

REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF CODERE S.A. ON THE PROPOSALS FOR REELECTION OF INDEPENDENT AND NOMINEE DIRECTORS TO BE SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING

1.- INTRODUCTION

In respect of the procedure for appointment, reelection and ratification of Directors of Codere S.A. it is necessary to take into account not only the legal provisions of the Spanish Corporate Enterprises Law (*Ley de Sociedades de Capital*), but also the internal regulations on the matter, contained mainly in the Board Regulation and in the Policy for Selection of Directors approved by the Board of Directors on November 10, 2016.

In respect of the Spanish Corporate Enterprises Law, more particularly its article 529 i, it establishes that proposals for appointment and reelection of Board members must be accompanied by a supporting report of the Board assessing the competence, experience and merits of the proposed candidate, and must be preceded, also, in the case of proposals for appointment or reelection of any non-independent director by a report of the Appointments and Remuneration Committee.

Article 2 of the Board Regulation of Codere S.A. establishes that the Board of Directors will make its proposals for appointment of Directors to the Shareholders' Meeting at the proposal of the Appointments, Remuneration and Corporate Governance Committee in the case of independent directors and after a report of the Appointments, Remuneration and Corporate Governance Committee in the case of other directors.

In addition, the Policy for Selection of Directors of Codere S.A. approved by the Board of Directors on November 10, 2016, establishes that the process for selection or reelection of directors shall have as its starting point the preparation by the Board of Directors, with the prior report of the Appointments, Remuneration and Corporate Governance Committee, of an analysis of the needs of the Company and its Group. After such analysis, the Appointments, Remuneration and Corporate Governance Committee shall commence the process for selection of candidates, this Committee to be responsible for making proposals to the Board for appointment of independent directors for them to be appointed by coopting or for submission to the decision of the Shareholders' Meeting (appointment or reelection), and to report on the appointments of the rest of the directors, for their appointment by coopting or for submission to the decision of the Shareholders' Meeting (appointment or reelection).

In compliance with the above, the Appointments, Remuneration and Corporate Governance Committee has approved this report on the proposals for reelection of

Directors, which, after a report or proposal, as appropriate, of the Committee, will be raised to the Board for proposal to the Annual Shareholders' Meeting of Codere S.A.

2. POLICY FOR SELECTION OF DIRECTORS. REPORT WITH ANALYSIS OF THE COMPOSITION AND NEEDS OF THE BOARD

On November 10, 2016, the Board of Directors of Codere S.A. approved the Policy for Selection of Directors, having the purpose of ensuring that diversity widely construed exists on the Board of Directors, for which purpose the process that was established commenced with the performance by the Board of Directors (with the prior report of the Appointments, Remuneration and Corporate Governance Committee) of an analysis of the needs of the Company and its Group, always giving priority to merit and to the search for the most suitable candidate to the position, avoiding in any case the existence of implied biases that could entail discrimination.

On April 11, 2018, the Board of Directors of Codere S.A. approved the report analyzing the needs of the Company and its Group, based on the prior report issued by the Appointments, Remuneration and Corporate Governance Committee, stating that, for the Board to perform its supervision duties correctly, it should as a whole have powers for matters of gaming, economy and finances (and for accounting, audit and risk management), international experience mainly in the markets of the Codere Group, an experience in management, leadership and business strategy.

In accordance with said report, the Board verified the absence of women on the Board, and the existence of shareholders' agreements which would have to be taken into account during the selection process, drawing the conclusion that the size of the Board of Directors, currently consisting of nine members (6 nominee directors, 2 independent directors and one external director), and the existing variety in its composition (as regards age, origin, training and experience) ensure adequate balance, great deliberating capacity, various points of view and sufficient knowledge of the Company and its Group to discharge its duties.

3.- PROPOSALS RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The proposals for reelection of Directors to be submitted to the next Shareholders' Meeting, reported on by the Appointments, Remuneration and Corporate Governance Committee (nominee directors) or made by the Committee itself (independent directors) are:

- Reelection for a further two-year term of Director David A. Reganato as nominee director representing the shareholder Silver Point.

- Reelection for a further two-year term of Director Timothy P. Lavelle as nominee director representing the shareholder Silver Point.
- Reelection for a further two-year term of Director Manuel Martínez-Fidalgo Vázquez as nominee director representing the shareholders Abrams Capital Management, M&G Investments and SilverPoint.
- Reelection for a further two-year term of Director Norman R. Sorensen Valdez as independent director.
- Reelection for a further two-year term of Director Matthew C. Turner as independent director.

4. GROUNDS

In respect of the prior report or proposal for re-election of Directors, for which this Committee is responsible, all the above has been taken into account, in addition to the adequacy of the professional profiles of the Directors to the activity of the Company and its Group, its international nature and its supervision and control needs and which stated in the Shareholders Agreement signed on April 6, 2016.

In all cases, this Committee considers that the capabilities and competence required to hold office as Director of Codere, S.A. have been evidenced for all the directors whose re-elections is proposed or informed (as required).

This Committee has especially valued (a) the contribution of the Directors whose reelection is proposed to the proper operation of the Board of Directors and its Committees due mainly to their international experience and competence in economic, financial and gaming matters; (b) the high degree of participation of the proposed directors at the Board meetings and meetings of the Committees to which they belong; (c) the high ethical standards of the directors, who have a clean criminal records not cancelled or likely to be cancelled for crimes against property, against the social economic order, against the Public treasury and Social Security, against the Public Authorities or for misrepresentations, or penalized by a final administrative decision with suspension or removal from office due to infringement of Law 10/2010, of April 28.

5. PROPOSALS FOR RE-ELECTION OF INDEPENDENT DIRECTORS

Pursuant to article 529 i.4 and 529.quindecies.3c) of the Spanish Corporate Enterprises Law, article 2 of the Board Regulation and the Policy for Selection of Directors, the Appointments, Remuneration and Corporate Governance Committee must propose the reelection of Independent Directors and, thus, it is placed on record that this Committee proposes the reelection of Norman Sorensen Valdez and Matthew Turner as independent Directors of Codere S.A.

In respect of both proposals, the Appointments, Remuneration and Corporate Governance Committee has evaluated the professional and personal profiles of the candidates, has valued the fact that they are both available to devote themselves adequately to hold office and finally verified their commercial and professional honorability.

Specifically, relating to Mr. Sorensen Valdez, this Committee values very positively his financial knowledge, his international business experience, and specifically in Latin American markets where the Company conducts a large part of its businesses and his broad experience as director of other listed companies. In respect of his performance during the previous term in office, Mr. Sorensen Valdez attended all the meetings held by the Board of Directors, i.e., 19 Board meetings, and also presided over all the meetings of the Appointments, Remuneration and Corporate Governance Committee, i.e., 17 meetings (all the above, until the date of this report). Lastly, Mr. Sorensen Valdez has attended regularly the meetings of the Audit Committee of which he is a member.

In the case of Mr. Matthew Turner, this Committee values very positively his international and financial experience, his capability to contribute to the strategy of the Company and its Group and more specifically to that of the digital business, and his experience in the gaming industry. In respect of his performance during his previous term in office, Mr. Turner attended 17 of the meetings held by the Board of Directors and also presided over 22 of the meetings of the Audit Committee (all the above until the date of this report). Lastly, Mr. Turner attended regularly the meetings of the Appointments, Remuneration and Corporate Governance Committee of which he is a member.

6. REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE ON THE REELECTION OF THREE NOMINEE DIRECTORS

Pursuant to article 529.i. 6 and 529 quincecies.3d) of the Spanish Corporate Enterprises Law, article 2 of the Board Regulation of Codere and the Policy for Selection of Directors, the proposals for reelection of non-independent directors must be preceded by a report of the Appointments, Remuneration and Corporate Governance Committee.

Thus, the report of the Appointments, Remuneration and Corporate Governance Committee relating to the proposals for reelection for a further two-year term of Directors David Reganato, Timothy Lavelle and Manuel Martínez-Fidalgo Vázquez is attached as a Schedule.

7. CONCLUSIONS

As a result of the above, the Appointments, Remuneration and Corporate Governance Committee considers that the proposals for reelection of Directors submitted to the Board



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of Directors, to be submitted to the Annual Shareholders' Meeting, are made in the best interest of the Company and conforming to the current needs of the Company.

Madrid, May 2018.

SCHEDULE

REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE ON THE PROPOSAL FOR REELECTION OF NOMINEE DIRECTORS

**DAVID REGANATO, TIMOTHY LAVELLE
AND MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ**

1. INTRODUCTION

Article 529.i, of the Spanish Corporate Enterprises Law (*Ley de Sociedades de Capital*), relating to appointments and reelections of directors, establishes in section 6:

“The proposal for appointment or re-election of any non-independent director shall be preceded, also, by a report of the appointments and remuneration committee”.

Along the same lines, we find art. 529.quindecies 3.d) of the Spanish Companies Act and article 2 of the Board Regulation of Codere S.A. establishes that the Board of Directors shall make its proposals for appointment of Directors to the Shareholders' Meeting and shall make the appropriate appointments by coopting *“at the proposal of the Appointments, Remuneration and Corporate Governance Committee, in the case of Independent Directors, and after a report of the Appointments, Remuneration and Corporate Governance Committee, in the case of other directors”*. Additionally article 16.2.f. of the Board Regulation which establishes that the reporting on the appointment of non-independent directors for their reelection by the shareholders' meeting falls within the competence of the Appointments, Remuneration and Corporate Governance Committee.

Pursuant to the aforementioned articles, the Appointments, Remuneration and Corporate Governance Committee issues this report, containing an evaluation of the three nominee directors whose reelection is proposed.

2. EVALUATION OF DAVID A. REGANATO.

a) Training and professional experience

Mr. Reganato has a bachelor's degree in Finance and Accounting from the Stern School of Business, at New York University.

Currently, Mr. Reganato works as Senior Investments Analyst in Silver Point Capital L.P., a company providing advice on investments which he joined in November 2002 and has broad experience as director in the US and Asian gaming market, and the media and medical equipment market.

Currently, Mr. Reganato forms part of the Boards of Directors of Granite Broadcasting LLC, Rotech Healthcare, Inc and Codere S.A.

Before he joined Silver Point Capital L.P., Mr. Reganato worked at the Investment Banking division of Morgan Stanley.

b) Evaluation of his performance as Director during his previous term in office in Codere S.A.

David Reganato was appointed to director of Codere S.A. in April 2016. In May that year he joined the Appointments, Remuneration and Corporate Governance Committee as a member.

Since then, Mr. Reganato has attended 16 Board meetings and most of the meetings of the Appointments, Remuneration and Corporate Governance Committee.

This Committee considers that both the devotion of David Reganato to the discharge of his duties as director of Codere S.A., and his experience and knowledge permit him to adequately perform his functions, contributing to a diverse and balanced composition of the Board.

c) Appointment and class

David Reganato was appointed for the first time to member of the Board of Codere S.A. by coopting on April 28, 2016, and his appointment was subsequently ratified by the Shareholders' Meeting held on June 30, 2016. Accordingly, his term in office will expire on June 30, 2018.

David Reganato was appointed at the proposal of the shareholder Silver Point which holds a direct and indirect shareholding in Codere S.A. exceeding 20% of its share capital and he is accordingly a Nominee Director.

d) Suitability

The Compliance Committee of Codere S.A. has verified the suitability of David Reganato to hold office, ensuring that he meets the requirements established in the internal regulations of the Group.

3.- EVALUATION OF TIMOTHY LAVELLE.

a) Training and professional experience

Mr. Lavelle has a BBA in Finance and Psychology from the University of Notre Dame.

Currently, Mr. Lavelle works in Silver Point Capital L.P., (specialized in Special Situations Investments) a company providing advice on investments which he joined in 2008 and has broad experience as director in the gaming market, real state and medical equipment market.

Currently, Mr. Lavelle forms part of the Boards of Directors of Codere S.A. (since 2016), Speedstar Holdings (Since 2017) and Rotech Healthcare Inc (since 2012). Additionally Mr. Lavelle forms part of the Audit Committee of Codere SA and is the Chairman of the Remuneration Committee of Speedstar Holdings.

Before he joined Silver Point Capital L.P., Mr. Lavelle worked at the Investment Banking division of Credit Suisse Securities LLC.

b) Evaluation of his performance as Director during his previous term in office in Codere S.A.

Timothy Lavelle was appointed to director of Codere S.A. in April 2016. In May that year he joined the Audit Committee as a member.

Since then, Mr. Lavelle has attended to all the Board meetings (19) and to all the meetings of the Audit Committee.

This Committee considers that both the devotion of Timothy Lavelle to the discharge of his duties as director of Codere S.A., and his experience and knowledge permit him to adequately perform his functions, contributing to a diverse and balanced composition of the Board

c) Appointment and class

Timothy Lavelle was appointed for the first time to member of the Board of Codere S.A. by coopting on April 28, 2016, and his appointment was subsequently ratified by the Shareholders' Meeting held on June 30, 2016. Accordingly, his term in office will expire on June 30, 2018

Timothy Lavelle was appointed at the proposal of the shareholder Silver Point which holds a direct and indirect shareholding in Codere S.A. exceeding 20% of its share capital and he is accordingly a Nominee Director.

d) Suitability

The Compliance Committee of Codere S.A. has verified the suitability of Timothy Lavelle to hold office, ensuring that he meets the requirements established in the internal regulations of the Group.

4. EVALUATION OF MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ.

a) Training and professional experience

Manuel Martínez-Fidalgo Vázquez has a bachelor's degree in Economic and Business Science from Oviedo University. He has a master's degree in Business Administration (MBA) from Duke University.

Currently, Manuel Martínez-Fidalgo Vázquez is Managing Director in the financial restructuring department at Houlihan Lokey. For the past fifteen years in Houlihan Lokey Manuel Martínez-Fidalgo Vázquez has participated in a large number of restructuring procedures carried out both in Spain and in other countries.

Before he joined Houlihan Lokey, Manuel Martínez Fidalgo was Associate at Deutsche Bank, having worked also at Merrill Lynch and at CAjastur (currently Liberbank).

b) Evaluation of his performance as Director during his previous term in office in Codere S.A.

Manuel Martínez-Fidalgo Vázquez was appointed to director of Codere S.A. in April 2016. In May that year he joined the Compliance Committee as a member.

Since then, Manuel Martínez-Fidalgo Vázquez has attended to all the Board meetings and all the meetings of the Compliance Committee.

This Committee considers that both the devotion of Manuel Martínez-Fidalgo Vázquez to the discharge of his duties as director of Codere S.A., and his experience and knowledge permit him to adequately perform his functions, contributing to a diverse and balanced composition of the Board

c) Appointment and class

Manuel Martínez-Fidalgo Vázquez was appointed for the first time to member of the Board of Codere S.A. by coopting on April 28, 2016, and his appointment was subsequently ratified by the Shareholders' Meeting held on June 30, 2016. Accordingly, his term in office will expire on June 30, 2018

Manuel Martínez-Fidalgo Vázquez was appointed at the proposal of shareholders Abrams Capital Management L.P. and M&G Investments and SilverPoint which together hold a direct and indirect significant shareholding in Codere S.A., and he is thus a Nominee Director.

d) Suitability



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The Compliance Committee of Codere S.A. has verified the suitability of Manuel Martínez-Fidalgo Vázquez to hold office, ensuring that he meets the requirements established in the internal regulations of the Group.

5. CONCLUSIONS

As a result of the above, in view of the performance of the candidates and their personal and professional conditions, this Committee considers that David Reganato, Timothy Lavelle and Manuel Martínez-Fidalgo Vázquez have the knowledge, experience and merits necessary to hold office as Directors of Codere S.A., and this Committee thus issues a favorable report to the Board of Directors to propose to the Shareholders' Meeting their reelection as directors for the term of two years established in the bylaws, all of them as nominee directors.

May 2018.