

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

**Madrid, 26 Februar 2009**

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

**1.- INTRODUCTION**

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

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

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

- a) The structure of the capital, including securities which are not negotiated in a community regulated market, with an indication of the different kinds of shares and, for each kind of shares, the rights and obligations conferred and the percentage of the corporate capital that it represents.*

The corporate capital is represented by fifty-five million, thirty-six thousand, four hundred and seventy (55,036,470) shares of a single class of twenty euro cents (0.20€) of nominal value each.

All the shares confer the same political and economic rights.

- b) Any restriction on the transferability of securities.*

Currently there are no restrictions on the transferability of securities.

- c) Significant holdings in the capital, direct or indirect.*

- MASAMPE HOLDING, B.V. has a direct holding in the corporate capital of 51.338%.
- JOSÉ ANTONIO MARTÍNEZ SAMPEDRO, has a direct holding in the corporate capital of 14.484% and an indirect holding of 51.338%.

- UNION BANK OF SWITZERLAND, AG has a direct holding in the corporate capital of 5.030%.
- TCS CAPITAL GP, LLC has an indirect holding in the corporate capital of 5.027%.
- TCS CAPITAL CAPITAL INVESTMENTS, LP has a direct holding in the corporate capital of 2.83%.

**d) *Any restriction on the right to vote.***

There are neither legal restrictions nor restrictions imposed by the articles on the voting rights.

**e) *Para-corporate agreements.***

Currently no para-corporate agreements, which affect it in accordance with the provisions of article 112 of Act 24/1988, of 28 July, on the Securities Market.

**f) *The rules applicable to the appointment and replacement of the members of the organ of governance and the amendment of the company's Articles of Association.***

**Appointment and replacement.**

The rules applicable to the appointment and replacement of the members of the organ of governance, in addition to the general rules contained in current legislation, are given in sections 2, 3 and 15 of article 24 of the Articles of Association, in articles 1, 2 and 3 of the Regulations for the Board of Directors and in article 7 of the Regulations for the General Meetings of Shareholders.

**Amendment to the Articles of Association.**

With regard to the amendment of the company's Articles of Association, this will be governed by the provisions of the applicable legislation in force.

**g) *The powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.***

The company, Codere S.A., appointed as Managing Director, Mr. José Antonio Martínez Sampedro, to whom all the legal powers of the Board of Directors that were delegable by the articles were delegated.

Likewise, Codere, S.A. has granted in favour of Ms. Encarnación Martínez Sampedro and Mr. Luis Javier Martínez Sampedro a general power of attorney without the power of substitution. This power of attorney was approved by the Board of Directors and registered at the Company Registry.

Except for that which has already been set out, the members of the Board of Directors of Codere S.A. considered individually lack the power of attorney to issue or repurchase shares of the company, and powers of attorney of any other kind.

- h) The significant agreements made by the company and which come into force, whether they are modified or conclude in the case of change of control of the company as a result of a takeover bid, and their effects, except when their disclosure is seriously damaging for the company. This exception will not be applied when the company is legally obliged to give publicity to this information.***

There are two significant agreements in which the change of control over the company, defined precisely in both cases, generates the possibility of their early repayment: the funding of the 660 million euro Bond and the Senior Credit Line. For further information, please refer to note 2 of the Consolidated Annual Accounts.

- i) The agreements between the company and its officers and management or employees which order compensation when they resign or are unfairly dismissed or if the employment relationship reaches its end as the result of a takeover bid.***

Several of the Spanish members of the managerial team of Codere have employment contracts which include provisions for special payments for dismissal as well as those which are obligatory by virtue of the applicable legislation. The global value of the payments for dismissal by virtue of these contracts was of 1.4 million euros approximately on December 31, 2008 and 1 million euros in 2007.

### ***Other aspects***

The Codere Group has not devoted significant funds to activities of Research and Development in the 2008 financial year. The dominant Company and the dependent companies of the Group have not carried out acquisitions or operations with shares in Codere, S.A. in the 2008 financial year.

The Group does not hold any Treasury stock and has not carried out any operations with the same during the 2008 financial year.