Translation for information purposes only

TO: [ ]

CC: [ ]

Madrid, the 26th of March, 2014

Dear Sirs,

We refer to your restated "Final Offer" (hereinafter the **"Restated Final Offer**") communicated to the Board of Directors (hereinafter the **"Board**") of Codere SA (hereinafter "**Codere**") and to some of the Boards of Directors of the Group subsidiaries dated on March, the 20th, 2014.

The Board of Codere notes with regret the threatening tone emerging from your letters dated March, 11th & March, 20th which, instead of encouraging the progress of the negotiations process, it appears exclusively aimed at pressuring the Board and trying to take advantage of the recent amendment of the Spanish Insolvency Act by referring to the liability the Board could incur in the case of an hypothetical filing for insolvency, with the sole aim of forcing the Board to accept your Final Offer. Given the limited time-frame available in order to reach a refinancing agreement, the bondholders should be more concerned with presenting a Restated Final Offer realistic and tailored to the needs of the company than to just bring its content to - for the purposes of a further classification of the insolvency proceedings, if this is the case - a presumption of prejudice that does not apply currently.

Moreover, the repeated categorization of each of your proposals as a "Final Offer", unilaterally presented as the only way to avoid the commencement of the insolvency proceedings, it is not constructive, underlying the absence of any willingness to negotiate and despising the successive attempts made by this Board in order to bring both sides positions closer together. We do not believe that sending a Final Offer (as such, i.e. only to be fully accepted or simply rejected) is the best way to a further progress in the ongoing negotiations process.

Hence, despite the tone of your letter, we keep reiterating that we strongly consider that the negotiations process is still completely open. To that end, below we explain in greater detail the aspects of your Final Offer that do not match the Company´s needs and we also provide you with a new proposal that we think it meets the real needs of the Company. In both cases, we kindly reiterate to you the Board´s total willingness to constructively review any other alternative that is intended to provide the Company with a stable financial structure and to ensure its future viability.

CONTENT OF THE RESTATED FINAL OFFER

In connection with your Restatement of the Final Offer, the Board wishes to make a number of general considerations before entering into a detailed analysis of its key aspects.

We understand that the deletion of the so-called "alternative route" (that ignored the shareholders'will) from your Offer is due to the fact that you have finally admitted that it has no place in the Spanish Corporate Law.

We have also noted you recognized at last in your Restatement of the Final Offer that your intention is to dilute the existing shareholders by more than 96%, in order for the creditors to assume the 96.8% of the equity and assigning to the existing shareholders a symbolic 3.2%.

The coincidence of this drastic dilution proposal of yours with the Spanish Insolvency Act under the Royal Decree-Law 4/2014 must be due to your interpretation of the recent amended Spanish Act on Insolvency that is now forcing/compelling managers and shareholders to accept any offer from their creditors that involves a conversion of debt into equity, irrespective of its consequences and corresponding established exchange ratio. Nothing further from reality. The corporate and insolvency legislation still requires for this purpose the consent of the Company and its shareholders. The only provision that has been introduced in relation to the agreements/terms of debt conversion into equity under the new section 165.4º of the above mentioned Law, is the creation of a presumption of guilt, which is applicable only in the context of a commencement of the insolvency proceedings, when the circumstances set out in that provision are met, and is, in any case, conditional on the creditors´ proposal that should always aim to a "*reasonable cause*". Contrary to what you seem to understand, the content of the above mentioned provision does not lead to the conclusion that all insolvency proceedings will be found guilty just because the Company´s managers and shareholders would not accept a debt for equity conversion proposal, whatever it may be

In this regard, we recall you that, in response to the insistence of the bondholders to take control of the company´s equity and as a result of the Company´s negotiating efforts, Codere presented a debt for equity conversion proposal in its letter dated December, 4th, 2013. You further modified our proposal, particularly, by adding an injection of liquidity unnecessary for Codere and that could be very harmful in the long run if done with such a disproportionate cost as the one set forth in your Final Offer.

For this reason in its letters to you dated December, 12th & December, 30th, the Board explained in detail the extremely negative impact that the changes you proposed would have on the structure given by Codere.

As for the proposal formulated by Codere, you only reiterated that your offer was final and non-negotiable, and added that the mechanism of conversion of debt to equity was likely to be imposed to Codere shareholders against their will, and this is not true, as proven by the fact that this particular aspect has been eliminated from your Restated Final Offer.

In any case, the truth is that in your letters dated March, 11th & March, 20th you emphasize again that your Final Offer is non-negotiable, which, just as we have mentioned before, is not particularly helpful given the Company´s difficult situation.

This Board reiterates that it has always acted and will continue to act at all times in accordance with the requirements of good faith, exercising due diligence and working to ensure Codere´s future viability. Hence our insistence on sharing with you the economic and financial reasons in your Restated Final Offer that do not meet the Company´s needs, in the hope that you will carefully review them.

As for the new financing contained in the Restatement of the Final Offer:

a). Codere does not need an injection of 400 million Euros. This Board considers detrimental to its shareholders and to the Company itself the borrowing of such an exorbitant amount of money, with the high costs that this process entails, knowing that the vast majority of that amount would be listed as unused on Codere´s balance sheet.

b). The reason why this injection of funds is not considered as necessary is that the financial forecasts we detail below prove that Codere is able to generate sufficient cash flow to meet its liquidity requirements in the future.

c). Moreover, the cost of the debt service you offered is unreasonably high, in fact due both to the small amount of the haircut on the overall debt and to the high rate of the interests accrued on the remaining part of the debt. Consequently, the total debt service once the restructuring process is finalized would be very similar to the current one, thus reflecting that the proposed haircut does not relieve the financial burden of the Company.

As for the conversion of debt into equity:

d). It makes no sense to require the Board to submit to shareholders approval an operation that involves diluting its stake to 3.2% of the equity. A proposal in these particular terms to the General Shareholders' Meeting would directly activate that operation in the full knowledge that it will lead to the commencement of the insolvency proceedings. The shareholders would have

no incentive to accept a proposal that completely nullifies the value of their stake.

e). Codere´s Board does not consider that the current value of the company is zero, as stated in your Final Offer; on the contrary, the Board believes that the value of the company is higher than the value of the debt, regardless of the valuation method used among the commonly accepted ones.

f). However, we remind you that, in view of your intention to take control of Codere´s equity, Codere´s Board and its majority shareholder offered you the possibility to control up to 70% of the company, in a shared control formula , all of this as a result of conversion of debt into equity. Yet you rejected this proposal and insisted on offering funds that Codere does not need with an unreasonable interest rate. This financing provision (we consider as totally unnecessary and detrimental) has proven to be an essential aspect in your proposal, because it is what really justifies your attempt to dilute the existing equity up to 3.2%.

g). The control structure proposed by Codere was not an empty desire, as it largely reflects that CODERE is a complex company with subsidiaries in seven countries and twenty regulatory jurisdictions, with many intangibles elements in the assets of its managers in terms of institutional relations, with knowledge of regulators perspectives and their margins of discretion, relationships with minority business partners and other factors whose sudden alteration of terms/structure would jeopardize key business aspects such as licenses renewals, operational contracts, etc. and consequently putting at risk the compliance of the business plan reviewed by KPMG that you recognize as valid in your offer. These enormously valuable business keys, for the sake of its own continuity and future development, need to be acknowledged and well managed, by protecting them from abrupt changes.

Consequently, and according to the requirements of good faith and with the firm determination to find a consensual solution, Codere´s Board formulates the proposal contained in **Annex 1** of the present document (hereinafter the **"Board Proposal**") and in the supporting documentation to be forwarded to you soon separately and strictly confidential for the sole benefit of Houlihan Lokey and those members of the Ad Hoc Committee to whom Codere referred its business plan updated as of December, 2013. We firmly believe in the validity of the Board Proposal, which is beneficial to Codere and its creditors and is also, in our opinion, satisfactory to its shareholders, as it ensures the viability of the Company. This Board Proposal is negotiable and we are open to discuss it with you since according to its policy applicable in such situations, this Board considers it reasonable not to take non-negotiable positions.

KEY ASPECTS OUTLINED IN THE BOARD PROPOSAL

- No cash injection required.
- Senior debt to be refinanced at market terms.
- Outstanding coupons to be included in the restructuring.
- New maturity date: December 31st , 2019 (five and a half years).
- Zero Coupon with the option to convert part of the debt into a new bond issuance of 250 million Euro, 8% Cash Pay interest and maturity date on June 30th, 2019 (5 years), at a conversion ratio as for the old bonds of 2 old bonds for 1 new bond.
- The zero coupon bond and the cash coupon bond will rank *pari passu*.
- The structure of guarantees remains as it currently stands.

This proposal does not require any new funds injection by the bondholders, it provides the company with the necessary resources in order to implement its business plan dated December, 2013 and allows its refinancing upon or before maturity. The proposal is based on a reasonable business plan and it is totally feasible and consistent with the Spanish insolvency practice as it pays the debt at its nominal value with the benefit of a delay of interest which lasts only what is needed in time. Furthermore, this proposal does not require the shareholders approval.

Codere's Board reiterates that it will continue to do its best in order to reach a consensus agreement before a potential insolvency filing and strictly abiding by the provisions of the Spanish Law and, particularly, by those of the Spanish Insolvency Act.

Sincerely yours,

_____

Luis Argüello Álvarez
Secretary of the Board
Codere, S.A.

Annex 1: Description of the Board Proposal (March 26th, 2014)

*Strictly Confidential & Translation for Information Purposes Only *

HY Bonds Structure

- An interest grace period of 5.5 years (from June 2014 to December 2019) for the EUR & USD bonds that shall be due and payable in full at the end of the previously mentioned period.
  - Incorporating to the principal amount the amounts due for the outstanding coupons since December 2013 .
- As an alternative to the above, the possibility to convert the existing bonds into a new bond at 8% interest and a ratio of 2€ of existing bonds x €1 of the new bonds to a maximum of 250 million Euros (i.e. haircut 50%), with maturity date six months previous (June 2019) to the maturity of the bonds mentioned in the above paragraph.
  - Optionally, in case of oversubscription of the new mentioned bond it shall be allocated on a pro rata basis to all of the interested subscribers.
- In both cases the *convenants* should be adjusted to BP and to the starting position of the company as to June 2014.
- The structure of securities remains as it currently stands (including the *Intercreditor Agreement*).
- The zero coupon bond and the cash coupon bond described above will rank *parri passu .*

SFA Structure

- Existing SFA to be replaced by a new financing at market price, assuming a 7% interest rate (including revolving and guarantees).
  - Adjustment of the amounts of the company´s current liquidity needs to safe limits (ideally, a minimum of 20 million Euros of minimum cash at parents and 40 million Euros in collateral and warranties).
- The structure of securities remains as it currently stands (including the *Intercreditor Agreement*).

Equity Structure

- The structure of equity remains as it currently stands.
- The setting-up of a MIP, to be agreed by the Board, for the management team (initial equity + warrants).

Further Comments

- The debt structure should allow tax effective financing instruments in order to both replace the existing debt at parents and to develop a long-term business model. (ex: the purchase of minority shareholders in Mexico)