

From: Codere Finance (UK) Limited

To: The Scheme Creditors (as defined in paragraph 1.3 below)

To: GLAS Trust Corporation Limited
45 Ludgate Hill,
London EC4M 7JU

Cc: Lucid Issuer Services Limited
Leroy House
436 Essex Road
London N1 3QP
United Kingdom

1 September 2015

Dear Sirs,

PRACTICE STATEMENT LETTER

PROPOSED SCHEME OF ARRANGEMENT IN RESPECT OF CODERE FINANCE (UK) LIMITED

This letter (the "Practice Statement Letter") concerns matters which may affect your legal rights and entitlements and you may therefore wish to take appropriate legal advice on its contents.

1. WHY ARE WE WRITING TO YOU?

1.1 Codere Finance (Luxembourg) S.A. ("**Codere Finance**") is the original issuer of:

1.1.1 EUR760,000,000 8.250% senior notes due 2015 (the "**Existing EUR Notes**") pursuant to an indenture dated 24 June 2005 (as amended, modified or supplemented from time to time, the "**Existing EUR Indenture**"); and

1.1.2 USD300,000,000 9.250% senior notes due 2019 (the "**Existing USD Notes**" and, together with the Existing EUR Notes, the "**Existing Notes**") pursuant to an indenture dated 8 February 2012 (as amended, modified or supplemented from time to time, the "**Existing USD Indenture**" and, together with the Existing EUR Indenture, the "**Existing Indentures**").

1.2 In accordance with the Original Lock-Up Agreement (as defined in paragraph 3.9 below), on 18 February 2015, Codere Finance (UK) Limited (the "**Scheme Company**"), through its entry into supplemental indentures, agreed to assume the rights and obligations of Codere Finance under each of the Existing Indentures on a primary, several and joint basis. In addition, and in accordance with the Amended Lock-Up Agreement (as defined in paragraph 3.9 below), the Scheme Company is now proposing that a scheme of arrangement under Part 26 of the Companies Act 2006 of England and Wales (as amended) (the "**Scheme**") shall be implemented in respect of the obligations outstanding under the Existing Notes as regulated under the

Existing Indentures and the Intercreditor Agreement (as defined in the Existing Indentures).

1.3 You have been identified as a person who has a beneficial interest as principal in:

1.3.1 the Existing EUR Notes represented by one or more notes in registered, global form, held by Deutsche Bank AG, London Branch (the "**Common Depository**") and registered in the name of the Common Depository or its nominee, as the case may be, for the account of Euroclear or Clearstream (each as defined in paragraph 2.3.1 below); and/or

1.3.2 the Existing USD Notes represented by one or more notes in registered, global form, held by Deutsche Bank Trust Company America as custodian for DTC (as defined in paragraph 2.3.1 below) and registered in the name of Cede & Co. for the account of DTC and its participants,

and, therefore, a person, who has the right to be transferred certificated Existing Notes in accordance with Section 2.10 of each of the Existing Indentures (a "**Scheme Creditor**").

1.4 As a Scheme Creditor, you have therefore been identified as a person whose legal rights and entitlements shall be affected by the proposed Scheme. For the purposes of the Scheme, the aggregate principal and interest owed to a Scheme Creditor in respect of the Existing Notes is referred to as its "**Claim Value**". The aggregate principal and interest owed to all Scheme Creditors in respect of the Existing Notes is referred to as the "**Aggregate Claim Value**".

1.5 *If you have assigned, sold or otherwise transferred your interests in the Existing Notes or your interest as a New Cash Notes Backstop Provider or New Senior Private Notes Backstop Provider (each as defined in paragraph 4.11 below), or do so or intend to do so, you should forward a copy of this Practice Statement Letter to the person or persons to whom you have assigned, sold or otherwise transferred such interests.*

2. **PURPOSE OF THIS PRACTICE STATEMENT LETTER**

2.1 On 15 April 2002, the High Court of Justice of England and Wales (the "**Court**") issued a practice statement that requires any company proposing to implement a scheme of arrangement to notify those affected by it (i) that a scheme is being promoted, (ii) as to the purpose that the scheme is designed to achieve, (iii) as to the meetings of creditors the company believes are required for the purposes of voting on the scheme and (iv) as to the constitution of those meetings (the "**Practice Statement**"). This Practice Statement Letter is written pursuant to the Practice Statement.

2.2 This Practice Statement Letter is addressed to:

2.2.1 the Scheme Creditors; and

2.2.2 GLAS Trust Corporation Limited in its capacity as trustee under each Existing Indenture (the "**Existing Trustee**").

- 2.3 This Practice Statement Letter shall be:
- 2.3.1 sent to Lucid Issuer Services Limited in its capacity as the information agent under the Scheme (the "**Information Agent**") for the purpose of:
- (a) distributing it to Scheme Creditors via Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking *société anonyme* ("**Clearstream**") and the Depository Trust Company ("**DTC**");
 - (b) making it available at www.lucid-is.com/codere (the "**Information Agent Website**") and at the offices of the Information Agent at the address set out in paragraph 11.5 below; and
 - (c) announcing it via the Irish Stock Exchange, where the Existing Notes are listed; and
- 2.3.2 made available on www.codere.com/en.
- 2.4 The purpose of this Practice Statement Letter is to inform you of:
- 2.4.1 the Scheme Company's decision to formally propose the Scheme;
 - 2.4.2 the objectives of the proposed Scheme;
 - 2.4.3 the Scheme Company's intention to apply to the Court to seek an order convening a meeting of the Scheme Creditors for the purpose of considering and, if thought fit, approving the Scheme (the "**Scheme Meeting**"); and
 - 2.4.4 the intended class composition of the Scheme Meeting.
- 2.5 We hereby give notice to the Scheme Creditors that the Scheme Company intends to apply to the High Court of Justice of England and Wales at the Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London EC4A 1NL, United Kingdom (the "**Court**") at a hearing to be held in October 2015 (the "**Directions Hearing**") for an order granting the Scheme Company permission to convene the Scheme Meeting. A notice confirming the precise date of the Directions Hearing will be distributed, made available and announced as described in paragraph 2.3 above.

3. **BACKGROUND TO THE GROUP AND THE RESTRUCTURING**

- 3.1 The Scheme Company is a direct subsidiary of Codere S.A. ("**Holdco**"). Holdco and its direct and indirect subsidiaries are referred to in this Practice Statement Letter as the "**Group**" and a simplified structure chart for the Group is included in Annex 1 to this Practice Statement Letter.
- 3.2 The Group is engaged in multi-national gaming activities and the management of gaming machines. It also has machine halls, bingo halls, horse racing tracks, casinos and sport betting locations throughout Latin America, Italy and Spain.
- 3.3 The last 36 months have been challenging for the Group. The concurrent effects of:

- 3.3.1 Europe's economic recession (in particular the weak macroeconomic environment in Italy and Spain);
- 3.3.2 the deterioration of the Argentine exchange rate following the 24.7% devaluation of the Argentine peso;
- 3.3.3 heightened anti-smoking regulations and gaming tax increases throughout the markets in which the Group operates; and
- 3.3.4 hall closures in Mexico,

have impacted the Group's business plan and given rise to liquidity issues. Certain interest which became due and payable under the Existing Indentures on 15 February 2014, 15 August 2014, 15 February 2015 and 15 August 2015 in respect of the Existing USD Notes and on 15 December 2013, 15 June 2014 and 15 December 2014 in respect of the Existing EUR Notes has not been paid. In addition, the Existing EUR Notes matured on 15 June 2015, at which time all amounts outstanding thereunder became due and payable.

- 3.4 On 6 February 2014, a €127.1 million senior facilities agreement originally dated 19 October 2007 under which Holdco is borrower and certain other Group companies are guarantors (as amended and/or restated from time to time, the "**Existing SFA**") matured. The amount outstanding thereunder also remains unpaid.
- 3.5 Whilst the amounts due and payable under the Existing Indentures and the Existing SFA were the subject of a number of standstill and forbearance agreements, the board of directors of Holdco nevertheless filed for protection under *Article 5 bis of the Spanish Insolvency Law (pre concurso)* on 2 January 2014. In addition, certain Spanish sub-holding companies within the Group also filed for *pre-concurso* protection in early February 2014. The protection period afforded to Holdco ended on 2 May 2014. Since then, the Group has been operating under continuing forbearance and standstill agreements with the holders of the Existing Notes and the lenders under the Existing SFA, most recently under the terms of the Amended Lock-Up Agreement (as defined in paragraph 3.9 below).
- 3.6 The Group's outstanding gross debt comprising the amounts outstanding under the Existing Notes, amounts borrowed by Holdco pursuant to the Existing SFA and various local facilities taken out by other members of the Group (including accrued interest) was approximately:
 - 3.6.1 EUR1,392.1 million as at the date of latest audited annual accounts (31 December 2014), the Existing Notes representing EUR1,141.9 million of such amount; and
 - 3.6.2 EUR1,458.9 million as at the date of the last available quarterly accounts (31 March 2015), the Existing Notes representing EUR1,202.7 million of such amount.
- 3.7 Certain Group companies have granted security in respect of the Existing Notes. The security provided in respect of both the Existing EUR Notes and the Existing USD Notes is identical save that holders of the Existing EUR Notes have the benefit of

security over certain amounts owed by Codere Finance to Holdco which is not shared by the holders of the Existing USD Notes. Based on advice received from its financial adviser, the Scheme Company has concluded that the additional economic value of that security, in the event of it being enforced, would be immaterial from an economic perspective.

- 3.8 Certain Group companies are also guarantors of the Existing Notes (the "**Guarantors**"). Each of these Guarantors guarantees to each holder of the Existing Notes and the Existing Trustee the full and prompt payment of principal and interest on the Existing Notes (subject, however, to certain limitations under the laws applicable to each Guarantor and the granting of such guarantees). The guarantees provided in respect of both the Existing EUR Notes and the Existing USD Notes are identical, save that there is a sole additional guarantor, Promojuegos De Mexica S.A., in respect of the Existing EUR Notes. Based on advice received from its financial adviser, the Scheme Company has concluded that the additional economic value of that guarantee, in the event of the guarantees being called upon, would be immaterial from an economic perspective.
- 3.9 Since May 2013, the Group has been in negotiations with certain Scheme Creditors for the purpose of negotiating the terms of the financial, corporate and debt restructuring of the Group (the "**Restructuring**"). On 23 September 2014 (the "**Original Lock-Up Agreement Effective Date**") a lock-up agreement setting out the agreed commercial terms of the Restructuring (the "**Original Lock-Up Agreement**") became effective. The Original Lock-Up Agreement was amended and restated by an amendment and restatement agreement dated 18 August 2015 (the Original Lock-Up Agreement as amended by such amendment and restatement agreement being the "**Amended Lock-Up Agreement**"). The Scheme Company, Holdco, certain other companies in the Group and in excess of 91.5% of holders (by value) of the Existing Notes (the "**Consenting Noteholders**") are all parties to the Amended Lock-Up Agreement.
- 3.10 Under the terms of the Amended Lock-Up Agreement, the Consenting Noteholders have agreed, amongst other things:
- 3.10.1 to promptly take all reasonable actions to support, facilitate and implement the Restructuring in a manner consistent with the terms of the Amended Lock-Up Agreement;
 - 3.10.2 to take all steps that are consistent with and are reasonably required to implement the Restructuring (including taking all steps necessary to vote in favour of the Scheme); and
 - 3.10.3 not to take any enforcement action or delay, impede or frustrate the Restructuring.

The obligations of the parties to the Amended Lock-Up Agreement will terminate on the later of (i) 31 December 2015, (ii) with the consent of Holdco, 75% of the Consenting Noteholders and each Backstop Party (as defined in the Amended Lock-Up Agreement), 31 March 2016 and (iii) with the consent of Holdco, each Consenting Noteholder and each Backstop Party, any later date (subject, however, to the other termination provisions contained therein).

3.11 Unless the Scheme is sanctioned and the Restructuring is implemented, the directors of Holdco, the Scheme Company and Codere Finance are of the view that they, and the directors of the Guarantors, will likely have to file for some form of insolvency proceedings for their respective companies because, as matters stand, it is likely that those companies will be unable to meet their obligations under the Existing Notes in respect of either principal and coupon amounts currently outstanding or further accruing coupon amounts (should the forbearances contained in the Amended Lock-Up Agreement terminate). In the event of such insolvency proceedings, it is likely that recoveries by Scheme Creditors in respect of the Existing Notes will be significantly less than if the Scheme and the Restructuring were implemented. The Scheme Company's board of directors therefore considers that the Restructuring, as it is proposed to be implemented pursuant to the terms of the Scheme, is in the best interests of the Scheme Company, the Group and their stakeholders (including the Scheme Creditors), and is the best available option for addressing the capital structure of the Group.

4. THE PROPOSED RESTRUCTURING

4.1 The Scheme Company is proposing the Scheme as part of the Restructuring. Pursuant to the Restructuring, if it is implemented, the total outstanding principal amount under the Existing Notes shall be cancelled in exchange for Scheme Creditors being entitled to receive New Notes and Holdco Shares as more specifically described below. For a summary of final entitlements under the Scheme, please refer to Annex 2 of this Practice Statement Letter.

Issue of the New Notes and the Holdco Shares

4.2 A newly incorporated Luxembourg subsidiary of Holdco ("**New Codere Finance**") shall issue new notes totalling the USD Equivalent (as defined in paragraph 4.6 below) of EUR675 million, as follows:

4.2.1 the USD Equivalent of EUR200 million of new second lien notes (the "**New Cash Notes**");

4.2.2 the USD Equivalent of EUR150 million of new second lien notes (together with the New Cash Notes, the "**New Second Lien Notes**"); and

4.2.3 the USD Equivalent of EUR325 million of new third lien notes (the "**New Third Lien Notes**"),

together, the "**New Notes**".

4.3 The New Second Lien Notes will have a 5.25 year term with a 5.5% cash pay coupon and a 3.5% PIK coupon. The New Third Lien Notes will also have a 5.25 year term but with a 9% PIK coupon. The New Second Lien Notes will rank in priority to the New Third Lien Notes.

4.4 Holdco shall issue 2,477,527,849 ordinary shares to Scheme Creditors and others entitled under the terms of the Restructuring. Such shares shall represent 97.78% of the total ordinary shares in Holdco as at the date of such issue. The existing ordinary shares of Holdco, together with the shares to be issued by Holdco in accordance with

this paragraph, are referred to herein as the "**Holdco Shares**". The Holdco Shares to be issued pursuant to the Restructuring shall be applied in part capitalisation of the balance outstanding under the Existing Notes. However, it should be noted that the Scheme Creditors' holding of Holdco Shares shall be diluted as further described in paragraphs 4.19 and 4.20 below.

New Monies

4.5 To support the financial position of the Group and refinance the Existing SFA, the USD Equivalent of EUR400 million will be raised as part of the Restructuring (the "**New Money**"). Each Scheme Creditor is being offered the right to participate in the provision of the New Money by:

4.5.1 purchasing a share of the New Cash Notes to be issued by New Codere Finance (as described in paragraph 4.2.1 above). The New Cash Notes shall, in the first instance, be issued to Codere Finance. However, Scheme Creditors will be entitled to purchase the New Cash Notes from Codere Finance (the "**New Cash Notes Purchase**"). A Scheme Creditor that participates in the New Cash Notes Purchase agrees that, notwithstanding such purchase, the New Cash Notes purchased by it shall be allocated as described in paragraph 4.14 below; and

4.5.2 subscribing for a share of EUR200 million nominal amount of new senior private notes to be issued by New Codere Finance to the subscribers for such notes (the "**New Senior Private Notes**", the subscription therefor being the "**New Senior Private Notes Subscription**" and, together with the New Cash Notes Purchase, the "**Note Purchase and Subscription**"). The New Senior Private Notes will have a 5 year term and a 7% cash pay coupon.

For the avoidance of doubt, any Scheme Creditor wishing to participate in the New Cash Notes Purchase must also participate in the New Senior Private Notes Subscription and *vice versa*. Scheme Creditors who are not Backstop Providers (as defined in paragraph 4.9.2 below) but who wish to participate in the Note Purchase and Subscription will be required to commit to purchase a *pro rata* share of the New Cash Notes and subscribe for a *pro rata* share of the New Senior Private Notes. Scheme Creditors who are Backstop Providers are not required to participate in the Note Purchase and Subscription for an amount greater than the amount that they have agreed to backstop (even where such amount, as a consequence of trading, has become less than their *pro rata* share of the Note Purchase and Subscription).

New Notes and New Senior Private Notes to be denominated in USD only

4.6 The New Notes and New Senior Private Notes shall be denominated in United States dollars ("**USD**") only, and therefore the EUR amounts given in respect of the New Notes and New Senior Private Notes in this Practice Statement Letter will be converted into their USD equivalent amount (the "**USD Equivalent**") as at the Record Time (as defined in paragraph 8.5.2 below). This is because the Group's principal net cash flows are denominated in currencies which have a high correlation with USD. To ensure that no Scheme Creditor is prejudiced in this regard, any Scheme Creditor who does not wish to, or is restricted from receiving USD denominated notes will be entitled to:

- 4.6.1 nominate an appropriate recipient to receive the New Notes on its behalf (a "**Nominated Recipient**"); or
- 4.6.2 nominate the trustee to be appointed by the Scheme Company pursuant to the Scheme to hold the New Notes on trust on its behalf for a period of up to one year (during which time the Scheme Creditor can identify a Nominated Recipient to whom its entitlement to the New Notes can be transferred or otherwise request that the New Notes be sold in the open market and the net proceeds of such sale transferred to it). In the event that a Nominated Recipient is not appointed by a Scheme Creditor during the period of the trust, its New Notes will be sold and the net proceeds of such sale will be transferred to such Scheme Creditor.

A Scheme Creditor that wishes to participate in the Note Purchase and Subscription is also entitled to nominate an appropriate participant to participate in the Note Purchase and Subscription in its place or nominate a Nominated Recipient to receive its entitlements in respect thereof.

Backstopping

- 4.7 The New Money is required for the successful completion of the Restructuring. In order to have certainty that the New Money would be raised, the Group required the Note Purchase and Subscription to be fully backstopped prior to the launch of the Scheme.
- 4.8 The Note Purchase and Subscription was initially backstopped by certain Existing Noteholders (or their affiliates or related funds) who were party to the Original Lock-Up Agreement as at the Original Lock-Up Agreement Effective Date (each such party being an "**Original Pro-Rata Backstop Provider**"). Holdco was advised that the Original Pro-Rata Backstop Providers, between them, held approximately 77.1% of the principal amount outstanding in respect of the Existing Notes as at the Original Lock-Up Agreement Effective Date. Each Original Pro-Rata Backstop Party agreed to backstop its proportion of the Note Purchase and Subscription, such proportion being calculated *pro rata* to its (and/or its affiliates' or related funds') nominal holdings of the Existing Notes. As such, 77.1% of the Note Purchase and Subscription was backstopped by the Original Pro-Rata Backstop Providers. The "shortfall" in the Note Purchase and Subscription (being 22.9%) was then backstopped by members of an adhoc committee of holders of the Existing Notes (who, for the avoidance of doubt, were also Original Pro-Rata Backstop Providers) which agreed to do so *pro rata* amongst themselves (the "**Original Excess Backstop Providers**"). As a result of this, the Note Purchase and Subscription was fully backstopped by the Original Pro-Rata Backstop Providers and the Original Excess Backstop Providers together (the "**Original Backstop Providers**"). The amount backstopped by each of the Original Backstop Providers was specified in a confidential annexure to its signature page to the Original Lock-Up Agreement or accession thereto.
- 4.9 Subsequently, each Existing Noteholder which was not an Original Backstop Provider was given the opportunity to elect to backstop its *pro rata* proportion of the Note Purchase and Subscription (relative to its nominal holding of the Existing Notes) on the same basis as the Original Pro-Rata Backstop Providers for a period of 10

business days from the Original Lock-Up Agreement Effective Date (the "**Accession Period**"). In this Practice Statement Letter:

- 4.9.1 each Existing Noteholder that elected to participate in the backstop during the Accession Period is referred to as a "**New Backstop Provider**"; and
- 4.9.2 the Original Backstop Providers and the New Backstop Providers are together referred to as the "**Backstop Providers**".
- 4.10 Upon the date of the expiry of the Accession Period, further Existing Noteholders had elected to backstop their *pro rata* proportion of the Note Purchase and Subscription (and therefore had elected to become New Backstop Providers). This brought the total percentage (by value) of Existing Noteholders that elected to backstop the Note Purchase and Subscription to 91.5%. The amounts committed by the New Backstop Providers during the Accession Period reduced the "excess" backstop commitments of the Original Excess Backstop Providers. This resulted in the "shortfall" to be backstopped by the Original Excess Backstop Providers (on a *pro rata* basis amongst themselves) being reduced from 22.9% to 8.5% of the Note Purchase and Subscription (the "**Excess Backstop Commitment**"). All Backstop Parties are party to the Amended Lock-Up Agreement.
- 4.11 In consideration for their agreement to backstop the Note Purchase and Subscription (as applicable and as described above):
 - 4.11.1 the Backstop Providers (being, in respect of the New Cash Notes, the "**New Cash Notes Backstop Providers**") will be allocated 10% of the Holdco Shares and receive a cash premium of 5% of the total amount backstopped in respect of the New Cash Notes (the "**New Cash Notes Backstop Provider Premium**"); and
 - 4.11.2 the Backstop Providers (being, in respect of the New Senior Private Notes Subscription, the "**New Senior Private Notes Backstop Providers**") will be allocated 1% of the Holdco Shares and receive a cash premium of 2% of the total amount backstopped in respect of the New Senior Private Notes (the "**New Senior Private Notes Backstop Provider Premium**"). It should be noted that pursuant to, and as described in, the Amended Lock-Up Agreement (i) the total amount backstopped in respect of the New Senior Private Notes was reduced from EUR253,000,000 to EUR200,000,000 and (ii) the calculation of the New Private Notes Backstop Provider Premium was updated accordingly.

The Scheme Company has been advised that these allocations and receipts fall within the bracket of normal commercial fees for the provision of such services.

- 4.12 The Original Excess Backstop Providers will be required to fund up to the Excess Backstop Commitment in the event that:
 - 4.12.1 Scheme Creditors that are not Backstop Providers choose not to elect to participate in the Note Purchase and Subscription or, having elected to participate, do not comply with such commitment;

- 4.12.2 Backstop Providers fail to comply with their obligation to backstop the Note Purchase and Subscription pursuant to, and in accordance with, the Amended Lock-Up Agreement.
- 4.13 As a result of the backstop arrangements, an Original Excess Backstop Provider will:
- 4.13.1 if its pro rata proportion of the Excess Backstop Commitment is called upon, ultimately:
- (a) purchase and subscribe for more than its *pro-rata* proportion of the New Cash Notes and New Senior Private Notes relative to its nominal holding of Existing Notes (subject to the allocations detailed in paragraph 4.14 below); and
 - (b) as a consequence, receive more than its *pro rata* proportion of the Holdco Shares to be allocated to New Cash Notes Purchasers and the Backstop Providers in connection with the Note Purchase and Subscription (as detailed in paragraphs 4.13 to 4.15 below); and
- 4.13.2 receive more than its *pro-rata* proportion of the New Cash Notes Backstop Provider Premium and the New Senior Private Notes Backstop Provider Premium.

Final allocation of Scheme entitlements – New Notes

4.14 Under the Scheme, each:

4.14.1 Scheme Creditor; and

4.14.2 New Cash Notes Backstop Provider,

who commits to purchase New Cash Notes (each a "**New Cash Notes Purchaser**") shall irrevocably direct that the New Notes shall ultimately be allocated as follows:

- (a) Each Scheme Creditor will be entitled to receive a share of the New Notes that is equivalent to its Claim Value as a percentage of the Aggregate Claim Value (its "**Pro Rata Allocation of New Notes**"). For example, a Scheme Creditor that holds 10% of the Aggregate Claim Value (the "**10% Scheme Creditor**") shall be entitled to receive 10% of the New Notes, i.e., in total, New Notes of nominal amount equal to the USD Equivalent of EUR67.5m. The number of New Second Lien Notes and/or New Third Lien Notes to be issued to a Scheme Creditor as its Pro Rata Allocation of New Notes shall be as described in paragraphs (b) to (f) below.
- (b) Scheme Creditors that are New Cash Notes Purchasers shall be allocated New Second Lien Notes in priority to those Scheme Creditors that are not New Cash Notes Purchasers.
- (c) If Scheme Creditors that are New Cash Notes Purchasers hold more than 51.85% of the Aggregate Claim Value (51.85% being the value of the New Second Lien Notes as a percentage of the value of all the New

Notes, i.e. EUR350 million as a percentage of EUR675 million), there will not be sufficient New Second Lien Notes for all Scheme Creditors who are New Cash Notes Purchasers to receive New Second Lien Notes only. Instead the Scheme Creditors who are New Cash Notes Purchasers will receive a mixture of New Second Lien Notes and New Third Lien Notes. In this scenario, Scheme Creditors that are not New Cash Notes Purchasers will receive New Third Lien Notes only.

- (d) If Scheme Creditors that are New Cash Notes Purchasers hold 51.85% of the Aggregate Claim Value, they will each receive New Second Lien Notes only. In this scenario, the Scheme Creditors that are not New Cash Notes Purchasers will receive only New Third Lien Notes.
- (e) If Scheme Creditors that are New Cash Notes Purchasers hold less than 51.85% of the Aggregate Claim Value, they will each receive New Second Lien Notes only. The excess New Second Lien Notes will be available for distribution to Scheme Creditors that are not New Cash Notes Purchasers. Therefore, in this scenario, the Scheme Creditors that are not New Cash Notes Purchasers will receive a mixture of New Second Lien Notes and New Third Lien Notes.
- (f) By signing or acceding to the Amended Lock-Up Agreement as Backstop Parties, Scheme Creditors holding 91.5% of the Aggregate Claim Value have committed to backstop the full amount of the New Cash Notes and are therefore obliged to be New Cash Notes Purchasers in accordance with the terms of the Amended Lock-Up Agreement. As such, the Scheme Company believes that the scenario described in paragraph 4.14(c) above is likely to be the relevant one (i.e. Scheme Creditors who are also New Cash Notes Purchasers will receive a mixture of New Second Lien Notes and New Third Lien Notes, and Scheme Creditors who are not New Cash Notes Purchasers will receive New Third Lien Notes only). However, it is important to remember that all Scheme Creditors will receive New Notes that, in aggregate, will be equal to their Pro Rata Allocation of New Notes.

Final allocation of Scheme entitlements – Holdco Shares

4.15 Under the Scheme, the Holdco Shares shall be allocated as set out below (although paragraphs 4.19 and 4.20 below should be noted):

- 4.15.1 61.20% to be held by the New Cash Notes Purchasers (the "**New Cash Note Purchaser Shares**"). Each New Cash Notes Purchaser that is not an Original Excess Backstop Provider will receive a percentage of the New Cash Note Purchaser Shares which is equal to the principal value of the New Cash Notes notionally purchased by it as a percentage of the total amount of all New Cash Notes (being the USD Equivalent of EUR200 million) (the "**Pro Rata Allocation of New Cash Note Purchaser Shares**"). For example, if the 10% Scheme Creditor purchases its *pro rata* share of the New Cash Notes, it will be entitled to 10% of the New Cash Note Purchaser Shares. Such a Scheme Creditor will receive more than its Pro Rata Allocation of New Cash Note Purchaser Shares where it is also an Original Excess Backstop Provider, and

its Excess Backstop Commitment is called upon. However, if the 10% Scheme Creditor is a Backstop Provider and it exercises its right to only purchase New Cash Notes up to the amount of its backstop commitment (and its backstop commitment is less than its *pro rata* share of the New Cash Notes), it will receive less than its Pro Rata Allocation of the New Cash Note Purchaser Shares;

- 4.15.2 4% to be held by Scheme Creditors holding New Second Lien Notes (the "**New Second Lien Holdco Shares**"). Each Scheme Creditor shall receive a percentage of the New Second Lien Holdco Shares which is equal to its final entitlement to New Second Lien Notes as a percentage of the USD Equivalent of EUR350 million (being the total amount of all New Second Lien Notes) (the "**Pro Rata Allocation of New Second Lien Holdco Shares**");
 - 4.15.3 2% to be held by Scheme Creditors holding New Third Lien Notes (the "**New Third Lien Holdco Shares**"). Each Scheme Creditor shall receive a percentage of the New Third Lien Holdco Shares which is equal to its final entitlement to New Third Lien Notes as a percentage of the USD Equivalent of EUR325 million (being the total amount of all New Third Lien Notes) (the "**Pro Rata Allocation of New Third Lien Holdco Shares**");
 - 4.15.4 19.58% to be held by Scheme Creditors for immediate onward sale to the Key Executives as defined and further explained in paragraph 4.18 below (the "**Key Executive Shares**"). Each Scheme Creditor shall be entitled to a percentage of the Key Executive Shares which is equal to its Claim Value as a percentage of the Aggregate Claim Value. However the Key Executive Shares, immediately upon receipt by the Scheme Creditors, shall be sold to the Key Executives;
 - 4.15.5 10% to be held by the New Cash Notes Backstop Providers (the "**New Cash Notes Backstop Provider Shares**"). Each New Cash Notes Backstop Provider shall receive a percentage of the New Cash Notes Backstop Provider Shares which is equal to the amount of its commitment to backstop the New Cash Notes as a percentage of the aggregate amount committed to be backstopped by the New Cash Notes Backstop Providers (the "**Pro Rata Allocation of the New Cash Notes Backstop Provider Shares**");
 - 4.15.6 1% to be held by the New Senior Private Notes Backstop Providers (the "**New Senior Private Notes Backstop Provider Shares**"). Each New Senior Private Notes Backstop Provider shall receive a percentage of the New Senior Private Notes Backstop Provider Shares which is equal to the amount of its commitment to backstop the New Senior Private Notes as a percentage of the aggregate amount committed to be backstopped by the New Senior Private Backstop Providers (the "**Pro Rata Allocation of the New Senior Private Notes Backstop Provider Shares**"); and
 - 4.15.7 2.22% to be held by the existing shareholders of Holdco.
- 4.16 The allocation of Holdco Shares to the recipients described in paragraphs 4.15.1 to 4.15.6 above shall be implemented by way of a transfer of Codere Finance's rights under certain intercompany loans owed to it by Holdco (the "**Capitalising Funding**");

Loans") to the relevant recipients and a subsequent capitalisation of such loans into shares of Holdco. The Capitalised Funding Loans were put in place when amounts received by Codere Finance pursuant to the original issuances of the Existing Notes were loaned to Holdco.

- 4.17 The total value of the Capitalised Funding Loans to be transferred to the recipients referred to in 4.15.1 to 4.15.6 above shall be equal to the balance of the amount outstanding under the Existing Notes following the exchange of the Existing Notes for New Notes (excluding the New Cash Notes). The value of the Capitalising Funding Loans to be transferred to each above mentioned recipient will be the amount required to ensure that, following the capitalisation, it will receive its allocation of Holdco Shares described above. The consideration for the transfer of the Capitalising Funding Loans from Codere Finance to the recipients will be the transfer by the Scheme Creditors of the Existing Notes remaining after the exchange to Codere Finance for cancellation.

Subsequent sale of Holdco Shares

- 4.18 In order to preserve the value of the New Notes and maximise the creation of future value in the Holdco Shares, certain key members of management (the "**Key Executives**") will invest in restricted shares representing 19.58% of the Holdco Shares. The Key Executives (or an entity directly or indirectly controlled by them or their family members) shall purchase, and the Scheme Creditors shall sell, the Key Executive Shares issued to Scheme Creditors as highlighted in paragraph 4.15.4 above for a purchase price of EUR500,000. The proceeds of such sale will be distributed to the Scheme Creditors *pro rata* to their Claim Value as a percentage of the Aggregate Claim Value. Immediately following the sale and purchase of the Key Executive Shares, the Holdco Shares will be held as follows:

- (a) 61.20% by the New Cash Notes Purchasers;
- (b) 4% by Scheme Creditors holding New Second Lien Note;
- (c) 2% by Scheme Creditors holding New Third Lien Notes;
- (d) 10% by the New Cash Notes Backstop Providers;
- (e) 1% by the New Senior Private Notes Backstop Providers;
- (f) 19.58% by the Key Executives; and
- (g) 2.22% by the existing shareholders of Holdco.

Shares in Holdco to be delivered to the Global Coordinator and Houlihan Lokey

- 4.19 In connection with the Restructuring, Holdco appointed a global coordinator (the "**Global Coordinator**") to facilitate the development of ideas, discussions and communications between Holdco and certain Scheme Creditors, as described in the Amended Lock-Up Agreement. Holdco shall issue further ordinary shares (i.e. in addition to the Holdco Shares issued in accordance with paragraph 4.4 which shall therefore be diluted as a result) to ensure that 2% of the post-Restructuring ordinary

share capital of Holdco is issued to the Global Coordinator in payment of its fee for providing such services (the "**Global Coordinator Holdco Shares**").

- 4.20 Houlihan Lokey, in its capacity as financial adviser to the adhoc committee of holders of the Existing Notes, will receive shares in Holdco in discharge of a portion of its fee for acting in such capacity (the "**Houlihan Lokey Holdco Shares**"). The Houlihan Lokey Holdco Shares shall not exceed 1% of the post-Restructuring ordinary share capital of Holdco.

Revised corporate structure

- 4.21 Upon completion of the allocation and sale of the Key Executive Shares, a revised corporate structure will be implemented. Structure charts, showing the structure of the Group pre- and post-Restructuring, are included in Annex 1 to this Practice Statement Letter.

5. SCHEME CREDITORS WILL BE AFFECTED BY THE SCHEME

- 5.1 From the date upon which the Scheme becomes effective, the Scheme Company and all Scheme Creditors (irrespective of whether or not they voted in favour of the Scheme) will be bound by the terms of the Scheme, along with Holdco, New Codere Finance and various other entities which will be required to undertake to be bound by the Scheme.

- 5.2 The detailed terms of the Scheme (including the documentation referred to in paragraph 7 below) will be included within the Scheme Documentation (as defined in paragraph 11 below).

- 5.3 The Scheme Company intends to seek recognition of the Scheme as a foreign main proceeding under Chapter 15 of the US Bankruptcy Code and permanent relief in the United States Bankruptcy Court for the Southern District of New York (or other appropriate forum) enjoining Scheme Creditors from commencing or continuing any action or proceeding against any member of the Group or their successors in interest that are inconsistent with the Scheme in the United States ("**Chapter 15 Recognition**").

- 5.4 The Scheme Company has procured opinions from independent experts that the Scheme and the Restructuring is likely to be recognised, and given effect to, in the jurisdictions in which the Group has material operations.

6. WHAT IS THE PURPOSE OF THE RESTRUCTURING?

- 6.1 The primary objectives of the Restructuring are to:

- 6.1.1 obtain the New Money (in the form of the monies to be provided pursuant to the Note Purchase and Subscription) in order to enable the Group to recover its competitive position;
- 6.1.2 mitigate the risk of any of the Group companies having to file for bankruptcy or liquidation (or another formal insolvency process), as a result of which the recoveries for Scheme Creditors would likely be significantly less than if the Restructuring were to be successfully completed;

- 6.1.3 implement a new capital structure so that the Group will possess a strengthened balance sheet and a more appropriate and serviceable level of debt, going forward;
- 6.1.4 reduce the total indebtedness of the Group from approximately EUR1,458.9 million as at the date of the last available quarterly accounts to EUR985.5 million, including the EUR400 million of New Money to be provided pursuant to the New Cash Notes and the New Senior Private Notes; and
- 6.1.5 ensure the Group can service its general corporate and working capital obligations, therefore allowing the Group to continue trading.

7. **WHAT IS THE PURPOSE OF THE SCHEME?**

7.1 The purpose of the Scheme is to facilitate the implementation of the Restructuring. It will do so by, amongst other things:

- 7.1.1 granting authority to, amongst others, the Scheme Company to execute the documents required to implement the Restructuring on behalf of, amongst others, the Scheme Creditors, including but not limited to:
 - (a) the new indentures and other documents in respect of the issue and allocation of the New Notes and New Senior Private Notes;
 - (b) a sale and purchase agreement pursuant to which the Scheme Creditors will sell the Key Executive Shares to the Key Executives;
 - (c) a shareholders' agreement (which will govern the relationship and actions of certain post-Restructuring holders of the Holdco Shares) and other related equity documents referred to therein;
 - (d) English law, New York law and Spanish law deeds of release pursuant to which the Scheme Creditors will:
 - (i) confirm, amongst other things, their agreement to the cancellation of any claim(s), whether present or future, known or unknown, prospective or contingent, arising directly or indirectly out of or in connection with the Existing Notes, the Existing Indentures and the security granted pursuant to any security documents executed thereunder, including any claim(s) in respect of any liability of the Scheme Company and/or any affiliate (including the Guarantors) arising out of or in connection therewith (and including, for the avoidance of doubt, any and all interest, make whole amounts, premium, principal, fees and commission accruing on, or payable in respect of, such claim(s) or rights);
 - (ii) agree, among other things, not to make any claims against the Scheme Company and certain other "protected parties" to be detailed in the relevant deeds of release (including the Scheme Company and other members of the Group, their directors and former directors, the Scheme Company's affiliates and those

Consenting Noteholders which are a party to the Amended Lock-Up Agreement in their various capacities) in respect of any claim they have or may have against each or all of the "protected parties" or property belonging to any of the "protected parties" and not to make any claim (save for certain allowed proceedings) against any "protected party" which imposes or attempts to impose upon any of them any liability whatsoever in connection with the implementation of the Scheme; and

- (e) a monitoring deed pursuant to which a monitoring committee will be established (subject to the members of such committee meeting applicable eligibility criteria) which will have certain information and board observer rights (and the ability to appoint consultants) in respect of the post-restructured Group; and
 - (f) any and all such other documents that the Scheme Company considers necessary to give effect to the Scheme and/or the Restructuring;
- 7.1.2 setting out the terms on which Scheme Creditors may elect to participate in the Note Purchase and Subscription;
 - 7.1.3 setting out the order in which the steps required to implement the Restructuring shall take place including setting out the timing for funding of the New Cash Notes and the New Senior Private Notes into escrow for completion of the Restructuring;
 - 7.1.4 setting out how each Scheme Creditor's notional and final allocation of entitlements under the Scheme (as described in paragraph 4 (*The Proposed Restructuring*) above) shall be calculated; and
 - 7.1.5 prohibiting the commencement of any proceedings against the protected parties referred to in 7.1.1(d)(ii) above save any action taken by a Scheme Creditor and/or a Backstop Provider to enforce its rights under the Scheme, a Restructuring Document or the Amended Lock-Up Agreement.

8. CLASS OF SCHEME CREDITORS

- 8.1 More than 50% in number representing not less than 75% in value of those creditors who vote at a meeting of creditors convened for the purposes of considering the Scheme must vote in favour of the proposed Scheme in order for it to be approved.
- 8.2 Where creditors have rights which are so dissimilar as to make it impossible for them to consult together with a view to their common interest, they must be split into separate classes and a separate scheme meeting must be held for each class.
- 8.3 The Scheme Company has considered the present rights of each of the Scheme Creditors under the Existing Notes and the way in which those rights will be affected under the Scheme and, having taken into account the previous decisions of the Court, has concluded that the Scheme Creditors constitute a single class for the purposes of the Scheme.

8.4 The Scheme Company considers that the rights of the Scheme Creditors are the same, or not so dissimilar as to make it impossible for them to consult together with a view to their common interest, because:

8.4.1 each of the Scheme Creditors has materially the same rights against the Scheme Company. The Scheme Company is of this view as:

- (a) in the event that the Scheme and the Restructuring are not implemented, the Scheme Company, Holdco, Codere Finance and the Guarantors are likely to enter into an insolvency proceeding and, therefore, the appropriate comparator to the Scheme is an insolvency where the Existing Notes are unlikely to be repaid in full;
- (b) the Existing EUR Notes and Existing USD Notes rank *pari passu* to each other; and
- (c) as explained in paragraphs 3.7 and 3.8 above, the Existing EUR Notes and Existing USD benefit from substantially the same security and guarantees; and

8.4.2 if the Scheme becomes effective, the rights of the Scheme Creditors will be compromised in materially the same way. The Scheme Company is of this view as:

- (a) all Scheme Creditors, in their capacity as Scheme Creditors, shall receive the same entitlements in the Restructuring, namely:
 - (i) their Pro Rata Allocation of New Notes;
 - (ii) to the extent that they receive any New Second Lien Notes, their Pro Rata Allocation of New Second Lien Holdco Shares; and
 - (iii) to the extent that they receive any New Third Lien Notes, their Pro Rata Allocation of New Third Lien Holdco Shares;
- (b) whether a Scheme Creditor receives its Pro Rata Allocation of New Notes in the form of New Second Lien Notes or New Third Lien Notes depends on its decision as to whether or not to become a New Cash Note Purchaser (as Scheme Creditors who are New Cash Note Purchasers shall be allocated New Second Lien Notes in priority to Scheme Creditors who are not New Cash Note Purchasers). All Scheme Creditors are given the same right to become New Cash Notes Purchasers;
- (c) all Scheme Creditors have also been given the same right to become New Cash Note Backstop Providers, New Senior Private Notes Subscribers and/or New Senior Private Notes Backstop Providers. Therefore all Scheme Creditors have had the same right to exercise the rights and participate in the entitlements of such parties in the Scheme; and

- (d) all Scheme Creditors (regardless of whether they receive New Second Lien Notes or New Third Lien Notes), will be significantly better off if the Schemes (and thereby the Restructuring) proceed compared to their position if the Scheme and Restructuring do not proceed. This is because the alternative to the Schemes will be insolvency proceedings in respect of the Group with reduced recoveries for all Scheme Creditors.

8.5 It is worth noting that:

- 8.5.1 all Scheme Creditors have, pursuant to the Original Lock-Up Agreement, been given the opportunity to backstop the Note Purchase and Subscription *pro rata* to their nominal holding of the Existing Notes during the Accession Period. Since not all Scheme Creditors took up the right to backstop, this resulted in a shortfall which was backstopped by the Original Excess Backstop Providers (as described in paragraphs 4.8 to 4.10 above). This was required by the Group to ensure that the New Money required to implement the Restructuring will be raised. The result of these arrangements is that the Original Excess Backstop Providers may participate in more than their *pro rata* share of the Note Purchase and Subscription. The Scheme Company does not consider that the difference between the rights and obligations of those Scheme Creditors that are Original Excess Backstop Providers and those Scheme Creditors that are not Original Excess Backstop Providers is so dissimilar as to make it impossible for all Scheme Creditors to consult together with a view to their common interest (particularly given the minimal level of the Excess Backstop Commitment backstopped by the Original Excess Backstop Providers (i.e. no more than 8.5% of the Existing Notes); and
 - 8.5.2 for the purpose of determining the outcome of voting at the Scheme Meeting and each Scheme Creditor's final entitlements in the Restructuring, where all or part of a Scheme Creditor's Claim Value is denominated in EUR, such Claim Value shall be converted into USD. The relevant EUR amount shall be converted into USD by reference to the spot FX rate published by Thomson Reuters as at 5.00 p.m. on the second business day before the date of the Scheme Meeting (the "**Record Time**"). The Scheme Company does not consider that this difference between the treatment of EUR denominated claims and USD denominated claims gives rise to a class issue.
- 8.6 Given the above considerations, it is proposed that one meeting of the Scheme Creditors (the "**Scheme Meeting**") be convened for the purposes of considering and, if the Scheme Creditors think fit, approving the Scheme. Therefore, in order for the Scheme to become effective, it must be approved by more than a majority in number representing not less than 75% in value of the Scheme Creditors who vote (either in person or by proxy) at the Scheme Meeting.
- 8.7 **IMPORTANT: If any Scheme Creditor has comments as to the constitution of the Scheme Meeting which is proposed, or any other issues which they consider should be raised with the Court, they should in the first instance contact the Information Agent using the contact details set out in paragraph 11.5 below.**

9. COURT HEARINGS

- 9.1 As noted above, the Directions Hearing is expected to take place in October 2015 where the Scheme Company will draw any issue raised by Scheme Creditors to the Court's attention. Scheme Creditors have the right to attend in person or through counsel and make representations at the Directions Hearing, the date of which, once known, will be notified to the Scheme Creditors in the same manner as described in paragraph 2.3.
- 9.2 This Practice Statement Letter is intended to provide Scheme Creditors with sufficient information regarding the Scheme and the Restructuring such that, should they wish to raise issues that relate to the constitution of the Scheme Meeting or which might otherwise affect the conduct of such Scheme Meeting, they may attend and be represented before the Court at the Directions Hearing.
- 9.3 Scheme Creditors should be aware that the English courts have indicated that issues which may arise as to the constitution of meetings of creditors or which otherwise affect the conduct of those meetings ("**Scheme Issues**") should be raised at the Directions Hearing. If they do not raise such issues, while Scheme Creditors will still be able to appear and raise objections at the Sanction Hearing (as defined in paragraph 9.4 below), the Court would expect those Scheme Creditors to show good reason why they did not previously raise any Scheme Issues in respect of the proposals for convening the Scheme Meeting. Scheme Creditors should therefore raise any Scheme Issues at the Directions Hearing.
- 9.4 If the Court orders the Scheme Meeting to be convened at the Directions Hearing, then the Scheme Creditors will have the opportunity to raise objections at a second and final Court hearing (the "**Sanction Hearing**") at which the Court will consider any additional jurisdictional issues and decide whether to exercise its discretion to sanction the Scheme (assuming that the Scheme is approved at the Scheme Meeting by the requisite majorities). A notice confirming the precise date of the Sanction Hearing, once known, will be distributed, made available and announced as described in paragraph 2.3 above.
- 9.5 As noted in paragraph 5.3 above, the Scheme Company intends to seek to apply for Chapter 15 Recognition shortly after the Sanction Hearing. Notice of the hearing for the Chapter 15 Recognition will be given in the manner prescribed by the United States Bankruptcy Court, which may include, among other things, publication in the Wall Street Journal or another newspaper of national standing.

10. INFORMATION AGENT WEBSITE

- 10.1 The Information Agent has set up the Information Agent Website (www.lucid-is.com/codere) to disseminate information about the Scheme and to facilitate the implementation of the Scheme. Scheme Creditors may download documents relating to the Scheme from the Information Agent Website once they have registered online. Scheme Creditors wishing to register online should contact the Information Agent as set out in paragraph 11.5.

11. NEXT STEPS

11.1 If permission to convene the Scheme Meeting is granted by the Court at the Directions Hearing, then you will be provided with (amongst other things) the following important documents:

11.1.1 a notice convening the Scheme Meeting;

11.1.2 an explanatory statement relating to the Scheme;

11.1.3 the Scheme and all accompanying documentation; and

11.1.4 an "Account Holder Letter" which the Scheme Creditors will use to cast their vote in respect of the Scheme and make certain elections with respect to the scheme entitlements described in paragraph 4.5 above,

(together, the "**Scheme Documentation**").

11.2 The Scheme Documentation will be made available to Scheme Creditors by the Information Agent.

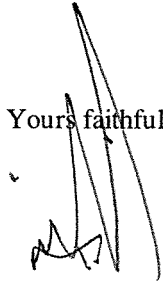
11.3 As explained above, the Scheme Company is of the view that the Scheme is necessary in order to implement the Restructuring and to avoid the need to place some or all of the companies in the Group into some form of insolvency proceedings in the near future.

11.4 For this reason, all Scheme Creditors are encouraged to support the Scheme.

11.5 If you have any questions in relation to this Practice Statement Letter or the Scheme, please contact the Information Agent using the contact details below:

Lucid Issuer Services Limited
Leroy House
436 Essex Road
London N1 3QP
United Kingdom
Attention of: Sunjeev Patel / Yves Theis
Email: codere@lucid-is.com

Yours faithfully

A handwritten signature in black ink, consisting of several overlapping, vertical, slightly curved strokes that form a stylized, abstract shape.

For and on behalf of

CODERE FINANCE (UK) LIMITED

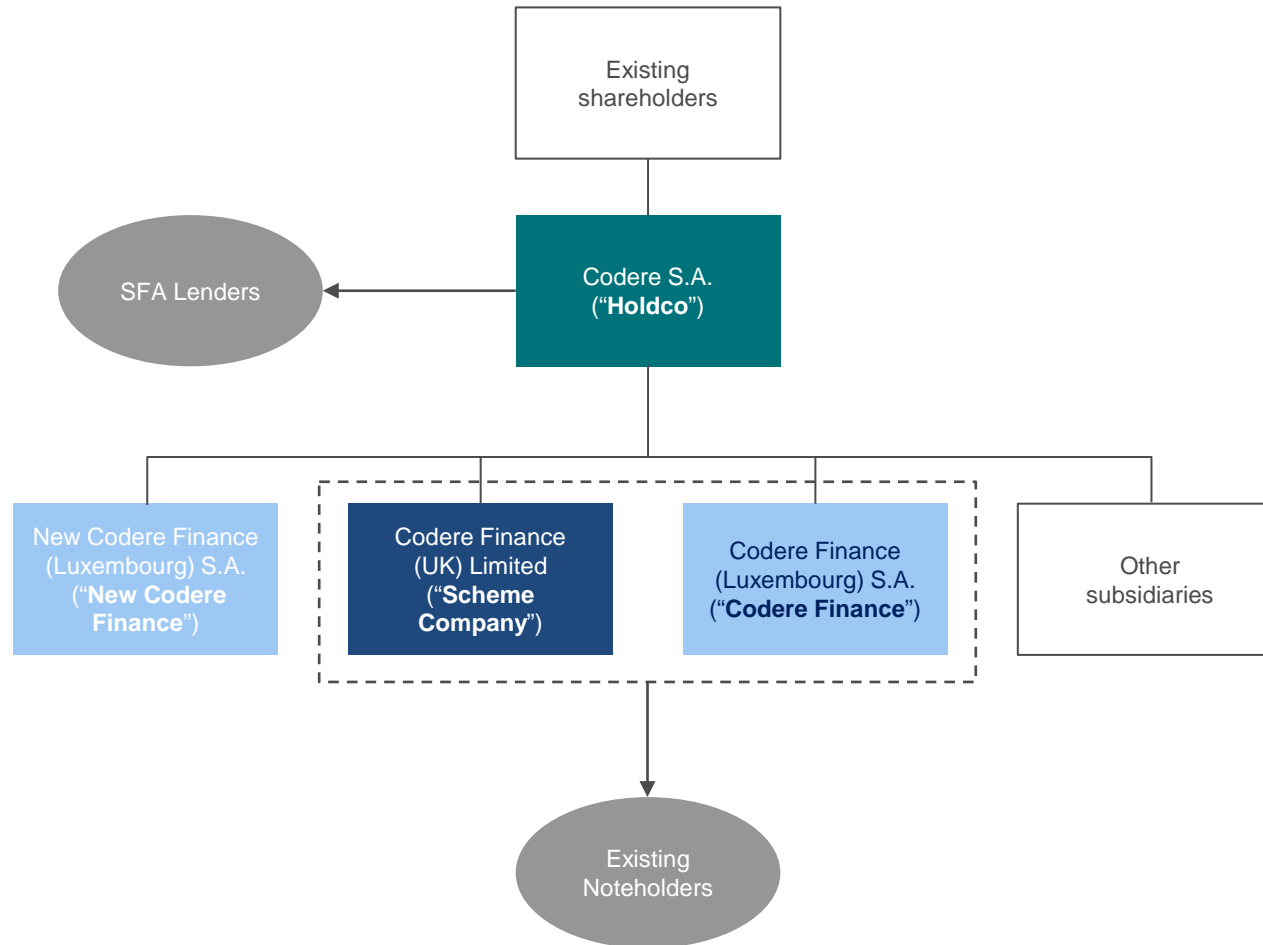
ANNEX 1

Simplified Group Structure Charts

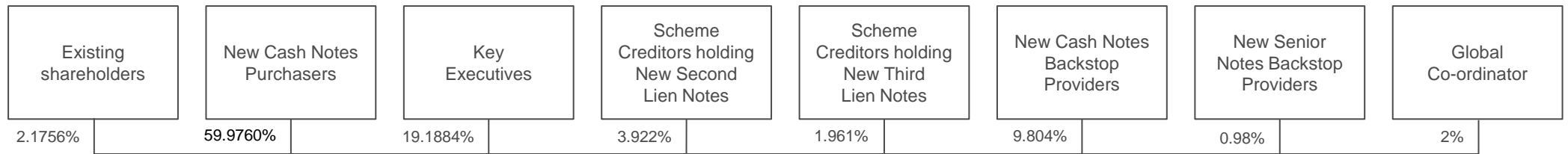
Simplified Current Structure

Key

-  Company registered in Spain
-  Company registered in Luxembourg
-  Company registered in England and Wales



Simplified Post-Restructuring Structure



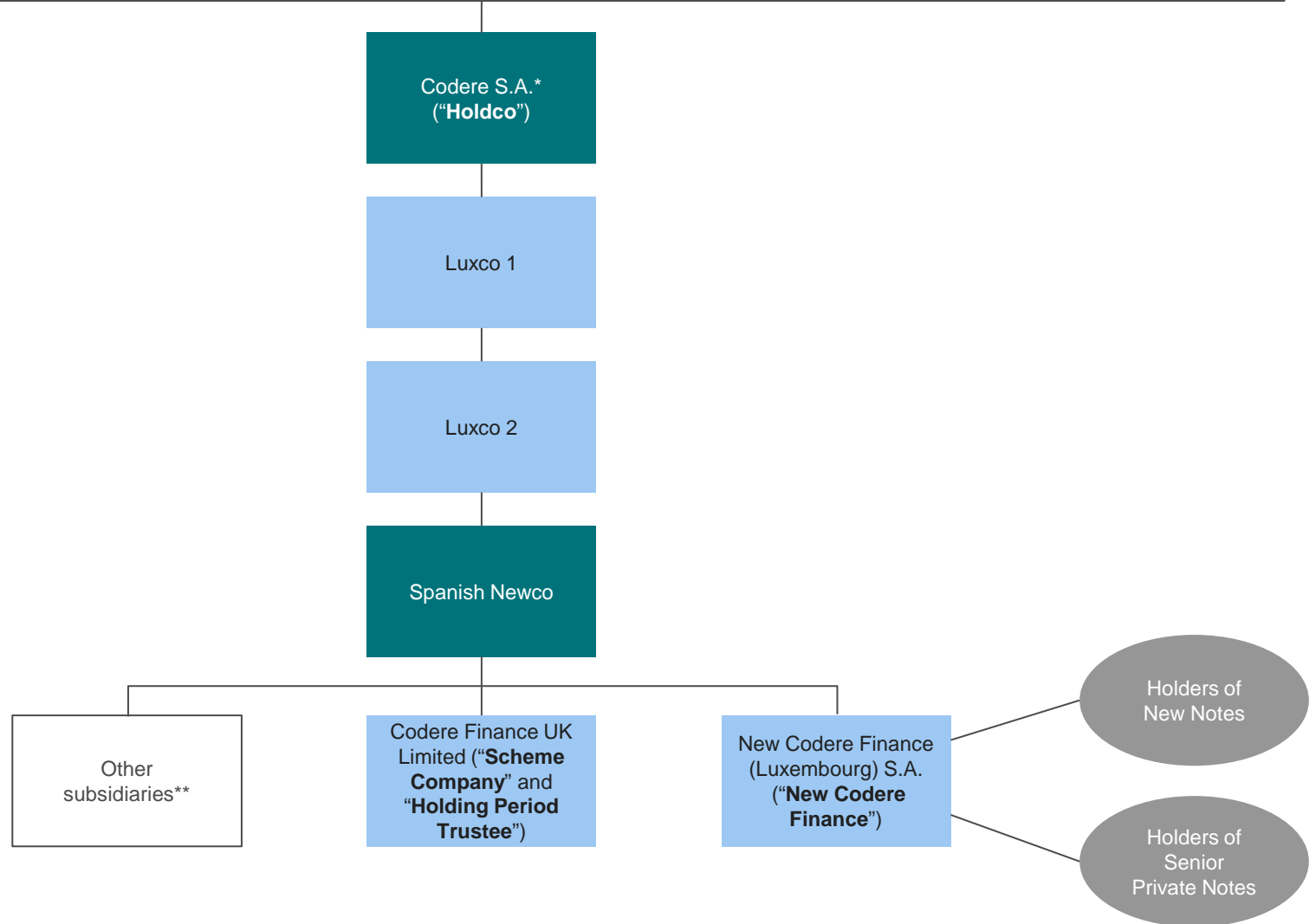
Key

Company registered in Spain

Company registered in Luxembourg

* The shareholdings of the shareholders in Codere S.A. are rounded to three decimal places. The diagram is subject to adjustment to reflect the issue of the Houlihan Lokey Holdco Shares to Houlihan Lokey, once the amount thereof has been determined.

** In order to implement the restructuring, Codere Finance will be sold to a third party. Following the restructuring the intention is for it to be wound up



ANNEX 2

Summary of Final Entitlements

The table in this Annex 2 below summarises each party's entitlement under the Scheme to receive New Second Lien Notes, New Third Lien Notes, New Senior Private Notes, Holdco Shares and/or cash as its final allocation.

Scheme Creditors holding more than 91.5% by value of the Existing Notes have committed to backstop the full USD Equivalent of EUR200 million of New Cash Notes and are therefore obliged to be New Cash Notes Purchasers pursuant to the Amended Lock-Up Agreement. The table assumes that these Scheme Creditors will fulfil their obligations and, as such, there will not be sufficient New Second Lien Notes for Scheme Creditors that are New Cash Notes Purchasers to receive New Second Lien Notes only. Instead they will receive a mixture of New Second Lien Notes and New Third Lien Notes. Similarly, the table also assumes that Scheme Creditors that are not New Cash Notes Purchasers will receive New Third Lien Notes only.

In addition, each row assumes that the relevant party is acting in that capacity only (and therefore receives its Scheme entitlement in that capacity only). In the event that a party acts in more than one capacity, it shall also be entitled to receive the Scheme entitlement payable to it in such other capacities.

Capitalised terms used in this Annex 2 have the meanings given to them in the Practice Statement Letter.

Scheme Entitlement → Capacity ↓	New Second Lien Notes	New Third Lien Notes	New Senior Private Notes	Holdco Shares	Cash
A Scheme Creditor who is not a New Cash Notes Purchaser	None	Its Pro Rata Allocation of New Notes by way of New Third Lien Notes only.	None	Its Pro Rata Allocation of New Third Lien Holdco Shares	A pro-rata share of the amount payable by the Key Executives in return for the Key Executive Shares
A Scheme Creditor who is a New Cash Notes Purchaser.	A percentage of the New Second Lien Notes equal to its Claim Value as a percentage of the Claim Value of all Scheme Creditors who are New Cash Notes Purchasers	New Third Lien Notes in an amount equal to its Pro Rata Allocation of New Notes less the amount received by it in the form of New Second Lien Notes.	None	Its Pro Rata Allocation of New Second Lien Holdco Shares Its Pro Rata Allocation of New Third Lien Holdco Shares Its Pro Rata Allocation of New Cash Note Purchaser Shares	A pro-rata share of the amount payable by the Key Executives in return for the Key Executive Shares
New Senior Private Notes Subscriber	None	None	New Senior Private Notes equal to the amount of New Senior Private Notes subscribed by it.	None	None

Scheme Entitlement → Capacity ↓	New Second Lien Notes	New Third Lien Notes	New Senior Private Notes	Holdco Shares	Cash
New Cash Notes Backstop Provider	None	None	None	<p>Its Pro Rata Allocation of the New Cash Notes Backstop Provider Shares</p> <p>Its Pro Rata Allocation of New Cash Note Purchaser Shares (to the extent not already received in its capacity as a Scheme Creditor who is a New Cash Notes Provider)</p>	A percentage of the New Cash Notes Backstop Provider Premium equal to its commitment to backstop the New Cash Notes as a percentage of all New Cash Notes backstop commitments
New Senior Private Notes Backstop Provider	None	None	None	Pro Rata Allocation of the New Senior Private Notes Backstop Provider Shares	A percentage of the New Senior Private Notes Backstop Premium which is equal to its commitment to backstop the New Senior Private Notes as a percentage of all New Senior Private Notes backstop commitments