

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF CODERE S.A. REGARDING THE PROPOSAL OF AMENDMENT OF ART. 16 OF THE BYLAWS OF CODERE S.A. AND ART. 10.1 OF THE REGULATIONS OF THE GENERAL SHAREHOLDERS MEETING OF CODERE S.A. TO BE SUBMITTED TO THE GENERAL SHAREHOLDERS MEETING WHICH SHALL TAKE PLACE ON JUNE 27 2018 ON FIRST CALL, AND ON JUNE 28 2018 ON SECOND CALL**

---

**I. INTRODUCTION AND LEGAL BASIS**

The Board of Directors of Codere, S.A. (“Codere” or the “Company”) issues this report, after the proposal of the Appointment, Remuneration and Corporate Governance Committee, in accordance with art. 16.2.1.) of the Regulations of the Board of Directors, and the duty stated in art. 286 of Royal Decree 1/2010, July 2, which approves the Spanish Companies Act, which establishes that the Board of Directors must issue a written report explaining the proposed amendments to the bylaws.

Additionally, the Board issues this report, in accordance with the previous proposal of the Appointment, Remuneration and Corporate Governance Committee, and complying with the powers of art. 16.2.1) of the Regulations of the Board of Directors, and art.3 of the Regulations of the General Shareholders Meeting of Codere which states that “the Board of Directors may propose to the General Shareholders Meeting the modification of these Regulations when, in its opinión, it is appropriate or necessary. The modification proposal shall be accompanied by a written report explaining the said modification. In order to be valid, the modification of these Regulations shall require the agreement to be adopted with the same votes required for the modification of the Bylaws”.

Likewise, the Spanish Companies Act states in art. 197.bis ( separated voting of issues) that in the General Shareholder Meetings, substantial independent issues shall be voted separately, and in its paragraph 2, it highlights that although they are included in the same point of the agenda, a separate voting shall take place “*b) when modifying the Company by-laws, any article or group of articles that may be autonomous*”. This obligation is also included in art 24.3 of the Regulation of the General Shareholders meeting of Codere.

**II. RATIONALE OF THE AMENDMENT OF ART. 16 OF THE BYLAWS.**

The proposed amendment of the Bylaws of the Company basically refers to the terms in which the General Shareholder Meeting must be convened, and specifically, to the possibility of calling a General Shareholder Meeting with a 15 days of previous notice in the cases, and with the requirements, legally stated, providing the Company with greater agility in the decision-making of those agreements in which time may be a determining factor of success.

Therefore, we try to adapt our bylaws to art. 515 of the Spanish Companies Act, which allows to convene Extraordinary General Shareholders Meetings with a previous notice of 15 days, provided that the Company offers to the shareholders the possibility to vote by electronic means, accesible to everyone.

**Current wording of art. 16 of the Bylaws:**

***“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 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”.*

**Proposed wording for art. 16 of the Bylaws:**

**“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:*

- d) "Official Gazette of the Mercantile Registry" or in one of the newspapers with the widest circulation in Spain.*
- e) The website of the National Securities Market Commission.*
- f) 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”.*

### **III. RATIONALE OF THE AMENDMENT OF ART. 10.1 OF THE REGULATIONS OF THE GENERAL SHAREHOLDERS MEETING OF CODERE S.A.**

In order to adapt the Regulations of the General Shareholders Meeting of Codere S.A. to the proposed amendment of the bylaws (possibility to call the Extraordinary General Shareholders Meeting with only fifteen days in advance with only fifteen days in advance) the Board of Directors proposes to amend art. 10.1 of the Regulations of the General Shareholders Meeting of Codere S.A.

#### **Current wording of art. 10.1 of the Regulations of the General Shareholders Meeting of Codere S.A.:**

*“10.1. The Annual General Meeting shall be convened with a minimum of one month prior notice to the date fixed for the meeting, except in cases where the law or the Bylaws establish a different period, by announcement published in at least the following media:*

- 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 notification of the General Meeting shall also be forwarded to the National Securities Exchange Commission.*

*The prior notice period is calculated from the date of the last publication of the notice (inclusive) until the day fixed for holding on the meeting on first call (exclusive)”.*

#### **Proposed wording for art. 10.1 of the Regulations of the General Shareholders Meeting of Codere S.A.:**

*“10.1. The Annual General Meeting shall be convened with a minimum of one month prior notice to the date fixed for the meeting, except in cases where the law or the Bylaws establish a different period, by announcement published in at least the following media:*

- 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 notification of the General Meeting shall also be forwarded to the National Securities Exchange Commission.*

*The prior notice period is calculated from the date of the last publication of the notice (inclusive) until the day fixed for holding on the meeting on first call (exclusive).*



Avda. de Bruselas, 26  
28108 Alcobendas  
Madrid  
Telf: 91 354 28 00  
Fax: 91 662 70 70

**The Extraordinary General Shareholders Meeting may be convened with only fifteen days in advance in those cases and complying with the legal requirements ”.**

*May 2018*