



BYLAWS OF CODERE S.A.

PART I.- CORPORATE NAME, PURPOSE, REGISTERED OFFICE AND DURATION

ARTICLE 1^o- A business corporation (Sociedad Anónima) is incorporated to be known as CODERE, S.A., governed by these Bylaws and by the provisions of the Commercial Code, the provisions on the Spanish Capital Companies Act and other applicable legal provisions.

The provisions of the Bylaws shall be interpreted and applied in compliance with the mandatory legal provisions which shall always prevail.

ARTICLE 2^o- The Company shall have the following corporate purpose:

To carry out investment and reinvestment activities in the real estate, hospitality, amusement and gaming slot machines, bingos and other lawful gaming activities, allocating its resources to hold stakes in Spanish and foreign companies with the same or a similar corporate purpose, and the coordination of legal, tax and financial advisory services.

The subscription, derivative acquisition, holding, use, management and disposition of securities and stakes in companies, including those subject to specific legislation.

The Company may perform its corporate purpose, in whole or in part, indirectly by holding interests in other companies with a similar corporate purpose, provided that the requirements established by Law to carry out the activities in question are met.

ARTICLE 3^o- The Company's registered office is established at Avenida Bruselas no. 26, in the municipal district of Alcobendas, Madrid province, and it may establish such delegations and offices as it deems appropriate both in Spanish territory and abroad.

The Board of Directors may establish, cancel or transfer such branches, agencies or offices as it deems advisable and transfer the registered office within the municipal district.

The Board of Directors may similarly modify, cancel or relocate the corporate website of the Company in accordance with the Law.

ARTICLE 4^o- The Company is organized for an unlimited duration and shall start its business on the date on which the public deed of its incorporation is executed.



The Company shall be unable to engage in those activities for which the Law requires an administrative license, entry at a registry or any other specific formality until such legal requirements are met.

PART II.- CAPITAL STOCK AND SHARES

ARTICLE 5^o- The share capital totals FIVE HUNDRED AND NINE MILLION SEVEN HUNDRED AND FOURTEEN THOUSAND EIGHT HUNDRED AND ONE EUROS AND EIGHTY CENTS (509,714,801.80 €), fully subscribed and paid up, and is represented by ONE HUNDRED AND EIGHTEEN MILLION FIVE HUNDRED AND THIRTY-EIGHT THOUSAND THREE HUNDRED AND TWENTY-SIX SHARES (118,538,326) shares, with a nominal value of FOUR EUROS AND THIRTY CENTS (4.30 €) each, represented by book entries.

ARTICLE 6^o-. The shares are represented by book entry, subject to the provisions of the Securities Market Act and other supplementary provisions.

ARTICLE 7^o- The shares are indivisible. The joint holders of a single share shall designate a single person to exercise the rights pertaining to the shareholder and the joint holders shall be jointly and severally liable to the Company for any obligations that may be inherent in the status of shareholder.

In the event of usufruct of the shares, the status of shareholder shall be held by the bare owner, who shall be entitled to exercise the corporate rights, but the usufructuary shall always have the right to the dividends distributed by the Company while the usufruct is in effect.

In the event of pledge of the shares, the holder of the shares shall exercise the rights of the shareholder, which shall be facilitated by the pledgee, who may opt, if the holder fails to pay calls on capital, to comply with such obligation or to enforce the pledge.

ARTICLE 8^o- The ownership of one or more shares implies adhesion to these Bylaws and confers the right to exercise the rights recorded herein.

PART III.- GOVERNMENT AND MANAGEMENT OF THE COMPANY

ARTICLE 9^o- The Company shall be governed, managed and represented by:

- A) The Shareholders' Meeting
- B) The Managing Body



SHAREHOLDERS' MEETINGS

ARTICLE 10^o- The validly assembled Shareholders' Meeting represents all those shareholders and its resolutions, adopted in compliance with these Bylaws, shall be binding on all the shareholders, including those dissident and those absent from the meeting, notwithstanding the rights of objection of any shareholder.

The Shareholders' Meeting shall approve specific Regulations for Shareholders' Meetings, which shall regulate, in compliance with the law and with these Bylaws, the matters within the competence of this body.

ARTICLE 11^o- Holders of one hundred or more shares may attend Shareholders' Meetings, provided that the shares are entered in their name on the relevant books at least five days in advance of the date on which the meeting is to be held. Such shareholders shall evidence such status by an attendance card or the document used for the purpose pursuant to law, in compliance with the provisions established for each Meeting or in general in the Shareholders' Meeting Regulations.

Shares may be pooled to exercise the right to attend Shareholders' Meetings.

Each share shall give the right to one vote, although in no case may a single shareholder, companies belonging to the same group or persons acting in a concerted manner in conjunction with the foregoing, cast a number of votes at a General Meeting in excess of those corresponding to shares which represent 44% of the share capital, even if the number of shares owned exceeds the aforementioned percentage of the share capital, without prejudice to the provision made in article 527 of the Companies Act.

This restriction does not affect those votes pertaining to the shares for which a shareholder holds a proxy as a consequence of the provision made in article 13 below, although, the restriction established above shall also apply in relation to the number of votes pertaining to the shares of each shareholder represented.

The right to vote on the proposals on issues included on the agenda of any Shareholders' Meeting may be delegated or exercised by the shareholder, as provided for by legislation in force, these Bylaws and the Shareholders' Meeting Regulations, by ordinary mail, e-mail or any other means of remote communication, provided that the identity of the party exercising his voting right is duly guaranteed.

Shareholders casting their vote by remote communication systems shall be taken into account as present at the meeting for the purposes of the assembly of the meeting.

Directors shall attend Shareholders' Meetings.



ARTICLE 12^o- Persons not having full legal capacity, Public Establishments or Entities, legal persons and insolvent and bankrupt parties and intestate heirs may attend Shareholders' Meetings by proxy. Proxies shall be evidenced by a written document, appropriate in the opinion of the managing body, at least one day in advance of the date established for the Shareholders' Meeting to be held.

ARTICLE 13^o- Any shareholder having the right to attend may attend Shareholders' Meetings represented by any person, who need not be a shareholder, provided that such person has sufficient powers for the purpose.

Proxies shall be conferred specially for each Meeting, in writing or those remote communication systems meeting the requirements established by legislation in force, in compliance with the provisions established specifically for each Shareholders' Meeting and in general by the Shareholders' Meeting Regulations. Proxies shall always be revocable. Personal attendance of the constituent at the Shareholders' Meeting or his exercise of the right to vote through remote communication systems shall be deemed a revocation.

The public request for representation, family representation and powers conferred upon a general attorney in fact to manage all the equity of the constituent shall be governed by the legal provisions in force.

ARTICLE 14^o- Shareholders' Meetings may be Ordinary or Extraordinary. Ordinary Shareholders' Meeting shall be those that must necessarily assemble within the first six months of each financial year. All other Shareholders' Meetings shall be Extraordinary.

ARTICLE 15^o- The Ordinary Shareholders' Meeting shall have competence to review of the management of the company, to approve, if appropriate, the financial statements of the preceding financial year and to resolve on the allocation of the profits/losses. It may also deliberate and decide on any matter within its competence and included in the notice of call, in compliance with the Spanish Capital Companies Act.

ARTICLE 16.- General Shareholder's Meetings shall be called by the managing body at least one month in advance of the date on which the Meeting is to be held. The Extraordinary General Shareholders Meeting may be convened with only fifteen days in advance in those cases and complying with the legal requirements.

The dissemination of the notice shall be made using at least the following means:

- a) "Official Gazette of the Mercantile Registry" or in one of the newspapers with the widest circulation in Spain.
- b) The website of the National Securities Market Commission.
- c) The corporate website of the Company calling the meeting.



The notice of the meeting shall state whether the Shareholders' Meeting is Ordinary or Extraordinary, the date, place and purpose of the meeting, including all the matters to be discussed and, where so required by the Law, the right of the shareholders to examine at the registered office the documents to be submitted to the Shareholders' Meeting for approval and, if appropriate, to obtain free of charge and immediately the technical reports established by the Law. The said notice may also state the date on which, if appropriate, the Shareholders' Meeting shall assemble on second call. Between the first and second call there must be a period of at least twenty-four hours.

Shareholders representing at least three percent of the share capital may request the publication of a supplement to the notice of call of the annual ordinary general meeting, including one or more points on the agenda provided that the new items are accompanied by a justification or, where appropriate, a justified proposed resolution. In order to exercise this right, the shareholder or shareholders shall provide due notification sent to the registered offices of the Company within the first 5 days following the publication of the original notification. The complementary notification shall be published no later than 15 days prior to the date established for the meeting to be held.

In addition, shareholders representing at least three percent of the share capital may, in the same period indicated in the preceding paragraph, submit justified proposals on matters already included or to be included in the agenda of the meeting being convened, in the terms established by law.

Similarly, Extraordinary General Meetings shall be convened when requested by shareholders representing at least three percent of the share capital, with the request for such a meeting stating the matters to discuss in the Meeting and proceeding in the form specified in the Capital Companies Act.

The provisions of this article shall not apply when the Law establishes different requirements for meetings dealing with specific matters, in which case, such special provisions shall be applicable.

When resolutions are to be adopted affecting several classes of shares, only a part of the shares of the same class, or non-voting shares, the legal requisites established for these cases shall be abided by.

ARTICLE 17^o- Shareholders' Meetings shall be held in the province of Madrid, on the date recorded in the notice of call, but its assemblies may be extended for one or more consecutive days.

The extension may be resolved upon proposal by the managing body or at the request of a number of shareholders representing one quarter of the capital present at the meeting.

Regardless of the number of assemblies held, the Shareholders' Meeting shall be deemed to be a single meeting and all the assemblies shall be recorded in a single set of minutes.



ARTICLE 18^o- The General Meeting shall be validly assembled to discuss any matter, on first call, where the shareholders present or represented hold, at least, twenty-five per cent of the subscribed voting capital. On second call, the Shareholders' Meeting shall be validly assembled regardless of the capital present.

ARTICLE 19^o- However, in order for the Ordinary or the Extraordinary General Meeting to be able to validly agree on a capital increase or reduction, and, in general, any amendment whatsoever to the Articles of Association, the issuance of debentures convertible into shares or which attribute to the debenture-holders a share in the company's earnings, the elimination or the restriction of the pre-emptive subscription right with respect to new shares, as well as the transformation, merger, spinoff or global transfer of assets and liabilities and the relocation of the registered office outside of the country, the attendance of shareholders present in person or by proxy, owning at least 50% of the capital subscribed with voting rights, shall be necessary on first call. On second call, the attendance of 25% of such capital shall suffice.

ARTICLE 20^o- Notwithstanding the provisions of the above articles, the Shareholders' Meeting shall be validly called and assembled to discuss any matter whenever the entire capital stock is present and those in attendance unanimously accept that the Meeting be held.

ARTICLE 21^o- The Chairman and Secretary of the Board of Directors, or in their absence, the persons resolved by the General Meeting itself, shall act as the Chairman and Secretary of the Shareholders' Meeting.

If a Vice-Chairman or Vice-Secretary of the Board are appointed, such persons shall act as Chairman or as Secretary, respectively, in the absence of the Chairman or the Secretary in office. Only the items included in the notice of call may be deliberated and voted on, other than as provided for in articles 223, 238 and 380 of the Spanish Capital Companies Act.

The Chairman shall open and close the assemblies, lead the debates, settle any statutory doubts as may arise, decide when the matters have been sufficiently discussed, ordering their ballot, and may also limit the duration of the addresses of those taking the floor. Ballots may be oral or by raising of hands and remote communication systems that duly guarantee the identity of the person exercising his voting rights may also be used. Resolutions shall be adopted by a simple majority of the capital present or represented, unless otherwise statutorily provided for, in which case the majority established by law or in these Bylaws shall be required.

In general, resolutions shall be passed by an absolute majority of the votes of the shareholders present in person or by proxy. Nevertheless, the following resolutions must be approved by an absolute majority of the votes pertaining to all of the shares into which the Company's share capital is divided: (i) the resolutions referred to in article 19 above and (ii) the approval of the annual accounts, the appointment of the



auditors, voluntary dissolution and winding-up and reactivation. In any case, this does not extend to the majority required for the exercise of liability action against the directors (article 238 of the Companies Act), the quorum and the majority required for the dissolution of the Company (article 364 of the Companies Act) as well as any other majority of a mandatory nature.

For any matter not provided for in these Bylaws, the Law and the provisions of the Shareholders' Meeting, as appropriate, shall apply.

ARTICLE 22^o- Shareholders' Meetings will be recorded in Minutes which shall be transcribed in the minute book kept for the purpose. The minutes may be approved by the General Meeting itself or, failing this, within the term of fifteen days, by the Chairman and two controllers, one representing the majority and the other representing the minority.

The certificates of the minutes and resolutions of the General Meeting shall be issued by the Secretary or Vice-Secretary of the Board of Directors and countersigned by the Chairman or by the Vice-Chairman of the Board.

Article 23^o- The resolutions contemplated in the above articles shall be enforceable and binding, as from their approval, on all the shareholders, including those absent, incapacitated or dissident, without prejudice to the right of contest established in the Spanish Capital Companies Act, in respect of those resolutions contravening the Law or the Bylaws or that are to the detriment, for the benefit of one or more shareholders or third parties, of the interests of the Company.

MANAGING BODY

Article 24^o.- 1. The Company shall be governed and administered by a Board of Directors comprised of a number of members not less than five and not more than fifteen, elected in the General Meeting. Directors may be either natural or legal persons.

2.- The Board of Directors shall elect from among its members a Chairman and, if deemed appropriate, one or more Vice Chairmen to substitute the former, in the order they may determine, in cases of absence or illness. The Board of Directors shall also appoint a Secretary and, if deemed appropriate, a Deputy Secretary, who may or may not be members of the Board of Directors, and not having, in the latter case, the right to vote. In the absence of the Secretary and Deputy Secretary, the person appointed by the person chairing the meeting shall serve in said function.

3.- Directors shall serve for a period of two years, and may be reelected for successive periods of equal duration.

4.- Persons included in any statutory event of incompatibility, disqualification, incapacity or prohibition for the territorial scope of the Company, both in general and



for reasons of the corporate purpose or activities of the Company shall be unable to be directors or to represent directors that are legal persons.

5.- The post of Director shall be remunerated. The remuneration to be collected by directors for their status as such will consist of a fixed allocation.

The director remuneration policy must necessarily state the maximum amount of annual remuneration to be paid to all of the directors for their status as such.

The remuneration for each director, for their status as such, shall be determined by the Board of Directors, having regard to the functions and responsibilities assigned to each director, their membership of Board committees and any other objective factors considered to be relevant.

The director remuneration policy must be approved by the Shareholders' Meeting at least every three years as a separate item on the agenda.

In any event, director remuneration must be reasonably proportional to the importance of the Company, its economic situation at any given time, and the levels in comparable companies in the market. The remuneration system that is established must be focused on promoting the Company's long-term profitability and sustainability.

6. The payments contemplated in this article shall be compatible with, and independent of, salaries, remuneration, compensation, pensions, share options, remuneration systems linked to the value of the shares, or any kind of compensation of a general or individual nature established for those Directors who provide executive or professional services to the Company, regardless of whether the nature of the relationship to the latter concerns employment – ordinary or special senior executives positions – commercial relationships or leasing of services. Such relationships shall be compatible with the individual's capacity as a member of the Board of Directors.

7. Remuneration shall be paid in arrears at month's end in such a way that the remuneration of each Director shall be proportional to the time that such Director carries out his or her duties during the year.

8. - The Board of Directors of the Company shall draft an annual report on the remuneration of its directors, which include complete, clear and understandable information about the remuneration policy of the Company approved by the Board for the current year and as appropriate, planned for future years. The said report will also include an overall summary of how the remuneration policy was applied during the year and details of the individual remuneration paid to each of the directors. The report adopted by the Board will be disseminated and put to a vote in an advisory capacity and as a separate item on the agenda of the Annual General Meeting of shareholders.

9.- The Company may also arrange civil liability insurance for its Directors.



10.- The Board of Directors shall assemble as often as the interests of Company require, and at least quarterly, on the days agreed thereby or established by the Chairperson, who shall have the power to convene meetings whenever deemed appropriate. A meeting shall be called within the first fifteen days of any request in writing by at least one third of the members of the Board of Directors. Similarly, directors who constitute at least on third of the members of the Board of Directors may directly call a meeting, indicating the agenda for the meeting, in the place of the registered offices, when, without due cause, the Chairperson, fails to duly call a requested meeting within one month of said request.

11.- The notices shall be sent by letter, telegram, fax or email, addressed personally to each director at least five days before the date of the meeting. However, when, in the opinion of the Chairperson, exceptional circumstances so require, the Board may be convened by telephone, fax or email, without observing the advance notice mentioned above.

12.- The Meetings of the Board of Directors shall be validly convened when a majority of the members are present or represented therein.

13.- The Directors may delegate, by written proxy, their attendance and vote to any other Director member of the Board of Directors, except the External Director who can only delegate in another External Director.

14.- Board resolutions shall be adopted by an absolute majority of the votes of the Directors present in person and by proxy, other than in those cases in which a qualified majority is required by the Law, and shall be recorded in the relevant Minutes.

15.- The members of the Board of Directors shall have access at any time, either directly or through duly empowered legal representatives, to the accounting records of the Company for their own information.

16.- The Board of Directors shall regulate its own procedure, accept the resignation tendered by the Directors and, should any vacancies arise during the period for which the members were appointed, the persons to fill such vacancies shall be designated from among the shareholders until the next Shareholders' Meeting is held.

17.- The Board shall ordinarily assemble at the registered office although it may assemble elsewhere, within the municipal district of the registered office or otherwise, in Spain or abroad.

The meetings of the Board of Directors may also be held remotely by teleconference, videoconference or other medium as may exist under the then-current state of the art which allow for the recognition and identification of the participants, ongoing communication among the attendees, regardless of where they are, and the registration of votes. Those attending any of the places mentioned shall be



construed, for all purposes, as attending the meeting of the Board concerned. The meeting shall be deemed held in the place where the Chairperson is located.

Additionally, if no member of the Board voices his or her opposition, voting may take place in writing without a meeting. In this case, the directors may cast their votes and include any considerations they wish to appear in the minutes by email or by other means.

18.- The Board of Directors shall annually evaluate the functioning of the Board and its Committees, and based on its results, the Board of Directors shall propose a plan of action to correct the deficiencies found. The result of the evaluation shall be recorded in the minute of the related meeting or attached thereto as an appendix.

ARTICLE 25^o- The Board of Directors, acting as a body, shall represent the Company in court and out of court, adopting its decisions as established in the preceding article and shall have the fullest authorities to make contracts in general, with authority to perform any legal acts and transactions, for the disposition or rights or the creation of obligations, or ordinary or special management, and of strict ownership in respect of any movables, real property, money, securities and commercial paper, with no exception other than those affairs competence for which is reserved to other bodies or that are not included in the scope of the corporate purpose.

The powers of the Board of Directors include, but are not limited to, those set forth below:

- I) To regulate its own procedure and accept the resignations tendered by its Directors.
- II) To represent the Company and sign on its behalf through its Chairman, Managing Director, General Manager or the person(s) it may appoint or empower for such purpose.
- III) To make any arrangements and perform any work necessary to achieve the corporate purpose.
- IV) To discharge, from time to time, the duties entrusted to the Board in these Bylaws.
- V) To accept or reject transactions and operations.
- VI) To make partitions, groupings, additions and divisions of real property; to make declarations of new works and horizontal or vertical divisions.
- VII) To enter into, assume and authorize all manner of acts, obligations and agreements over any assets and rights, with the terms and conditions it may be deem advisable, carrying out purchases, sales, swaps, loans, advance payments, leases, financial leases, factoring arrangements and to create,



modify or dissolve companies; to acquire and dispose of real properties and security interests; to establish encumbrances thereon; to secure and guarantee transactions of third parties, be they natural or legal persons, of any amount and even if it implies self-contracting; to create, accept, amend, postpone, renew and cancel mortgages over real estate, chattel mortgages, pledges with or without dispossession, and any other rights in rem or real encumbrances; to establish the prices and conditions of such transactions and to carry out, in the name of the Company, with all manner of persons and entities, such acts and agreements as may be authorized by law.

- VIII) To draw on the corporate funds to allocate them to the operations, to the management and administration of the businesses and transactions of the Company; to establish the investment of available funds and the use and allocation of reserves; to authorize all manner of expenses of the Company and particularly general management and administration expenses; to make any decisions related to the installations to be established at the facilities, factories, offices, premises and delegations of the Company.
- IX) To appoint and remove all the personnel of the Company, establishing their conditions and duties, their salaries, commissions, bonuses and incentives, extraordinary salaries and share in the corporate profits, where it deems this advisable, including the appointment and revocation of attorneys in fact, agents and others, deciding their consideration, obligations and powers.
- X) To represent the company in all administrative and judicial, civil, commercial and criminal affairs and acts, before the Authority of the State, Autonomous Communities, Province, Municipality and Public Bodies of any kind and before any ordinary, administrative or special court, at any instance, lodging all manner of appeals, including before the Supreme Court and before the Constitutional Court, taking any action to which it may be entitled to defend its rights, in court and out of court, appointing and conferring the appropriate powers upon Court Solicitors and lawyers for them to defend the Company before any court or body, with the authority of General Powers of Attorney for Litigation.
- XI) To create and cancel deposits, collect orders of payment; to appear, participate in and make tenders in all manner of merit-based and price-based invitations to tender called by the State and its autonomous bodies, the Autonomous Communities and their autonomous bodies and the provincial and local authorities and their respective autonomous bodies, with authority to create and cancel, for such purpose, provisional and final surety deposits; to open, follow up and cancel current and credit accounts, savings books, deposits at term, etc., with all manner of banking and credit institutions, including the Bank of Spain and the Government Depository, crediting and debiting amounts; to sign, draw, endorse and accept, discount and secure bills of exchange, promissory notes, letters of payment, credit facilities, ordinary and bankers' checks and other commercial paper and documents.



- XII) To comply with the resolutions of the Shareholders' Meeting; to sign and cancel public deeds and documents of any kind to implement such resolutions and those of the Board of Directors.
- XIII) To approve inventories, balance sheets and accounts to be submitted to the Shareholders' Meeting and to submit each year the Annual Report on the results of the preceding financial year, proposing to it, if appropriate, the distribution of profits, redemptions and creation of reserve funds it deems appropriate; to decide on the distribution, while the financial year is in progress, of interim dividends charged to profits.
- XIV) To delegate powers, in whole or in part, other than those prohibited by law, to any individual member and to confer upon any shareholder or person outside the company any powers it deems appropriate and to revoke such powers. Any powers delegated by the Board shall always be revocable; to propose to the Extraordinary Shareholders' Meeting the re-registration of corporate form, modification, merger, spin off or dissolution of the company.
- XV) To settle any doubts that exist or may arise from the interpretation of these Bylaws and to make up provisionally for any omissions, reporting them to the Shareholders' Meeting for it to make the appropriate decision.
- XVI) To order the call for Ordinary and Extraordinary Shareholders' Meetings and accept the resignation of their directors.

ARTICLE 26^o- The Board of Directors may appoint from among its members an Executive Committee or one or more Managing Directors, where it deems this appropriate, designating the person to hold such offices and the manner in which they must act, delegating to them, permanently or temporarily, in whole or in part, any powers other than those not apt for delegation pursuant to law.

The Board of Directors may also delegate its powers of representation, on a permanent basis, to one or more Directors establishing, if they are more than one, whether they should act jointly or severally.

The permanent delegation of any power of the Board of Directors shall require, to be valid, the vote in favour of two thirds of the members of the Board and shall be effective as from its entry at the Commercial Registry.

The preparation of the annual accounts and the submission thereof to the General Meeting may not be delegated. This also applies to those matters which the law considers as non-delegable and to those powers which the Meeting may grant to the Board, unless expressly authorised by the Meeting.

The Board of Directors may appoint from among its members such specialized Committees or Commissions as it may deem advisable to assist it in the discharge of its duties.



In any case, the Board shall appoint and Audit Committee which shall consist of at least three and no more than six members designated by the Board of Directors, all of them shall be External Directors. At least two of its members shall be considered to be an Independent Director, and one of them shall be appointed by taking into consideration his knowledge and experience in matters of accounting, auditing or both.

The Audit Committee shall appoint from among its members a Chairman, who shall be an Independent Director. The Chairman shall be replaced every two years and may be reelected after one year has elapsed from his exit. It shall also appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary of the Board of Directors; in the latter case, the Secretary shall not be a member of the Committee.

The Audit Committee shall assemble after it is called by the Chairman or by the Secretary, on his instructions, and shall hold at least four meetings per year. The Chairman shall lead and moderate the debates and resolutions shall be adopted by a majority of those present.

The Audit Committee shall have, *inter alia*, the following duties:

- I) To inform the Shareholders' Meeting on the matters raised within it for which it has competence.
- II) To propose to the Board of Directors for its submission to the Shareholders' Meeting the appointment, re-appointment, and removal of the external auditors, as well as the terms and conditions of its contract, and obtain on a regular basis, information about the audit plan and its execution, and preserve its independence.
- III) Supervise the efficacy of the internal control of the company, internal audit, if applicable, and risk management systems including tax risks, and discuss with the auditors or auditing firms any significant internal control system weaknesses detected during the course of the audit.
- IV) Supervise the process for drafting and presenting the regulated financial information.
- V) Establish the pertinent relations with auditors or auditing firms in order to receive information regarding those matters which could jeopardize the independence of said auditors, for examination thereof by the Committee, and any other information related to the auditing process, as well as all other communications provided in auditing legislation and auditing standards. In any event, the Committee shall be required to receive annually from the auditors or auditing firms written confirmation of the independence thereof with respect to the entity or entities related either directly or indirectly to the entity, and likewise information on any additional services provided to these entities by said auditors or auditing firms, or by the persons or entities related thereto pursuant to the provisions of Audit Act 19/1988, of 12 July.



- VI) Issue annually, prior to the issuance of the audit report, a report giving an opinion on the independence of the auditors or auditing firms. This report shall make reference, in any event, to the provision of the additional services referred to in the preceding paragraph.
- VII) Any other general or specific function which is entrusted to it by the Board of Directors.

PART IV. FISCAL YEAR, BALANCE SHEET AND ALLOCATION OF RESULTS

ARTICLE 27^o- The financial year shall commence on the first day of January and it shall end on the thirty-first day of December each year. By way of exception, the first financial year shall commence on the date of the public deed of incorporation of the Company and shall end on the thirty-first day of December the same year.

The accounts shall be kept in compliance with the Commercial Code and special provisions and, if appropriate, the ancillary books and documents necessary or advisable.

ARTICLE 28^o- The managing body shall prepare, within the term established by law for the purpose, the annual financial statements, management report and proposed application of earnings, and, where appropriate, the consolidated financial statements and management report. This documentation, once reviewed by the Auditors, shall be submitted with the Auditor's Opinion, where appropriate, to the shareholders in the Annual General Meeting.

The annual financial statements comprise the Balance Sheet, Income Statement, Statement of Changes in Net Equity for the year, the Cash Flow Statement and the Notes thereto. These documents must be clearly written and present a true and fair view of the net worth and results of operations of the Company in accordance with the provisions of the Spanish Capital Companies Act and the Commercial Code. The Notes to the financial statements, will complete, extend and comment on the content of the documents that make up the annual financial statements. The annual financial statements and management report shall be signed by all the Directors.

Once the General Meeting of Shareholders has been called, any shareholder may obtain from the Company, immediately and free of charge, the documents which must be submitted for the approval thereof, and, where appropriate, the Management Report and the Auditors' Report, making mention of this fact in the Meeting notice. The management report shall contain, where appropriate, in a separate section, a report on corporate governance as set forth in Article 538 of the Capital Companies Act and Article 61 bis of the Securities Exchange Act.

ARTICLE 29^o- The General Meeting shall resolve on the allocation of results according to the approved balance sheet. An amount equal to ten per cent of the profits of the financial year shall be allocated to statutory reserve until such reserve reaches, at least, twenty per cent of the capital stock.



Once the statutory reserve has been reached and the amounts with which it is decided to provide the funds of the various voluntary reserves that may be resolved have been established, dividends shall be distributed among the shareholders charged to profits or to freely available reserves, proportionally to the capital they have paid, in compliance with the legal provisions for defense of the capital stock and respecting the privileges of certain classes of shares.

The Shareholders' Meeting of the Board of Directors may resolve the distribution of amounts on account of dividends, with the restrictions and in compliance with the requirements established by the Spanish Capital Companies Act.

PART V. DISSOLUTION AND LIQUIDATION OF THE COMPANY

ARTICLE 30^o- The Company shall be dissolved in the events contemplated in the Spanish Capital Companies Act.

Where the Company is included in any of the events of dissolution requiring a resolution to be adopted by the General Meeting, the Directors shall call such meeting, directly or at the request of any shareholder, within a term of two months as from when the Company is included in such event.

If the Shareholders' Meeting is not called or if a resolution in favour of the dissolution of the Company is not achieved at the meeting, the Directors shall or any interested party may request the dissolution of the Company before the courts.

Where the dissolution of the Company should be resolved because the net worth has been reduced to a figure under half the amount of the capital stock, its dissolution may be avoided by a resolution for increase or reduction of the capital stock or restoration of the net worth to the sufficient extent, provided that such measures are put in place before the court orders the dissolution of the Company.

ARTICLE 31^o- The Shareholders' Meeting, should it resolve to dissolve the company, shall appoint the liquidator(s), always in an odd number, establishing its powers in compliance with the Spanish Capital Companies Act. Once the liquidator(s) have been appointed, the powers and duties of the Board of Directors shall cease and, as from then, the only governing body of the Company shall be the Shareholders' Meeting.

Article 32^o- The procedure established in the Spanish Capital Companies Act shall be observed in the liquidation of the Company.