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Alcobendas, May 12, 2014

In accordance with, article 82 of law 24/1988 of the Spanish Stock Market Act, Codere S.A. hereby informs about the following:

### **HECHO RELEVANTE**

In the course of negotiations with creditors of the company referred to on the Relevant Events 204505 and 205289 issued on April 30<sup>th</sup> and May 12<sup>th</sup> respectively, the company publishes the document attached, describing the status of the negotiations as of today.

Luis Argüello Álvarez  
Board of Directors' Secretary

## ANNOUNCEMENT FROM CODERE SA

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Date: 12 May 2014

This announcement is made by Codere SA ("**Codere**") in respect of the following notes issued by Codere Finance (Luxembourg) SA (the "**Issuer**"):

- €760,000,000 8.25% senior notes due 2015 (ISINs XS0222158767/ XS0222159229 and XS0528926354/ XS0528928137 (the "**Euro Notes**"); and
- \$300,000,000 9.25% Senior Notes due 2019 (ISINs USL1861KAG33/ US19189WAA09) of the Issuer (the "**Dollar Notes**" and together with the Euro Notes the "**Existing Notes**").

Various public notifications have been made by Codere and certain members of the ad hoc committee of holders of the Existing Notes (the "**Ad Hoc Committee**") in respect of restructuring negotiations and discussions which have been ongoing between Codere, certain of its board members and its executive management and the Ad Hoc Committee. These have been based on:

- previous proposals put forward by Codere as publicised in its letter dated 18 February 2014; and
- the final offer submitted to Codere and the Issuer on behalf of certain holders of the Existing Notes representing over 75% which was publicly announced on 5 February 2013 (the "**Final Offer**") as updated to take into account the changes in Spanish insolvency laws which was detailed in the letter to the board of Codere which was publicised in the letter to the board of Codere dated 31 March 2014.

Further proposals have since been made including those by Codere on 28 April and proposals made by certain members of the Ad Hoc Committee which have been involved in the discussions with Codere. Set out at the Appendix to this announcement is a summary of the current status of the proposals from Codere and those certain members of the Ad Hoc Committee (subject to necessary approvals and consent of the holders of the Existing Notes).

Codere announces that it has reached agreement with a significant majority of the holders of the Existing Notes for a further forbearance and standstill in respect of the Existing Notes until 9am Madrid Time on 14 May 2014. This additional period will be used to attempt to agree to a consensual solution; however, neither Codere nor any member of the Ad Hoc Committee can give any assurance that such resolution will be achieved.

## APPENDIX – SUMMARY PROPOSALS

	Codere Proposal	Proposals from certain Ad Hoc Committee Members
<b>Equity Allocation</b>	<p>As detailed in the proposal from Codere titled “Codere III” publicised on 17 February 2014 (but subject to subsequent discussions):</p> <ul style="list-style-type: none"> <li>70% to holders of Existing Notes following equitisation and/or cancellation of a portion of the nominal principal amount of the Existing Notes.</li> <li>30% to the current shareholders, including the CEO and Chairman (and certain related family members).</li> <li>Subject to dilution from Management Warrants (see below).</li> </ul>	<p>As detailed in the Final Proposal publicised on 5 February 2014 and reconfirmed on 31 March 2014:</p> <ul style="list-style-type: none"> <li>82.5% to holders of Existing Notes following equitisation and/or cancellation of a portion of the nominal principal amount of the Existing Notes.</li> <li>14.3% to the CEO and Chairman (and certain related family members) (the “<b>Key Management</b>”).</li> <li>3.2% to the current shareholders.</li> <li>Subject to dilution from Management Warrants (see below).</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Various different proposals and concepts have been discussed and exchanged between Codere, certain members of the Ad Hoc Committee and their respective advisers in respect of the future corporate governance of Codere post implementation of a consensual solution.</li> <li>Codere and those members of the Ad Hoc Committee which have been involved in the discussions and negotiations have attempted to agree a solution which bridges the gap between the two sides. Codere believes that this gap has been considerably narrowed. Solutions (to the extent agreement is achieved) may include, without limitation: <ul style="list-style-type: none"> <li>shared corporate governance regimes in respect of the group which may be limited in time and reviewed at certain intervals (subject to potential extensions upon agreement); and</li> <li>disposal/exit process structures and/or buy-sell mechanics at the end of a review period to deal with deadlock.</li> </ul> </li> </ul>	
<b>Management Warrants</b>	<p>To be discussed further but based on the proposal from Codere titled “Codere III”</p> <ul style="list-style-type: none"> <li>3 tranches of warrants issued to Key Management, each representing 10% ownership interest of Codere. Strike price to be determined by recovery to bondholders on closing date</li> </ul>	<ul style="list-style-type: none"> <li>As detailed in the Final Offer, warrants issued to Key Management which, if exercised, would result in further issuance of shares in Codere resulting in a further: <ul style="list-style-type: none"> <li>5% ownership interest struck at an exercise price which provides for an implied recovery on the Existing Notes of</li> </ul> </li> </ul>

	<p>bond claim.</p> <ul style="list-style-type: none"> <li>Warrants issued to other management (excluding Key Management) which, if exercised at a strike price of €1.1bn enterprise value, would result in a further issuance of shares in Codere resulting in a further 5% ownership interest.</li> </ul>	<p>100% of all outstanding principal plus all accrued and outstanding interest which shall increase over time at a rate equal to the weighted average interest rate for the Existing Notes up to the applicable exercise date.</p> <ul style="list-style-type: none"> <li>5% ownership interest struck at an exercise price which provides for an implied recovery on the Existing Notes of 150% of all outstanding principal plus all accrued and outstanding interest</li> <li>Warrants issued to other management (excluding Key Management) which, if exercised at a strike price of €1.1bn enterprise value, would result in a further issuance of shares in Codere resulting in a further 5% ownership interest.</li> </ul>
<b>New Notes Exchange</b>	<p>Aggregate nominal amount of €675m New Notes, split as follows:</p> <ul style="list-style-type: none"> <li><b>€250m Mexican Opco Notes</b> issued by at a Mexican operating level with a 5.25 year maturity and a cash pay coupon of 8.5% per annum.</li> <li><b>€425m Holdco Notes</b> issued at the Codere S.A. holdco level with a 5.25 year maturity and a cash pay of 3% and a PIK coupon of 6.7%.</li> <li>Security structure for Mexican Opco Notes and HoldCo Notes with junior ranking security for Holdco Notes in respect of Mexican assets to be considered.</li> </ul>	<p>Aggregate nominal amount of €500m New Notes, split as follows:</p> <ul style="list-style-type: none"> <li><b>€250m OpCo Notes</b> issued by a new Issuer with a 5.25 year maturity and a cash pay coupon of 8.5% per annum. 2/2/1 call protection. Company's request for Mexican OpCo Notes to be considered subject to satisfactory diligence and analysis on tax, structuring and security.</li> <li><b>€250m Holdco Notes</b> issued at the Codere Holdco level with a 5.25 year maturity and a PIK coupon of 10%. 2/2/1 call protection</li> <li>Security package to be determined but to include Mexican asset security and upstream and cross-stream guarantees to the extent applicable. Double Luxco structure to be implemented.</li> </ul>
<b>New Mexican Term Loan</b>	<ul style="list-style-type: none"> <li>€200m secured term loan borrowed by a subsidiary incorporated in Mexico with a 5 year maturity, 6% per annum cash pay interest. First lien security and guarantees over Mexican assets and shares.</li> </ul>	<ul style="list-style-type: none"> <li>€200m secured term loan borrowed by a subsidiary incorporated in Mexico with a 5 year maturity and on terms to be agreed but with 6% per annum cash pay interest and arrangement fee restrictions (to be agreed).</li> </ul>

	<ul style="list-style-type: none"> <li>• Backstopped by certain holders of the Existing Notes which agree to do so, subject to further agreement on terms (backstop fee payable out of bondholder equity allocation).</li> <li>• If provided by third party financial institutions,, terms to be agreed including adjustment of the capital structure in relation to the New Exchange Notes (including nominal amount and interest), New Term Loan and the potential injection of additional cash equity from the holders of the Existing Notes.</li> </ul>	<ul style="list-style-type: none"> <li>• To be provided by third party banks but potentially backstopped by certain holders of the Existing Notes which agree to do so.</li> <li>• If provided by holders of the Existing Notes, terms to be agreed including adjustment of the capital structure in relation to the New Exchange Notes (including nominal amount and interest), New Term Loan detailed below and the potential injection of additional cash equity from the holders of the Existing Notes.</li> </ul>
<b>Capital Injection / New Term Loan</b>	<ul style="list-style-type: none"> <li>• €200m capital injection by certain holders of the Existing Notes which agree to do so (backstop fee payable out of bondholder equity allocation).</li> </ul>	<ul style="list-style-type: none"> <li>• €200m drawn term loan (at Codere holdco level) with a 5 year maturity, LIBOR plus 7.5% per annum cash pay margin (subject to LIBOR floor of 1%) and 3% arrangement fee.</li> <li>• Backstopped by certain holders of the Existing Notes which agree to do so.</li> </ul>
<b>OpCo Debt and Super Senior RCF</b>	<ul style="list-style-type: none"> <li>• Basket for €50m new super senior RCF at Codere holdco level plus additional baskets in terms of unfunded and non-cash collateralised L/C facilities and other debt incurrence baskets to be agreed.</li> </ul>	<ul style="list-style-type: none"> <li>• Basket for €50m new super senior RCF at Codere holdco level plus additional baskets in terms of unfunded and non-cash collateralised L/C facilities and other debt incurrence baskets to be agreed.</li> </ul>

ENDS