



## **Codere announces US\$250 million Senior Notes Offering due 2019**

MADRID, January 25, 2012. Codere S.A. (CDR SM) (“Codere” or “the Company”) today announces that its wholly-owned subsidiary company Codere Finance (Luxembourg) intends to offer senior notes due 2019. The aggregate principal amount of the new notes being offered is expected to be US\$250 million, which will be used to finance the ICELA Acquisition, as defined below, and for general corporate purposes. This transaction marks the first step in our strategy of redenominating our capital structure into local currency and U.S. dollars and preparing for the sale of a stake in our Latin American operations.

The Notes will be offered to non-US persons outside the United States pursuant to Regulation S and in the United States to qualified institutional buyers pursuant to Rule 144A under the US Securities Act of 1933. These new notes will be guaranteed on a senior basis by Codere, S.A. and by Codere Internacional Dos, and on a senior subordinated basis by certain subsidiaries of Codere. The notes will rank *pari passu* with the existing senior notes of Codere Finance (Luxembourg) due 2015.

In addition, the Company would like to provide an update of the following recent developments:

*ICELA acquisition.* On January 25, 2012, we signed a sale and purchase agreement with CIE (the “ICELA Acquisition Agreement”), pursuant to which we agreed to purchase (through our wholly-owned subsidiary Codere Mexico) 35.8% of the outstanding ordinary shares of ICELA, subject to our ability to finance the acquisition. We have agreed to pay a purchase price of Mex. Ps. 2,622 million (equivalent to approximately U.S.\$ 189.2 million (€145.4 million) as of December 16, 2011, plus accrued interest at a rate of 8% from December 16, 2011 to the date of closing of the transaction. If the transaction were to close on February 9, 2012, the purchase price plus accrued interest would be Mex. Ps. 2,654 (equivalent to approximately U.S. \$200.7 million (€155.5 million), assuming an exchange rate of Mex. Ps./U.S.\$ and Mex. Ps./ euro of 13.22 and 17.07, respectively. The acquisition of the 35.8% stake in ICELA (the “ICELA Acquisition”) would be in addition to Codere Mexico’s current 49% stake in ICELA.

Pursuant to the ICELA Acquisition Agreement, we have also acquired an option to purchase all of the remaining shares in ICELA from CIE at a price per share substantially similar to which we agreed to purchase the 35.8% stake in ICELA, subject to certain adjustments. We may exercise this second option on or prior to June 30, 2014. The exercise of this second option is subject to the satisfaction of certain conditions precedent, including unconditional approval by COFECO, the Mexican competition authority.

We currently consolidate ICELA under the proportional method for balance sheet and income statement purposes. If the ICELA Acquisition is consummated, our stake in ICELA would increase to 84.8% and we would fully consolidate ICELA going forward.

In order to illustrate the potential impact of the acquisition of the Legacy Caliente operations in March 31, 2011 and the proposed ICELA Acquisition, including the effect of the proposed offering on our accounts, pro forma financial information was prepared based on our September 30, 2011 accounts. These calculations result in Annualized pro forma adjusted EBITDA of U.S. \$449.3 million and adjusted pro forma net financial debt of U.S.\$1,207.5, resulting in a multiple of 2.7x.

*2011 guidance.* As previously communicated on November 15, 2011, we expect reported EBITDA in the range of €72 to 75 million in the three months ended December 31, 2011, and in the range of €281 to 284 million for the 12 months ended December 31, 2011.

*Potential Impairment Charge in the three months ended December 31, 2011.* The Company approved the budget for the fiscal year 2012 in December 2011. Shortly thereafter we began to prepare the goodwill impairment test for the purpose of preparation of the consolidated annual accounts for the year ended December 31, 2011. Considering the estimated results included in the budget that reflect the adverse economic environment in certain countries where we operate, especially in Spain, based on the preliminary results of the impairment test we expect to record an insignificant impairment charge in the three months ended December 31, 2011. Given the complexity of the impairment test and considering that the test is in process, there is no assurance about the amount of impairment to be recorded, if any.

*Increase in provincial gross revenue tax in Argentina.* As part of a fiscal decree passed in the Province of Buenos Aires in December 2011, the Province approved an increase in the gross revenue tax, applicable to all sectors, from 6% to 8% effective January 1, 2012. In our operations, the gross revenue tax is applied to the net win, less gaming tax and payment to the NPOs.

*Ballesteros litigation settlement.* On September 23, 2009, the Madrid Provincial Court issued a judgment on our appeal requiring Mr. José Ballesteros and his wife to repay Codere approximately €12.0 million of the €15.5 million we paid in connection with the Ballesteros transaction. Such amount was repaid to us in December 2009. In September 2009, we filed an appeal to the Madrid Provincial Court's judgment requesting payment of interest accrued since March 2000, the date of the initial claim. The appeal was granted by the Supreme Court in November 2011, ordering Mr. Ballesteros to make a payment of approximately €7.0 million in accrued interest.

*Application for online gaming licenses in Spain.* In December 2011 we submitted an application for a license to operate online gaming activities in Spain, according to the Online Gambling Law and the supplemental regulations issued in May and November 2011, respectively. The licenses should be approved no later than June 14, 2012. In addition, Codere has worked with the regional authorities of the Community of Madrid since 2009, and received the first step in the certification process for a license in October 2011. On January 12, 2012, pursuant to decree 22/2011 we submitted an application for a license to operate sports betting, bingo, casino games and casual games online in the Community of Madrid.

About Codere:

Codere is a leading multinational gaming company engaged in the management of slot machines, gaming halls, casinos, racetracks and sports betting locations in Latin America, Italy and Spain.

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*Stabilisation/FSA*