufficient information in advance; the Chairman will encourage debate and active participation of the Directors during Board meetings, safeguarding their freedom to take a stand and express their opinion, and will coordinate together with the Chairman of the Corporate Governance Committee the periodical evaluation of the Board.

Lastly, article 13 of the Rules of Procedure establishes that the Board of Director Committees (Audit, Compliance and Corporate Governance) shall bring their manner of operating in line with the provisions of said Rules.

B.1.43 Indicate, and if applicable, detail whether the company has established any rules requiring directors to report to the company any cases which may harm the trustworthiness and reputation of the company and, where appropriate, to resign:

YES

Explain the Rules
Article 3.6 of the Rules of Procedure of the Board of Directors of Codere, S.A., stipulates that Directors are required to resign in those cases which may harm the trustworthiness and reputation of the Company, and likewise to report to the Board any criminal action brought against them, as well as the subsequent procedural outcome. If a Director is prosecuted or is brought to trial for any of the crimes indicated in article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and in view of the specific circumstances, will decide whether or not the Director should remain in his post. The Board will report on the matter in the Annual Corporate Governance Report.

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:

NO

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:

NO

Decision taken	Reasoned explanation

B.2 Board of Directors' Committees

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

AUDIT COMMITTEE

Name	Position	Type
MR. EUGENIO VELA SASTRE	CHAIRMAN	INDEPENDENT
MR. JOSEPH ZAPPALA	MEMBER	INDEPENDENT
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	INDEPENDENT

COMPLIANCE COMMITTEE

Name	Position	Type
MR. JOSÉ IGNACIO CASES MÉNDEZ	CHAIRMAN	NOMINEE
MR. JOSEPH ZAPPALA	MEMBER	INDEPENDENT
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE
MR. JUAN JUNQUERA TEMPRANO	MEMBER	INDEPENDENT
MASAMPE, S.L.	MEMBER	NOMINEE

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Type
MR. JUAN JOSÉ ZORNOZA PÉREZ	CHAIRMAN	INDEPENDENT
MR. EUGENIO VELA SASTRE	MEMBER	INDEPENDENT
MR. JOSÉ IGNACIO CASES MÉNDEZ	MEMBER	NOMINEE
MR. JUAN JUNQUERA TEMPRANO	MEMBER	INDEPENDENT
MASAMPE, S.L.	MEMBER	NOMINEE

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

Supervise the process for the drafting and the completeness 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.	YES
Periodically revise the internal control and risk management systems in order that the principal risks may be adequately identified, managed and disclosed.	YES
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.	YES
Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they observe in the company and which may have repercussions, especially in regard to financial and accounting matters.	NO

Bring before the Board proposals for the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions.	YES
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.	YES
Ensure the independence of the external auditor	YES
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.	YES

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

Committee name

AUDIT COMMITTEE

Brief description

Article 14 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Audit Committee as well as the powers of said Committee.

Rules of organization and operation: The Audit Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors. The members thereof, especially the Chairman thereof, shall be designated taking into account their knowledge and experience in accounting, auditing or risk management. The Chairman of the Audit Committee must be an Independent Director, and must be replaced every four years, being eligible for reelection one year after his resignation. The Audit Committee shall meet at least once every quarter, and whenever it is deemed necessary, after a meeting is called by its Chairman, either at his own decision or at the request of two committee members or the Board of Directors or its Chairman.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the primary function of the Audit Committee shall be that of supporting the Board of Directors in its financial supervisory functions and, specifically, it shall have at least the following competences: a) Inform the General Meeting of Shareholders about the matters posed at said General Meeting by shareholders in regard to matters which are the competence of the Audit Committee. b) Propose to the Board of Directors the appointment of external auditors in order that the Board may submit the proposal to the General Meeting of Shareholders. c) Supervise internal audit services. d) Be informed of the financial information process and internal control systems. e) Maintain relations with the external auditor in order to receive information on any matters which may jeopardize the independence of said auditor, and any other matters related to the carrying out of the audit process; likewise receive information and maintain with the auditor the communications which are required by law. f) Report on the annual accounts as well as on issue prospectuses, and on the periodical financial information which is to be sent to the regulatory agencies quarterly or every six months, paying special attention to compliance with the legal requirements and the correct application of the generally accepted accounting principles, to the existence of internal control systems and to the monitoring thereof, and to compliance with internal auditing. g) On a yearly basis, draw up an annual report containing the activities carried out by the Committee.

In particular, the Audit Committee shall do the following: 1. In relation to information and internal control systems: a) Supervise the process for the drafting and completeness of the financial information concerning the Company and, if applicable, the group, reviewing compliance with regulatory requirements, the proper delimiting of the consolidation perimeter, and the correct application of the accounting criteria. b) Periodically review the internal control and risk management systems in order to identify, manage and properly inform of the principal risks. c) Oversee the independence and effective functioning of the internal audit process; propose the selection, appointment, reelection and dismissal of the person in charge of the

internal audit service; propose the budget for said service; receive periodical information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports. d) Inform the Board of Directors, at least once a year, about risk control matters, and about any malfunctioning detected, if applicable, in the internal audit reports or in the exercise of the aforementioned functions. 2. In relation to the external auditor: a) Pass on to the Board the proposals for selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions. b) Receive on a regular basis from the external auditor information regarding the audit plan and the results of its execution, and verify that senior management takes its recommendations into account. c) Ensure the independence of the external auditor, and, in said regard: i) Ensure that the Company communicates to the Spanish Securities Commission any change in auditor, together with a declaration on the eventual existence of discrepancies with the outgoing auditor and, should such discrepancies exist, an explanation thereof. ii) Ensure that the Company and the auditor respect the regulations in effect on the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and, in general, all other regulations stipulated in order to ensure the independence of the auditors; iii) In the case of resignation of the external auditor, examine the circumstances giving rise thereto. d) Favor the circumstance whereby the auditor of the group, if applicable, takes on the responsibility for auditing the companies comprising the group. e) Discuss with the auditors or audit firms any significant weaknesses in the internal control system detected during the audit. f) Establish the pertinent relations with the auditors or audit firms in order to receive information on any matters which might jeopardize the independence of said auditors, for examination by the Committee, or any other matters related to the auditing process, and all other communications established in the audit legislation and in the auditing standards. In any event, they are required to receive annually from the auditor or audit firms the written confirmation of their independence with respect to the entity or entities directly or indirectly related to the company, as well as information on any type of additional services provided to these entities by the aforementioned auditors or firms, or by the persons or entities related to the latter pursuant to Audit Act 19/1988 of 12 July. g) Issue annually, prior to issuing the report which will state an opinion regarding the independence of the auditor or audit firms. In any event, this report is to inform about the provision of the additional services referred to in the preceding paragraph. 3. Inform the Board, prior to adoption by the latter of the decisions which are reserved to it under article 7.17 of these Rules, in regard to the following matters: a) Any financial information which the Company, as a listed company, is required to publish periodically. The Committee is to ensure that the intermediate accounts are drafted with the same accounting criteria as the annual accounts and, for said purpose, consider the suitability of a limited revision by the external auditor. b) The creation or acquisition of holdings in special purpose entities 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, might diminish the transparency of the group. c) Related transactions.

Committee name

COMPLIANCE COMMITTEE

Brief description

Article 15 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Compliance Committee as well as the powers of said Committee.

Rules of organization and operation: the Compliance Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors. The Chairman of the Compliance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Corporate Governance Annual Report. The Compliance Committee shall meet whenever the Board of Directors requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Compliance Committee shall have the following functions: a) The monitoring of compliance by the Company and the Group of Spanish or foreign regulations applicable to it in matters of gaming. b) Evaluate the internal control systems of the Company and of the Codere Group in relation to their reporting and transparency obligations in matters of gaming, and make those proposals for introduction and improvement which it deems necessary or advisable. c) The monitoring of compliance and control systems by the Company and the Group of the regulations regarding the prevention of money laundering, and the proposals for introduction and improvement which it deems necessary or advisable. d) Establish and supervise a mechanism which allows employees, customers, suppliers and other third parties with which contractual relations exist, to communicate confidentially and if it deems it appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may note within the company. e) Monitor the security systems and measures applied in carrying out Company and Group business, being informed periodically by the managers in charge of said matter.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

Article 16 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Corporate Governance Committee as well as the powers of said Committee.

Rules of organization and operation: the Corporate Governance Committee which also integrates the nature and functions which the Unified Code of Good Governance of listed companies recommends for the Appointments and Compensation Committee, is formed by a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors, at least half of which must be Independent Directors. The Chairman of the Corporate Governance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Annual Corporate Governance Report. The Corporate Governance Committee shall meet whenever the Board of Directors or its Chairman requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Corporate Governance Committee shall have the following functions: a) Examine compliance with the Internal Rules of Conduct in relation to the Securities Markets and make any proposals required for the improvement thereof, and likewise supervise compliance with the rules of corporate governance applicable in said regard. b) Draft reports and proposals to the Board regarding decisions to be adopted in cases of conflict of interests. c) Submit the Corporate Governance Annual Report and the Report on Directors' Compensation Policy to the Board for approval thereby. d) Make the proposals provided for under these Rules, with respect to compensation payable to members of the Board of Directors. e) Evaluate the competences, knowledge and experience required on the Board, consequently defining the functions and aptitudes required of candidates who are to cover each vacancy, and evaluate the time and dedication required in order to carry out their duties properly. f) Make proposals to the Board regarding the functions of the latter -in regard to appointment or proposal-concerning the composition of the Board and the Committees thereof g) Report on the appointments and dismissals of senior management proposed by the chief executive to the Board. h) Inform the Board, whenever applicable, of the various matters provided for in article 1.12. i) Present proposals to the Board of Directors in regard to the compensation of the President and Chief Executive as chief executive officer of the company, or of the other executive directors, apart from the compensation they receive as Directors pursuant to the Corporate Bylaws and likewise in regard to all other conditions of their contracts. j) Propose to

the Board the general compensation policy for senior management of the Company and its subsidiaries and affiliates, as well as senior management basic contract conditions. k) Set guidelines and supervise action in regard to the appointment, selection, career development, promotion and dismissal of managers, in order for the Company to have the highly qualified personnel required for the management thereof. l) Present proposals to the Board and prepare the examination of the matters which the Board must be informed of, in matters which are not the specific competence of any of the other Committees, whenever this is deemed necessary.

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

AUDIT COMMITTEE

Brief description

Support of the Board of Directors in its financial supervisory functions; supervision of internal auditing; maintaining of relations with the outside auditor; reporting to the General Meeting of Shareholders on matters posed in said General Meetings which are related to Audit Committee functions. See B.2.3.

Committee name

COMPLIANCE COMMITTEE

Brief description

Monitoring of compliance with national or foreign legislation applicable to gaming matters, monitoring of compliance and control systems related to regulations concerning money laundering, establishment and supervision of a system allowing for confidential communication of potentially significant irregularities (especially in relation to finance and accountancy). See B.2.3.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

Examination of compliance with the Internal Code of Conduct in Securities Markets, supervision of compliance with the corporate governance rules applicable in said regard, development and coordination of the policy regarding appointment and compensation of executives representing the Company and of senior management. 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:

Committee name

AUDIT COMMITTEE

Brief description

The organization and operation of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors, as well as in article 26 of the Corporate Bylaws of Codere, S.A. Said documents can be found on the Codere web page (www.codere.com). The Audit Committee has presented a report to the Board of Directors on the activities it has carried out during 2012. During said year, no change whatsoever was made in the regulation of this Committee.

Committee name

COMPLIANCE COMMITTEE

Brief description

The organization and operation of the Compliance Committee is regulated in detail in article 15 of the Rules of Procedure of the Board of Directors. Said document can be found on the Codere web page (www.codere.com). The Compliance Committee has presented a report to the Board of Directors on the activities it has carried out during 2012. During said year, no change whatsoever was made in the regulation of this Committee.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

The organization and operation of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. Said document can be found on the Codere web page (www.codere.com). The Corporate Governance Committee has presented a report to the Board of Directors on the activities it has carried out during 2012. During said year, no change whatsoever was made in the regulation of this Committee.

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:

NO

If "NO", explain the composition of your Executive Committee
Codere has no Executive Committee.

C. RELATED PARTY TRANSACTIONS

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

YES

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

C.3 Detail the relevant transactions 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 operation	Type of transaction	Amount (thousands of euros)
MR. ADOLFO CARPENA MANSO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	99
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions	493

			(borrower)	
MR. FERNANDO ORS VILLAREJO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	148
MR. JAIME ESTALELLA CARVAJAL	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	99
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	CONTRACTUAL	Provision of services	504
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	493
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	986
MR. RICARDO MORENO WARLETA	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	494

C.4 Detail the relevant transactions 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:

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 ter of the Public Limited Companies Act:

NO

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:

Among the duties of Directors stipulated in Article 4 of the Rules of Procedure of the Board of Directors of Codere, S.A. is the duty of loyalty to company interests and, in said regard, paragraph 4.d thereof states that: The Directors are required to communicate to the Board of Directors any situation of direct or indirect conflict which they may enter into with respect to Company interests. In the case of conflict, the affected Director shall refrain from taking part in the transaction which is the object of conflict. Situations of conflict of interests shall be reported in the annual report.

Article 16 of the Rules of Procedure of the Board of Directors, when regulating the composition, functioning and competences of the Corporate Governance Committee, determines that said Committee shall draft reports and proposals to the Board regarding the decisions to be adopted in cases of conflict of interests.

In addition, in accordance with article 5 of the Codere Internal Code of Conduct in Securities Markets, the affected persons (that is, directors, senior management, and employees which may

have access to privileged information) are required to adapt their actions in relation to the conflict of interest not only to the provisions of said Code but also to the provisions of the Rules of Procedure of the Board of Directors, insofar as these are applicable to them.

When a situation takes place which entails, or may potentially entail, a conflict of interest, the person subject to the Code must immediately inform the General Secretariat of said situation, and furnish said Secretariat with all information requested of said individual for an evaluation of the circumstances of the case, if required.

The General Secretariat shall pass this on to the Board Committee for the adoption of the pertinent decisions. The Board Committee is to be consulted about any doubt as to the possible existence of a conflict of interest before any decision which could be affected by said conflict of interest is adopted.

The General Secretariat shall communicate the existence of the conflict of interest to the person or person involved in the management of the situation or in the adoption of the decisions affected by said conflict.

The person subject to the Code who is affected by a situation of conflict of interest shall refrain from taking part in or directly or indirectly influencing the transaction, decision or situation affected by said conflict.

In the case of a conflict of interest, as a general rule resulting from the obligation of loyalty to the Company, the interest of the Codere Group is to prevail over that of the affected person subject to the Code.

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

NO

Identify the listed subsidiaries:

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.

During 2012, the Board of Directors approved the Risk Control and Management General Policy as well as the Risk Tolerance Document for the year 2013.

The Codere Group Risk Control and Management General Policy aims to establish the basic principles and general action framework for the control and management of every type of risk faced by the Group.

All actions aimed at controlling and mitigating risk at all times follow certain basic principles, such as the integration of risk-opportunity vision, operating level segregation of risk-taking areas, and areas responsible for risk analysis, control and supervision; guarantee of the correct use of hedge instruments and assurance regarding adequate compliance with corporate governance rules and the values set out by the company in its Code of Ethics.

The Risk Control and Management General Policy includes the identification and definition of the typology of risks which are significant for the Group, and which, in general terms, are listed below:

- Corporate Governance Risks: The Company employs the strategy of sustained maximization of the economic value of the Company and its successful outcome in the long term taking into account the legitimate public or private interests of the various stakeholders, communities and territories in which the Group acts, and those of its workers. In said regard, compliance with Group corporate governance systems inspired by the good governance recommendations generally recognized in the financial markets becomes fundamental.
- Operational and Loss of Income Risks: established as the uncertainty in regard to the performance of key variables intrinsic to the business, as well as those related to direct or indirect economic loss resulting from inadequate internal processes, technological breakdown, human error or as the result of outside events, including economic, social and reputational impact.
- Regulatory and Institutional Relation Risks: these come from changes in regulations established by the various regulators where the Group has a presence, principally in regard to the conditions related to the exploitation of the licenses granted, and which may adversely affect foreseen income. Likewise included are risks from delays, complications, and even the impossibility of carrying out projects, improvements, offers of new products, etc., owing to difficult relations with the regulatory institutions.
- Fiscal Risks: resulting from the various interpretations which, in the case of audit, regulators may give to the fiscal criteria followed by the Group.
- Indebtedness Risk: As a consequence of the indebtedness level and characteristics, the debt service obligations may hinder the growth of Group operations and limit their performance. As a result of the obligations assumed in borrowing operations, there are limits on additional indebtedness, the possibility of granting new guarantees, investing in certain assets or disposing of them, and the obligation of compliance with certain ratios and covenants.
- Country Risk: Risk resulting from the sociopolitical situation of the countries in which the Group has a presence, especially in Latin America. This category also includes the risks resulting principally from the local currency exchange rate fluctuations against the euro in those countries where the Group has a presence.
- Technology Risk: This refers to the negative impact on the Group which may result from losses incurred owing to interruption, breakdown or damage of the gaming information systems and technology platforms.
- Reputational Risk: Potential negative impact on Group value as the result of conduct by the company which does not meet the expectations created in the various stakeholders.

The Risk Control and Management General Policy and its basic principles are materialized through a system of risk control and management, based on a definition and assignment of functions and responsibilities at the operating level and on a series of procedures and methodologies in line with the various stages and activities of the system. The principal stages and activities include, but are not limited to, the following:

- a. Risk tolerance definition by the Board of Directors.
- b. Annual identification and analysis of the significant risks conducted by each Business Unit and/or department.
- c. Reporting of the principal risks, especially those exceeding the limits established by the Board of Directors.
- d. Introduction and control of compliance with policies, guidelines and limits, through adequate procedures and systems required to mitigate the impact of risk materialization.
- e. Periodical evaluation and communication, at least yearly, of the results of the control and management monitoring.
- f. Auditing of the system by the Internal Audit Management.

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

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

Risk materialized during the year

Operational risks

Circumstances giving rise to the risk

These risks are intrinsic to the business model, to Group activity and to the markets in which it operates, and therefore exist and are materialized throughout each business year.

How the control systems functioned

The internal control systems established by the Group have been functioning correctly throughout the year; consequently, they have had no significant effect on the Group financial statements.

Risk materialized during the year

Regulatory risk

Circumstances giving rise to the risk

Changes in the legal and regulatory framework of certain markets

How the control systems functioned

The Group control systems have made it possible to identify new threats and risks sufficiently in advance and to establish adequate mitigation plans, through the monitoring and management of these risks, which has been carried out both through Group participation in the corresponding sector associations, and through the corresponding institutional relation activity.

Risk materialized during the year

Fiscal Risks

Circumstances giving rise to the risk

Various claims have been filed against the Group in Mexico, which shows the various interpretations which the regulators are giving to the fiscal criteria followed by the Group.

How the control systems functioned

The control systems established by the Group, which require justification of the fiscal criteria adopted, allow for the filing of the pertinent administrative appeals as well as for the recording of the corresponding provisions.

Risk materialized during the year

Country Risk

Circumstances giving rise to the risk

Sociopolitical instability in Argentina has resulted in difficulties and restrictions in repatriating funds to Spain.

How the control systems functioned

Once the restrictions were identified, the risk was managed through the institutional relation and the seeking of alternative financing sources. Moreover, the exchange insurance policies controlled by the Group were working during the year, although they are currently not being contracted.

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

YES

If “yes”, explain their functions.

Name of committee or organ

AUDIT COMMITTEE

Description of functions

Article 26 of the Company Bylaws stipulates that the Audit Committee shall at least carry out the functions of supervising the efficacy of company internal control, internal auditing, if applicable, and the risk management systems. Likewise, article 14.3 of the Rules of Procedure of the Board of Directors establishes that the Audit Committee in particular is in charge of periodically revising the internal control and risk management systems for the proper identification, management and dissemination of the principal risks. Lastly, the Board of Directors has conferred upon the Audit Committee (which in turn has delegated to the Internal Audit Management) the responsibility of periodically revising the risk control and internal control systems, for the proper identification, management and dissemination of the principal risks. Likewise, at least once a year the Audit Committee is required to report to the Board of Directors in regard to risk control and any malfunctions detected in the internal audit reports or in the exercise of its functions.

Name of committee or organ

COMPLIANCE COMMITTEE

Description of functions

Its functions are described in article 15 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 which is as highly sensitive as is the gaming sector. This sector has been perceived in many different ways throughout its history, ranging from the strongest prohibition, with the resulting negative consequences, to the highest levels of regulation and organization, going through intermediate periods of a legal grey area in which it was neither legal nor illegal.

Given its leadership in the sector, Codere considers that it should take on the challenge of establishing guidelines of maximum excellence with the authorities, suppliers and customers, and that these guidelines should be included in its global strategy of social responsibility and corporate culture. These guidelines take specific form in the establishment of a strict Compliance Policy.

The CODERE Compliance Policy

Codere has taken as a standard of compliance the framework established by the Basel Committee in 2004 and the FATF Recommendations of February 2012 (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation), as well as European Commission Directive 2005/60/EC and regulations in development thereof. Likewise, and given that the CODERE Group Parent resides in Spain, in all of its geographical areas Law 10/2010 on the Prevention of Money Laundering and Terrorist Financing operates collaterally as the minimum standard to be respected as well as its Global Plan for Compliance which ensures that the standard is operative.

Consequently, CODERE has integrally taken on the amplitude of the Compliance Function as an independent function which identifies, provides consultancy, alerts, monitors and reports the compliance risks in organizations, that is, the risk of receiving sanctions for legal or regulatory breaches, suffering financial loss or loss of reputation as the result of failure to

comply with applicable laws, regulations, codes of conduct and good practice standards (together, 'laws, regulations and standards').

Codere requires of itself and also of its associates, suppliers and customers, the strictest conformity to gaming sector regulations in every country in which it operates, as well as scrupulous respect for all financial, fiscal and labor norms wherever it carries out its activity.

The Compliance Policy shows the special commitment of CODERE with respect to legislation against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and to the internal code of conduct taken on, in the following specific strategic objectives:

- Establish the proper activities and mechanisms for the implementation throughout the Company of an ingrained Tradition of Compliance, as an essential tool to reach and maintain the level of excellence to which Codere aspires.
- Cooperate in identifying and establishing the strictest standards of ethical conduct and applicable law in the carrying out of Codere business activities.
- Attain the proactive participation of all of the Codere Managers and Employees in relation to the Compliance policies in the various activities and geographical areas in which the Company operates, establishing the minimum mechanisms of coordination and exigency among the various actors.
- Identify, evaluate and control the principal Compliance risks, understood as those risks which may give rise to legal sanctions, material financial loss, or loss of reputation as the result of possible breach of laws, regulations, and the self-regulation standards of the organization, or of codes of conduct applicable to its business activities.

CODERE Compliance Policy execution processes.

During 2012, the following processes were developed and/or improved:

- Standardization of the International Policies for the Prevention of Money Laundering in Codere S.A., especially the FATF Recommendations 2012.
- Updating of the manual on the Prevention of Money Laundering and Terrorist Financing, both Corporate as well as the various Business Units.
- Introduction and global management of the CODERE Group Code of Ethics and Business Conduct in all of the geographical areas in which it operates which show the use of the best business practices and Corporate Social Responsibility practices in Codere S.A.
- Introduction and management of the Whistleblower Channel/Ethics Channels in all of the Business Units having direct Compliance management.
- Widespread training actions in the Prevention of Money Laundering and Terrorist Financing for key corporate and Business Unit Directors, Managers and employees.
- Identification of customers in accordance with express local legislation.
- Special examination of certain operations with respect to Risk.
- Document storage respecting legal guarantees and time limits.
- Collaboration with the Executive Service of the Committee for the Prevention of Money Laundering and Terrorist Financing or local FIUs.
- Refraining from executing irregular operations or those involving bad practices.
- Obligation of confidentiality in all communications regarding Third Parties and Customers.
- Internal control measures to permanently evaluate Third Party and Customer Risks as well as Manager and Employee Risks.
- Special Compliance Organs (at least ACAMS Certificates from the US), for due internal control, communication to the Authorities and exceptional capacity for adequate employee training in Money Laundering and Terrorist Prevention Financing.
- Proactive procedure for communication of suspicious operations and replies to Gaming Authority and Financial Intelligence official requests.
- With respect to branches and subsidiaries located abroad, CODERE expressly adopts a policy of maximum stringency, understanding by this that in the case whereby the local legislation is

less stringent than that of the Parent or the FATF, compliance will be made with the latter two.

Summary of relevant Compliance Activities in the CODERE Group.

The activities characteristic of the Prevention of Money Laundering (PML) and Identification of Third Parties (KYC) as well as the training of employees and managers and control of suspicious Customers or Transactions carried out in 2012 can be summarized as follows:

- There were 4,979 cases of various types of Due Diligence conducted between the Corporate Division and the Business Units of the different countries with which the Company operates, with respect to third parties, both natural and legal persons, with which business or contractual relations take place.
- 1,589 Due Diligences were conducted with CODERE own personnel.
- 1,628 employees were given Mandatory Training internally by the Compliance Departments of Spain, Argentina, Italy, Panama, Colombia, Uruguay and Mexico.
- 18,065 Prizes and Transactions were controlled and reported to the competent Authorities, using the identification and register required in each case.
- Communication was made to the various local FIUs (SEPBLAC, in Spain), 56 reports of Suspicious Operations. Said process was carried out entirely in the Business Units.
- 78 cases were reported/communicated to the Whistleblower Channel /Internal Investigation Management.

E - GENERAL MEETING OF SHAREHOLDERS

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

NO

	% quorum difference with respect to art. 102 LSA for general cases	% quorum difference with respect to art. 103 LSA for special cases of art. 103
Quorum required at first call	0	0
Quorum required at second call	0	0

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):

YES

% established by the company for adoption of resolutions	75.000
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Describe how this differs from the system provided for in the LSA.

Describe the differences
Capital increases or reductions, in general any amendment of the Corporate Bylaws, bond issues, the elimination or limitation of preemption rights for new shares, as well as the transformation,

merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain shall all require the favorable vote of 75% of the capital present or represented at the General Meeting, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital (as opposed to the requirement of the favorable vote of two-thirds of the capital present or represented when, at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital required by the article 201 of the Capital Companies Act).

E.3 State the shareholders' rights in regard to the general meeting of shareholders, which differ from those stipulated in the LSA.

In accordance with the Corporate Bylaws and the Rules of Procedure of the General Meeting of Shareholders the shareholders' rights in relation to the General Meetings are the same as those established in the LSC.

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

Apart from the applicable legal requirements, the Rules of Procedure of the General Meeting, the object of which is to establish the principles of organization and operation of the General Meeting of Shareholders of Codere S.A. in order to facilitate for shareholders the exercise of their rights in accordance with the law and the corporate bylaws, indicates the following measures to encourage participation:

Web page.-

As from the time the notice of the meeting is published, the Company will make available to the shareholders at the registered office and will keep accessible at all times through the Company web page for consultation by shareholders and investors in general, all the information which it deems suitable, including the following:

- a) The full text of the notice of the meeting
- b) Any documents and information which, by law or the corporate bylaws, must necessarily be provided in relation to the various items on the agenda, such as annual accounts, directors' reports, auditor reports, experts' reports, etc.
- c) The full text of all of the resolutions proposed by the Board of Directors, as well as the documentation in regard thereto, for approval by the General Meeting.
- d) Attendance and proxy card sample and indication of the means and procedures for obtaining these.
- e) Indication of the means and procedures to grant proxy at the General Meeting.
- f) Indication of the means and procedures for remote communication, which, in accordance with the law and the corporate bylaws, may be used by shareholders to exercise their political rights.
- g) Information on the form in which the General Meeting is conducted, such as the location where it is to be held, accesses, the existence of various halls, technical means or procedures facilitating the following of the General Meeting, such as simultaneous interpreting, dissemination through audiovisual means, etc.
- h) Also to be included are telephone numbers, email addresses, offices, opening hours, and any other shareholder information services offered by the Company.

The above information may be consulted by easy access to the company web page www.codere.com, through its various sections of shareholders and investors, corporate governance, relevant facts, financial information, operational information, etc.

Exercise of remote voting.-

Shareholders may exercise their right to vote on proposals related to items on the agenda through postal or electronic correspondence, or through any other means of remote communication, provided that the identity of the shareholder exercising its voting right is duly guaranteed.

Electronic Forum.-

Pursuant to article 539 of the revised text of the Capital Companies Act, Codere S.A. has implemented the Shareholder Electronic Forum system on its web page www.codere.com. The object of this forum is to facilitate communication among shareholders on the occasion of the convening of each General Meeting of Shareholders, with registered users being able to send communications aimed at making proposals to be presented as an addition to the agenda announced in the notice of the General Meeting and requests for adhesion to said proposals; presenting initiatives in order to reach a percentage sufficient for the exercise of a minority right; and making offers or petitions for voluntary representation, etc.

These powers are to be carried out in accordance with the forum rules of usage issued by Codere S.A. on 23 March 2012, which are accepted by duly registered users. In accordance with the foregoing, during 2012 Codere S.A. put the Electronic Forum into operation as from the date on which the General Meeting was called, and the date on which it was held.

E.5 Indicate whether the post of Chairman of the General Meeting of Shareholders 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 Meeting of Shareholders.

YES

Detail of the measures
The General Meeting of Shareholders of Codere, S.A. establishes in its Rules of Operation the principles of organization and operation to which the action of the Chairman must conform in order to ensure that shareholders are able to exercise their rights.
Moreover, at its own initiative, the Board of Directors usually calls for a Notary to attend the General Meeting and take the minutes thereof. Consequently, neither the Chairman nor the Secretary of the General Meeting take part in the drafting of the minutes, which are entrusted to a notary, with the resulting guarantee of neutrality for the shareholders.
In compliance with the above, the 2012 Regular General Meeting of Shareholders was attended by the Notary of Alcobendas, Mr. Gerado Von Wichmann, who issued notarial certification thereof.

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

During 2012, the Regular General Meeting of Shareholders held on 10 May 2012 agreed to amend the Rules of Procedure of the General Meeting, specifically articles 2, 9, 10, 12, 15 and 23 in order to adapt them to Law 25/2011 partially reforming the Capital Companies Act.

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	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
10/05/2012	15.826	63.230	0.000	0.000	79.056

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

ONE.- Examination and approval of the annual accounts (balance sheet, income statement, statement of changes in equity, statement of cash flows and annual report), and of the management report of CODERE, S.A., and of the annual accounts (balance sheet, income statement, statement of global income, statement of changes in equity, statement of cash flows and annual report), and of the management report of its consolidated group of companies, corresponding to the year ended at 31 December 2011.

This resolution was unanimously approved by the attendees.

TWO.- Examination and approval of the proposal for the application of income for the year ended at 31 December 2011.

This resolution was unanimously approved by the attendees.

THREE.- Approval of the management of the Board of Directors during the year 2011.

This resolution was approved by the majority of attendees, with the abstention of 100 shares, representing 0.0001816% of the share capital.

FOUR.- Reelection of the auditor of CODERE, S.A., and of its consolidated group of companies.

This resolution was unanimously approved by the attendees.

FIVE.- Appointment of Director and determination of number of directors

5.1. Appointment of Mr. Juan Junquera Temprano as a member of the Board of Directors, as an external independent member.

This resolution was unanimously approved by the attendees.

5.2. Determination of number of directors.

Establish, pursuant to the stipulations of article 7.a) of the Rules of Procedure of the General Meeting, the number of Directors at ten (10), within the limit set out in article 24.1. of the Corporate Bylaws.

This resolution was unanimously approved by the attendees.

SIX.- Amendment of articles: 3, 16, 24 and 28 of the Corporate Bylaws in order to adapt them to Law 25/2011 partially reforming the Capital Companies Act.

This resolution was unanimously approved by the attendees.

SEVEN.- Amendment of articles: 2, 9, 10, 12, 15 and 23 of the Rules of Procedure of the General Meeting of Shareholders in order to adapt them to Law 25/2011 partially reforming the Capital Companies Act.

This resolution was unanimously approved by the attendees.

EIGHT.- Designation of the website www.codere.com as the corporate website.

This resolution was unanimously approved by the attendees.

NINE.- Authorization to acquire treasury stock, either directly or through Group Companies.

This resolution was unanimously approved by the attendees.

TEN.- Delegation of power of attorney in order to formalize, interpret, rectify and execute the resolutions adopted by the General Meeting of Shareholders.

This resolution was unanimously approved by the attendees.

ELEVEN.- Vote, for the purpose of consultation, on the Compensation Policy Report for the year 2011.

This resolution was approved by a majority of the attendees, with 100 shares, representing 0.0001816% of the share capital, voting against the resolution.

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

YES

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 Meeting, all shareholders having the right to attend General Meetings may be represented at the General Meeting by a proxy, who need not be a shareholder, by using the proxy delegation formula. The same shareholder may not be represented by more than one proxy at the same General Meeting.

Proxy must be specially given in writing for each meeting, by sending the attendance and proxy card duly filled out and signed by the shareholder granting proxy, or by remote communication means which comply with the requisites of article 189.2 of the Capital Companies Act and all other applicable legislation for the right to remote voting and those which the Board of Directors establish in general or for each specific General Meeting.

Proxy delegation shall at all times be revocable, and shall be understood as being revoked when the principal attends the General Meeting in person or, if applicable, when said principal exercises his 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.

NO

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

Corporate Governance contents can be accessed from the principal page (www.codere.com) by clicking on the section shareholders and investors, and once there, selecting the tab Corporate Governance.

F - DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE 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, B.1.23 and E.1, E.2

Complies

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

Not Applicable

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

- a) The transformation of listed companies into holdings, through a process of creation of subsidiaries 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) Transactions the effect of which is equivalent to winding up the company.

Complies Partially

Paragraph a) is not applicable since Codere S.A. is already a holding company; consequently, no transactions of this type which are to be put to the General Meeting of Shareholders for approval will ever take place.

Moreover, during 2012 in Codere, S.A. there has been no transaction of this type which, if applicable, could have been put to the General Meeting of Shareholders of Codere, S.A.

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

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

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

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

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 governance policy;
- v) The corporate social responsibility policy;
- vi) The compensation policy and evaluation of senior management performance;
- vii) The risk control and management policy, as well as the periodical monitoring of the internal information and control systems;
- viii) 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 transactions 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) Transactions which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with related persons ("related party transactions").

This authorization by the Board shall not be understood as necessary, however, in those related transactions 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 customers;
- 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 party transactions 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 transactions 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 transaction.

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

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

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.1.14

Complies

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

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 share 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 themselves.

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

Complies

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

See sub-paragraph: B.1.3

Complies

14. That the type of directorship be explained by the Board to the General Meeting of Shareholders 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 honored 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

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.1.27 and B.2.3

Complies

16. That the Chairman, as the person in charge of seeing to it that the Board is run effectively, makes sure that the directors receive sufficient information in advance; encourages 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 organizes and coordinates 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.1.42

Complies

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

18. That the Secretary of the Board take special care in seeing 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, in order to safeguard the independence, impartiality and professionalism of the Secretary, that 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

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

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

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

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.1.19

Complies Partially

Although article 12 of the Rules of Procedure of the Board of Directors of Codere, S.A. stipulates the obligation of the Board, when so requested by the Corporate Governance Committee, to evaluate each year the manner in which the Board and its Committees are run and the performance of the Chair of the Board, in 2012, for reasons mainly owing to the changes which took place in the Board Secretariat, no evaluation was made for the year 2011.

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

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

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

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

27. That the proposal for appointment or reelection of directors submitted 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

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

- a) Professional and biographical profile;
- 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 Partially

The corporate website of Codere, S.A. contains all of the information indicated in this recommendation, except that which is related to paragraph b). Corporate Governance has recommended that the Directors provide this information to the Company in order to include it in the web page during 2013.

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

See sub-paragraph: B.1.2

Explain

Article 3 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that it shall be endeavored that the Independent Directors not remain as such for a period of over 12 years, and in the case whereby it should be resolved to renew them in their posts in said capacity beyond said time period, the specific reasons for this must be given in the Corporate Governance Annual Report.

Additionally, article 1.11 of the same text indicates that the nature of each Directorship shall be explained by the Board before the General Meeting of Shareholders which is required to make or ratify the appointment, and shall be confirmed or, if applicable, reviewed annually in the Corporate Governance Annual Report, after verification by the Corporate Governance Committee.

The Independent Directors Mr. Eugenio Vela Sastre and Mr. Juan José Zornoza Pérez completed 12 years as Directors of Codere S.A. on 17 June 2011. The Corporate Governance Committee, at its meeting held on 18 February 2013, with the two Directors involved having left the room during the deliberations and the vote, verified that both directors, despite the period lapsed since their initial appointment, continue to carry out their duties without being influenced by their relations with the Company, or with their significant shareholders or their directors, and that they are not affected by any of the circumstances of incompatibility which (pursuant to article 61 bis of the Securities Market Act and article 1.6 of the Rules of Procedure of the Board of Directors) would disqualify them from being classified as Independent. Likewise, the Committee considered that not only has their independence not been compromised, but that furthermore, given the current situation of the company, it is highly recommendable that both Mr. Eugenio Vela Sastre and Mr. Juan José Zornoza Pérez remain in their directorships as independent directors, in view of the especially important contribution which they make given their historical knowledge of the company and of the sector in which it operates. Consequently, the Corporate Governance Committee resolved that these two directors should remain in their posts as independent directors.

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

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 5 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

32. That the companies set up rules requiring directors to report and, where appropriate, resign in those cases which may harm the credit and reputation of the company, and in particular, require 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 with 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 Corporate Governance Annual Report.

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

Complies

33. That all directors clearly express their opposition when they consider that a given draft 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 as 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

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 Corporate Governance Annual Report.

See sub-paragraph: B.1.5

Not Applicable

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

- a) Amount of fixed components, itemizing, if applicable, fees for attendance at Board and Committee meetings, and estimating 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; and
- 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

Complies

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.1.3

Complies

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

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.

Not Applicable

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 the professional performance of its beneficiaries and does not merely result from general market performance or from corporate sector activity performance or other similar circumstances.

Not Applicable

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 disclosure 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

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

- a) An itemized account 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 consolidated 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 party transaction or when its omission distorts the true and fair view of the total compensation received by the director.
- b) An itemized account 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

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

Not applicable

43. That the Board at all times 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.

Not applicable

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, a single Appointments and Compensation Committee, or two separate such 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

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.

Explain

Among the functions of the Corporate Governance Committee is that of supervising and examining compliance with the Internal Rules of Conduct with respect to the Securities Markets, as well as to supervise compliance with the corporate governance rules applicable in said regard.

In relation to the Codere Group Code of Ethics and Business Conduct approved by the Board of Directors on 27 January 2011, evaluation of the degree of compliance therewith corresponds to the Safety and Compliance Corporate Management which will issue an annual report on the matter. Said report will be communicated to the Compliance Committee, and also to the President-CEO of Codere S.A. Any revision or updating which entails amendment of the Code of Ethics and Business Conduct will require approval by the Board of Directors of Codere S.A after a report by the Compliance Committee.

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

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

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

49. That the risk control and management policy identify at least the following:
- a) The various types of risk (operational, technological, financial, legal, reputation, etc.) faced by the company, including among the financial or economic risks contingent liabilities and other off-balance-sheet 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-paragraphs: D

Complies Partially

The Risk Control and Management Policy of Codere, S.A. identifies the points contained in paragraphs a and b, leaving it up to the Business Units in charge to establish the measures required to mitigate the impact of risk materialization, as well as to establish the internal control and information systems which allow for the evaluation and periodical communication, at least annually, of the results of the risk control and management monitoring process. Moreover, the Group has established additional monthly information and reporting systems making it possible to learn of, evaluate and reach conclusions regarding contingent liabilities and risks both on and off balance sheet.

50. That the Audit Committee be entrusted to do the following:

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

- a) Supervise the process of drafting the financial information of the company and, if applicable, of the group, as well as the completeness 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 revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- c) See to it that the internal audit function is run independently and efficiently; 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 account the conclusions and recommendations contained in its reports;
- d) Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they note in the company and which may have repercussions, especially in regard to financial and accounting matters.

2. In relation to the external auditor:

- a) Submit to the Board proposals regarding the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions;

- b) Receive from the external auditor, on a regular basis, information on the audit plan and the results of the execution of said plan, and verify that senior management take into account the auditor's recommendations;
- c) Ensure 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 resign, the Committee examine the reasons why.
- d) In the case of groups, favor 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 Partially

With respect to sub-paragraph 10.d, the function of establishing and supervising a mechanism to allow employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial or accounting nature, detected within the Company, in Codere S.A. corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

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

Complies

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 party transactions, 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

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

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

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 for them to carry out their functions adequately;
- b) Examine or organize, in a manner understood to be adequate, the succession of the President 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 Partially

The function established under paragraph b) of this recommendation is not expressly attributed to the Corporate Governance Committee in the internal regulations of the Company; however, in recent years this Committee has taken on this function and has worked on it.

56. That the Appointments Committee consult with the company President 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 such candidates suitable.

Complies

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 of Directors:
 - 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

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

Complies

G - OTHER INFORMATION OF INTEREST

If you consider that there is any principle or relevant aspect regarding the corporate governance practices applied by your company which has not been dealt with in the present Report, mention this below and explain what it consists of.

In relation to sub-paragraph B.1.3, the Executive and Nominee Directors were reelected on the basis of the prior report by the Appointments and Compensation Committee, the functions of which were subsequently taken on by the Corporate Governance Committee.

In relation to sub-paragraph B.1.12, it should be pointed out that in 2012, owing to various reasons, among which is the need to facilitate the coverage of certain vacancies produced, the Board of Directors appointed certain persons as Senior Executives without the required Corporate Governance Committee report.

In relation to sub-paragraph B.1.13, it should be pointed out that although the Rules of Procedure of the Board of Directors reserves for the plenum of the Board the power to resolve in regard to Senior Management indemnity clauses and the contract terms of Executive Directors, of the 5 beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, 4 were not authorized by the Board of Directors, given that their contracts were entered into prior to the date on which the Rules of Procedure of the Board of Directors came into effect, whereas the 5 were duly authorized during the year 2011.

In relation to sub-paragraph B.1.26, it should be pointed out that article 3.2 of the Rules of Procedure of the Board establishes that it shall be endeavored that Independent Directors not remain as such for a period beyond 12 years, and that in the case whereby it is resolved to renew them in their post beyond said time period, the specific reasons for this must be explained in the Corporate Governance Annual Report. In this regard, see the reply to Recommendation F.29.

In relation to sub-paragraph B.1.29, it should be pointed out that:

a) on two additional occasions (January and March 2012) at the 10 meetings held the Board adopted resolutions in writing and without physical presence.

b) additionally, the nine meetings of the Appointments and Compensation Committee which are indicated correspond to the meetings of the Corporate Governance Committee, the Committee which as from June 2010 took over the functions of the previous Appointments and Compensation Committee.

c) the third Committee existing within the Board of Directors of Codere, S.A., the Compliance Committee, met on 9 occasions in 2012.

In relation to sub-paragraph B.1.30, it should be pointed out that the ratio of non-attendance to total votes for the year was calculated by multiplying the total number of Board meetings (not taking into account the two occasions on which resolutions were adopted in writing and without physical presence) by the number of members of said Board.

In relation to sub-paragraph B.2.1, it should be pointed out that article 15 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that when the Chairman of the

Compliance Committee is not an Independent Director the reasons for said circumstance must be indicated in the Corporate Governance Annual Report. In this respect, the Chairman of the Compliance Committee, Mr. José Ignacio Cases is a Nominee Director, with his appointment as Chairman of said Committee owing to his experience and knowledge gathered when he was Secretary General of the Gaming Commission of the Spanish Ministry of the Interior, and as Full Professor of Political Science at the Carlos III University in Madrid, consequently making him one of the most highly informed persons in the matter.

In relation to sub-paragraph B.2.2, the function of establishing and supervising a mechanism allowing employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial and accounting nature, corresponds, in accordance with the Rules of Procedure of the Board of Directors of Codere S.A., to the Compliance Committee.

In paragraph C.3 regarding the detail of the relevant transactions between the company or companies of its group and directors or senior managers of the company, we point out with reference to the Director Mr. José Ramón Romero Rodríguez, a contractual relation of service provision in the amount of 488,000 euros, although the service provider is the law firm Despacho Loyra Abogados, of which said Director is Partner Manager.

Any information, clarification or nuance related to the preceding sections of this report may be included in this section.

Specifically, indicate whether or not the company is subject to any legislation other than Spanish legislation in matters of corporate governance and, if applicable, include any information which it is required to provide which differs from the information called for in this report.

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.

NO

Date and signature:

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on

27/02/2013

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

NO

Additional information to the Corporate Governance Annual Report Form presented by the company "CODERE S.A." pursuant to the stipulations of the Sustainable Economy Act which in its Final Provision Five introduced a new chapter VI under title IV of the Securities Market Act, entitled "The Corporate Governance Annual Report".

Sustainable Economy Act 2/2011 has amended Securities Market Act 24/1988, introducing a new chapter VI entitled " The Corporate Governance Annual Report", which changes the legal system in effect until now and introduces new reporting obligations for public listed companies.

Said chapter includes article 61 bis, which repeals and redrafts the content of former articles 116 and 116 bis of the Securities Market Act (LMV) and requires that the Corporate Governance Annual Report include a description of the principal characteristics of the internal systems of risk control and management, in relation to the financial reporting process.

In view of this, and insofar as the legislative processes required to develop a new CGAR form, the one corresponding to the year ended at 31 December 2012 uses the contents and structure of the form established in Circular 4/2007 of the Spanish National Securities Commission, whereas the contents included in the Sustainable Economy Act in regard to corporate governance, not included in said form, are incorporated by the preparation of the present document.

The foregoing having been said, we shall now specifically and in an individualized manner analyze those contents incorporated by the Sustainable Economy Act.

- **Description of the principal characteristics of the internal systems of risk control and management in relation to the financial reporting process (art. 61 bis 4,h LMV).**

Control Environment:

What organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective Financial Reporting Internal Control System (FRICS); (ii) its introduction; and (iii) its supervision.

- (i) The Board of Directors is responsible for approving the Risk Control and Management Policy, as well as the periodical monitoring of the internal information and control system, as stated in article 7 "*Powers reserved for the Board of Directors*" under Title II of "*Competences of the Board of Directors*".
- (ii) The introduction, maintenance and supervision of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Management, as well as of the Economic Financial Corporate Managements of the various Business Units. Likewise, the various General Managements are responsible for effective introduction in their area of activity.
- (iii) The Audit Committee is responsible for supervising the Internal Control System. Among its functions, as Delegated Committee of the Board of Directors, are the following:
 - a. Supervise the process of drafting the Company and if applicable, Group, financial reporting and the completeness thereof, reviewing compliance with the regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
 - b. Periodically review the internal control and risk management systems, in order that the principal risks may be adequately identified, managed and disclosed.

- c. Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

Indicate whether the following exist, especially in regard to financial reporting:

1) Departments and/or mechanisms in charge of: (i) the design and review of organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) seeing to it that sufficient procedures exist for their proper dissemination in the company.

The Company has an organizational structure which has developed the major lines of responsibility and authority in the various processes, for each business unit and for each significant geographical area of the Group. The Human Resources Managements and Operational Managements participate in its design and revision. These lines of responsibility and authority are communicated at the required levels by means of different levels of formalization.

Likewise, the Company has a clear and up-to-date policy of powers resulting in the maximum exponent of lines of authority.

The Board of Directors, at the proposal of the Company President, reserves for itself the power to appoint and eventually dismiss Senior Management, whereas the Corporate Governance Committee sets the guidelines and supervises actions related to the appointment, selection, career development, promotion and dismissal of managers, in order for the company to have the highly qualified personnel its requires for its management.

2) Code of Conduct, organ of approval, degree of dissemination, principles and values included (indicating whether specific mention is made of the recording of transactions and financial reporting) organ in charge of analyzing breaches and proposing corrective action and sanctions.

The Company has:

- A Code of Ethics and Business Conduct which contains the principles of business ethics and transparency in all areas of action (approved by the Board of Directors of Codere, S.A at its meeting held on 27 January 2011).
- Internal Rules of Conduct in the securities market which determines the behavior criteria to be followed in securities market transactions, in order to contribute to their transparency and to the protection of investors (approved by the Board of Directors of Codere, S.A at its meeting held on 25 February 2010).

The Board of Directors is the organ in charge of approving and disseminating the Code of Ethics and the Security and Compliance Corporate Management is the area in charge of overseeing its compliance and of proposing corrective action and sanctions.

The Code of Ethics and Business Conduct has been disseminated and communicated throughout the Group.

Among the values contained in the Code of Ethics and Business Conduct can be found, among the values related to the Codere Group Environment (Section V of "The Codere Group Environment"), article 5.2 "Truthful, adequate and useful information", which describes how the Codere Group is to report on its policies and actions in a truthful, adequate, useful and congruent manner. Specifically, in relation to economic-financial information, said information, especially the Annual Accounts is to faithfully reflect the reality of the economic and financial situation as well as the net worth of the company in accordance with generally accepted accounting principles and the applicable international financial reporting standards.

In this regard, no professional shall conceal or distort the information of the Codere Group accounting records and reports.

A lack of honesty in financial reporting is in violation of the Code of Ethics and Business Conduct, also considering to be a lack of honesty the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it.

3) Whistleblower Channel, making it possible to communicate to the Audit Committee any financial and accounting irregularities, in addition to eventual breaches of the code of conduct and irregular activities in the organization, and informing whether said information is confidential.

The Company has a confidential whistleblower channel through an email address, ordinary mail and a toll-free telephone number. Said Whistleblower Channel has been disseminated to employees together with the Group Code of Ethics and Business Conduct.

In all of the Codere geographical areas, the various Whistleblower Channels were introduced throughout 2012 under the usual name of "Ethics Channels" using the same standards and manner of operation as that employed in the global corporate whistleblower channel. Said Channels, which are open to and confidential for Group own personnel as well as customers and suppliers or other third parties with which a commercial or business relation is maintained, are operated exclusively by local Compliance officials, permanently supervised by Corporate Compliance General Management.

The organ in charge of its management is the Security and Compliance Corporate Management, the Management in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions.

4) Programs for periodical training and updating of personnel involved in preparing and revising financial information, and in the FRICS evaluation, which are to cover at least accounting standards, auditing, internal control and risk management.

There are training plans for personnel having responsibilities in preparing financial information, in the areas of accounting standards and auditing. During the year 2011, the Company has carried out training plans in regard to internal control for the maximum heads of Business Units, as well as specific training plans regarding internal control for certain areas, prompted by the project for improving the Financial Reporting Internal Control System in the Codere Group.

Risk Evaluation

What are the principal characteristics of the risk identification process, including those related to error or fraud, in regard to the following:

1) The process exists and is documented:

The Codere Group has an identification process for the principal risks which may affect the Group, including among all the identified typologies, specific financial reporting risks. The result of this process is a Risks Map containing the residual risks having the greatest impact and the greatest probability in the Codere Group. Said Map is updated annually.

For critical processes and significant companies, considering in addition that the processes in the different units or locations should be evaluated individually, there are risk and control matrixes where the critical processes are documented, with identification being made of the principal risks affecting said processes, as well as the key controls existing in order to mitigate the material risks having an impact on financial reporting.

2) If the process covers all of the financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), if it is updated, and how often.

In the Financial Reporting Risk identification process, in an aim to guarantee the reliability and accuracy of the financial information, evaluation is made of the possible impact in the following categories:

- Existence and occurrence: Transactions, facts and all other events exist and have been recorded at the proper time
- Completeness: The reporting reflects all transactions, facts and all other events with respect to which the company is an affected party.
- Valuation: Recording and valuation are made of all transactions, facts and other events in accordance with the applicable regulations.
- Transaction Cut-off: transactions are recorded in the proper period in accordance with their accrual.
- Presentation, disclosure and comparability: the transactions, facts and all other events are classified, presented and disclosed in the financial reporting in accordance with the applicable regulations.
- Rights and obligations: The financial reporting reflects the rights and obligations at the corresponding date in accordance with the applicable regulations.

The objective is to determine in a reliable manner the possibility that a given risk will occur and in such a case, its impact on the financial statements, in order that it will be possible to prioritize this and draw up a mitigation plan.

This is an ongoing process which makes it possible to improve the design and efficacy of the controls and to minimize the risks related to financial reporting. The process of identifying financial reporting risks was thoroughly analyzed and updated in the year 2011, and it is established that said process will be revised and updated on an annual basis.

3) The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.

The Company consolidation perimeter is clearly identified and is updated monthly, making it possible to know of all Codere Group subsidiaries, the effective ownership percentage, and the degree of influence in said subsidiaries.

Any changes in the Group structure are communicated monthly to all those taking part in the financial reporting process and who need to know of such changes.

4) If the process takes into account the effects of other risk typologies (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

The Codere Group Risk Control and Management General Policy , which was adopted by the Board of Directors in December of 2012, includes the identification and definition of all of the types of risk faced by the Group and which have been deemed as important, comprised as follows:

- Corporate Governance Risks.
- Operational and Loss of Income Risks.
- Regulatory and Institutional Relation Risks.
- Fiscal Risks.
- Indebtedness Risks.
- Country Risk.

➤ Technology Risk.

5) What governance organ of the company supervises the process.

In the final instance, the Board of Directors, through the Audit Committee, in accordance with article 14 of the Rules of Procedure of the Board, is in charge of "Periodically revising the internal control and risk management systems, in order for the principal risks to be adequately identified, managed and disclosed.

The Audit Committee is in charge of managing the Control and Risk Management Policy in which at least the following will be identified: the various types of risks, measures foreseen to mitigate the impact of the identified risks, should they materialize, and the reporting and internal control systems which will be used to control and manage the foregoing, including contingent liabilities and off-balance sheet risks.

Control Activities:

Procedures for the review and authorization of financial reporting, and the description of the FRICS, to be published in the securities markets, indicating those in charge, as well as documentation describing cash flows from activities and controls (including those related to fraud risk) for the different types of transactions which may materially affect the financial statements, including the year-end closing procedure and the specific review of relevant opinions, estimations, valuations and projections.

The Company has procedures for the review and authorization of financial reporting to be published in the securities markets. Said procedures are in regard to:

- Procedures for review and authorization of the individual financial statements for each subsidiary of the Group.
- Procedures for review and authorization of the consolidated financial statements.
- Procedures for review and authorization of the information sent to the securities markets..
- For each significant process, descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Management as well as by the rest of the areas participating in the financial reporting.

Said procedures for financial reporting review and authorization contain procedures regarding reviews of relevant opinions, estimations, valuations and projections forming part of the monthly closing procedure applied by the Codere Group.

Financial reporting internal control policies and procedures (among these, access security, control of changes, operation of changes, operational continuity, and segregation of functions) undergone by relevant processes of the entity in relation to the drafting and publication of the financial reporting.

The Company has guidelines and rules of action for managing information security. Said guidelines apply to the systems taking part in the generation of the financial reporting, and are in regard to the use of computer resources, access to user systems and management, the protection of networks, systems, databases and applications and the management of backup copies.

The Information Systems Management is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center which is the responsibility of the Security and Compliance Management.

Financial reporting internal control policies and procedures aimed at supervising the management of activities sub-contracted to third parties, as well as those aspects of evaluation,

calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

There are no relevant areas of activity subcontracted to third parties which may affect the financial reporting; consequently, it has not been deemed necessary to draft a procedure for the selection of the activities carried out by them.

Nevertheless, in the case of outsourcing of some services related to financial reporting, the contract with the supplier establishes the levels of service which are supervised by the Information Systems Management.

Information and Communication:

A specific function for defining and keeping accounting policies (area or department of accounting policies) up to date, and resolving any doubts or conflicts resulting from the interpretation thereof, maintaining fluent communication with those in charge of the transactions in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

Within the Economic Financial Management there is a specific function responsible for resolving any doubts in regard to the interpretations of the regulation. There is an Accounting Policy Manual at the Group level applicable to all of the Business Units. Said Manual is reviewed with the aim to update it periodically.

Mechanisms for gathering and preparing the financial information using homogenous formats applied and used by all units of the entity or of the group, which form the basis for the principal financial statements and the notes, as well as the information detailed in regard to the FRICS.

The Company has homogeneous financial information reporting for all of the Group units which allows the Company to make complete monthly closings. Said reporting contains all the information required for drafting the principal financial statements and their corresponding notes. In addition, it should be pointed out that a large percentage of the financial information of the Group is integrated in the Corporate Information Systems.

Supervision of system operation:

As provided in article 14 of the Rules of Procedure of the Board of Directors, the Audit Committee has among its functions the following:

- Supervise the internal audit services and monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reelection and dismissal of the head of the internal audit service; propose the budget for said service; receive periodical information regarding its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- Periodically review the internal control and risk management systems, in order to adequately identify, manage and disclose the principal risks.
- Supervise the process for the drafting, presentation and completeness of the financial reporting related to the Company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- Report, at least once a year, to the Board of Directors in matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.
- Once a year draft an annual report containing the activities carried out by the Committee

A. Internal Audit Function

The Codere Group has an Internal Audit Management which is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Management functions is that of supervising the compliance, efficacy, and efficiency of the internal control systems, as well as the reliability and quality of the financial and operational information.

This Management is corporate and is present in all countries where the Group has a significant presence. Its entire personnel devote full time to this function, and do not engage in any functions other than those related to internal auditing.

The Audit Committee annually approves the audit plans presented by the Audit Management and, at least once a year, is informed of the result of the work carried out. In the exercise of its functions, the Audit Committee is periodically informed of the internal audit activities and verifies that Senior Management take into account the recommendations and conclusions of its reports.

B. Scope of evaluation of the Internal Control System with regard to Financial Reporting.

The Internal Audit Department, in executing its Annual Plan approved by the Audit Committee, carries out continual supervision of the internal control system of the Codere Group, in order to ensure the control of the reliability of the financial reporting and the operational procedures.

The Audit Department has a pluri-annual supervision plan approved by the Audit Committee. This Plan calls for the review of all critical business processes in all of the Group companies and geographical locations (including information systems) over a three-year period, with the exception of specific areas and processes, which, given their special relevance, are reviewed annually.

Specifically, in the second half of 2011 a process was carried out to identify and update financial reporting risks, and draw up the corresponding risk and control matrices for each business cycle identified as material, which was updated in the second half of 2012.

Likewise, a specific work plan has been designed to evaluate the operation and efficacy of the identified controls, which will allow it to serve as supervision of the entire Financial Reporting Internal Control System. This Work Plan will be carried out during 2012 and will result in a specific report on the operation of the Financial Reporting Internal Control System.

C. Communication of results and corrective measure action plans.

The Audit Committee is informed quarterly of the principal conclusions and recommendations manifested by the Internal Audit Committee in its reports, as well as of the action plans taken on with regard to corrective measures. It is likewise informed of compliance with these action plans.

If the entity has a procedure for discussion by means of which the auditor, the internal audit function and other experts are able to communicate to senior management and to the Audit Committee or entity directors the significant weaknesses of the internal control system identified during the annual account review processes or any other review processes entrusted to them. Likewise the entity will report whether it has an action plan which seeks to correct or mitigate the weaknesses noted.

The Audit Committee meets at least once every three months (prior to publication of the regulated information) in an aim to obtain and analyze the information required for compliance with the competences with which it is entrusted. At said meetings the Group Annual and Half-yearly Accounts and the intermediate quarterly declarations are reviewed, as is all other information disclosed to the market.

These meetings are also attended by the Economic Financial Management (in charge of preparing the financial reporting) and the Internal Audit Management (with the periodical information on activities), as well as by the external auditor when said auditor is called upon to communicate the results of its work, in an aim to monitor the correct application of the accounting regulations in effect and the reliability of the financial reporting.

In any event, and at all times prior to year-end, the external auditor has a meeting with the Audit Committee at which the principal identified matters of interest and the aspects detected by the auditor at year-end are deliberated on.

On its part, the Group auditor has direct access to Group Senior Management, holding periodical meetings in order to obtain the information required to carry out its work as well as to communicate any control weaknesses detected during the course of its work. With respect to this latter aspect, on an annual basis the external auditor presents a report to the Audit Committee which details the internal control weaknesses detected in its work. This report incorporates the comments of the Group Management and, if applicable, any action plans which have been put into practice in order to remedy the corresponding internal control weaknesses.

If the FRICS sent to the markets has been subject to review by the external auditor, in which case the entity should include the corresponding report as an Annex. Otherwise, it should explain the reasons for this.

The FRICS information sent has not been subject to review by the external auditor given that the Group continues to introduce the improvements and recommendations arising from the Financial Reporting Internal Control System revision process.

- **Information on securities not traded in a Community regulated market, identifying, if applicable, the various share classes and, for each share class, the rights and obligations conferred thereby, as well as the share capital percentage represented by company treasury stock and its significant variations (art. 61 bis 4, a, 3, LMV).**

There are no securities traded outside of the Community regulated market.

- **Information regarding regulations applicable to the amendment of corporate bylaws (art. 61 bis 4, a, 4, LMV).**

Article 19 of the Corporate Bylaws establishes as follows: "However, in order for the Regular or Extraordinary General Meeting of Shareholders to validly resolve in regard to a capital increase or reduction, and, in general, in regard to any amendment of the Corporate Bylaws, bond issue, the elimination or limitation of preemption rights for new shares, as well as the transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain it shall be necessary at first call that the meeting be attended in person or by proxy by shareholders holding at least 50% of the subscribed voting capital. At second call, the attendance of 25% of said capital shall suffice. For said resolutions to be adopted the favorable vote of 75% of the capital present or represented at the General Meeting shall be required, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital.

Additionally, article 7 of the Rules of Procedure of the General Meeting of Shareholders of Codere S.A. provides that the following is the competence of the General Meeting:

"h) The transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain and dissolution of the Company, and, in general, any amendment of the Corporate Bylaws".

Likewise, article 20.2 of the Rules of Procedure of the General Meeting of Shareholders of Codere S.A. in accordance with the provisions of the Corporate Bylaws indicates as follows:

"However, in order for the Regular or Extraordinary General Meeting of Shareholders to validly resolve in regard to a capital increase or reduction, and, in general, in regard to any amendment of the Corporate Bylaws, bond issue, the elimination or limitation of preemption rights for new shares, as well as the transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain it shall be necessary at first call that the meeting be attended in person or by proxy by shareholders holding at least 50% of the subscribed voting capital. At second call, the attendance of 25% of said capital shall suffice. For said resolutions to be adopted the favorable vote of 75% of the capital present or represented at the General Meeting shall be required, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital."

Lastly, article 286 of the Capital Companies Act establishes that in the case of amendment of the bylaws, the directors or, if applicable, the shareholders making the proposal will be required to draw up the full text of the proposed amendment and a written report justifying this, which, pursuant to article 287 of the same legal text, are required to be made available to the shareholders at the registered office or to be sent free of charge to the shareholders should they so request.

- **Any restriction on the transferability of securities and any restriction on voting rights (art. 61 bis 4,b LMV).**

Restriction on transferability of securities

Codere S.A. does not establish in its Bylaws any restriction on the transfer of its securities.

Restriction on voting rights

The Corporate Bylaws of Codere S.A. do not place any restriction on voting rights.

- **Information regarding the powers of the members of the board of directors and, in particular, those related to the possibility of issuing or repurchasing shares (art. 61 bis 4,c,3, LMV).**

Codere S.A. appointed Mr. José Antonio Martínez Sampedro as Chief Executive Officer, and delegated in him all powers permitted by law and the corporate bylaws to be delegated by the Board of Directors.

Additionally, it must be pointed out that Codere S.A. granted general power of attorney without the possibility of substitution, to Ms. Encarnación Martínez Sampedro and to Mr. Luis Javier Martínez Sampedro. In both cases, power of attorney was approved by the Board of Directors and furthermore recorded in the Trade Registry.

The remaining members of the Board of Directors lack power of attorney to issue or repurchase company shares, or any other type of power of attorney.

In addition, at the General Meeting of Shareholders held on 10 May 2012 the following resolutions were adopted:

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point six of the agenda of the General Meeting of Shareholders held on 9 June 2011, to authorize, in accordance with applicable law, the derivative acquisition, at any time and as often as Codere, S.A. deems advisable, either directly or through any of the subsidiaries of which it is the parent, of treasury stock, fully paid up, by means of purchase-sale or by any other legal title for valuable consideration.

The minimum acquisition price or consideration shall be the par value of the acquired treasury stock and the maximum price shall be the result of increasing by 20% the trading value at their acquisition date.

This authorization is granted for the term of eighteen months as from the date of this General Meeting, and is expressly subject to the limitation that at no time shall the par value of the treasury stock acquired under this authorization, added to that already owned by Codere, S.A. and any of its subsidiaries, exceed the maximum permitted by Law at any given time.

It is expressly stated that this authorization may be used totally or partially for the acquisition of treasury stock to be delivered or transferred to Consultants, Senior Management, Management and workers of the Company or of companies belonging to its group, either directly or as a consequence of the exercise by the former of their option rights, all of the foregoing in the context of remuneration systems indexed to the trading value of the shares of Codere, S.A. (ART. 146.1a) of the Revised Text of the Capital Companies Act).

2. Empower the Board of Directors, in the broadest terms possible, to exercise the authorization under this resolution, and to carry out the rest of the provisions contained herein, said powers being able to be delegated by the Board of Directors to any Director, the Secretary or the Deputy-Secretary of the Board of Directors, or to any other person expressly granted power of attorney by the Board of Directors in said regard.

- **Information regarding any significant agreements entered into by the company and which will enter into force, be amended or conclude in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof, except when disclosure of this would be seriously harmful to the company. This exception will not apply when the company is legally required to publish this information (art. 61 bis 4, c, 4, LMV).**

In this respect, we can point out the following significant agreements:

1.- Senior Credit Line: On 15 June 2010 Codere S.A. renewed its senior credit line of 100 million euros which matured in October of 2010. The new Senior Financing Agreement (multi-currency and multi-borrower) increased the sum total to 120 million euros, extendible to 180 million euros at a +4.50% Euribor/Libor interest rate with a duration of three years.

In the case of a change in control of Codere S.A., the credit line would mature early, and all amounts owed under the credit would be immediately paid within the following two business days.

2.- Bond Issue for 760 million Euros: The subsidiary of Codere, S.A., Codere Finance (Luxembourg) S.A. has a bond issue maturing in 2015, (issues of various dates which have been taking place since June of 2005) for an aggregate face value of 760 million euros. The issues are guaranteed by Codere S.A., and several of its subsidiaries. In the case of a change in control of Codere S.A., the bond holders would be able to request the early repurchase of all or part of their certificates.

3.- Bond Issue for 300 million USD: on 1 February 2012 the subsidiary of Codere S.A., Codere Finance (Luxembourg) S.A., launched a bond issue maturing in 2019, for a nominal value of 300 million US dollars, which was fully subscribed on that same date. The issue, which was guaranteed by Codere S.A. and several of its subsidiaries, is in addition to the bond issues carried out by Codere Finance (Luxembourg) S.A. mentioned in the preceding point. In the case of a change in control of Codere S.A., the bond holders would be able to request the early repurchase of all or part of their certificates.

Additionally, there is another series of contracts with service providers, which provide for early termination in the case of a change in the control or ownership of Codere S.A. (or of the supplier) without the need of the written consent of the other party in advance, although we consider that these agreements are of relative importance.

- **Information regarding agreements between the company and those holding administration and management posts or employees, providing for indemnity when these individuals resign**

or are dismissed unfairly or if the labor relation terminates as the result of a takeover bid (art. 61 bis 4, c, 5, LMV).

In this respect it should be pointed out that several members of the management team of Codere have, at today's date, employment contracts which include provisions for special payments in the case of dismissal, in addition to any compensation which corresponds to them by law. The overall value of these payments, should they need be applied, would amount at 31 December 2012 to 1.53 million euros, whereas at 31 December 2011 said sum amounted to approximately 1.42 million euros.