

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II (*EXPLANATORY STATEMENT*) OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006 AND CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF BETFAIR SHARES ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN INDEPENDENT FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED), IF YOU ARE IN THE UK, OR FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IF YOU ARE TAKING ADVICE OUTSIDE THE UK.

Betfair Shareholders should read the whole of this document. In addition, this document should be read in conjunction with the accompanying blue and white Forms of Proxy. Definitions used in this document are set out in Part VII (*Definitions*) of this document.

If you have sold or otherwise transferred all of your Betfair Shares, please forward this document together with the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Betfair Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The New Paddy Power Betfair Shares will not be, and are not required to be, registered with the SEC under the US Securities Act, in reliance on the exemption from registration provided by section 3(a)(10) of that Act. **Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Paddy Power Betfair Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the US.** Reference should also be made to paragraph 13 of Part II (*Explanatory Statement*) of this document.

The distribution of this document in or into jurisdictions other than the UK or the US may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended all share merger by way of an acquisition

by

Paddy Power plc

(proposed to be re-named Paddy Power Betfair plc)

of

Betfair Group plc

to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006

Circular to Shareholders and Explanatory Statement under section 897 of the Companies Act 2006

Notice of Court Meeting

and

Notice of General Meeting

This document (including any document incorporated into it by reference) and the accompanying documents, should be read as a whole. Your attention is drawn to the letter from the Chairman of Betfair in Part I (*Letter from the Chairman of Betfair*) of this document, which contains the unanimous recommendation of the Betfair Directors that you vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting. A letter from Goldman Sachs explaining the Scheme appears in Part II (*Explanatory Statement*) of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act 2006.

Notices of the Meetings, each of which will be held at the offices of Betfair, are set out in Part VIII (*Notice of Court Meeting*) and Part IX (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 11.00 a.m. on 21 December 2015 and the General Meeting will start at 11.15 a.m. on that date, or as soon thereafter as the Court Meeting is concluded or adjourned.

Action to be taken by Betfair Shareholders is set out on pages 5 to 8 of this document. Betfair Shareholders will find accompanying this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting. Betfair Shareholders are asked, whether or not they intend to attend the Meetings in person, to complete and return the enclosed blue and white Forms of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Betfair's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not later than 48 hours before the relevant Meeting (excluding any day that is not a Business Day). Betfair Shareholders who hold Betfair Shares in CREST may also appoint a proxy using CREST by following the instructions set out on page 8. If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed: (i) to Betfair's registrar, Computershare, on behalf of the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting; or (ii) to the Chairman of the Court Meeting at the Court Meeting. However, in the case of the General Meeting, unless the white Form of Proxy is returned by the time mentioned in the instructions printed thereon, it will be invalid.

Goldman Sachs, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK, is acting exclusively for Betfair and no one else in connection with the Merger and will not be responsible to anyone other than Betfair for providing the protections afforded to clients of Goldman Sachs, or for providing advice in connection with the Merger, the contents of this document or any other matter referred to herein.

Morgan Stanley, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting exclusively for Paddy Power and no one else in connection with the Merger and will not be responsible to anyone other than Paddy Power for providing the protections afforded to clients of Morgan Stanley, or for providing advice in connection with the Merger, the contents of this document or any other matter referred to herein.

IBI Corporate Finance, which is regulated in Ireland by the Central Bank of Ireland, is acting exclusively for Paddy Power and for no one else in connection with the Merger and will not be responsible to anyone other than Paddy Power for providing the protections afforded to clients of IBI Corporate Finance, or for providing advice in connection with the Merger, the contents of this document or any other matter referred to herein.

Goodbody Stockbrokers, trading as Goodbody, which is regulated in Ireland by the Central Bank of Ireland, is acting exclusively for Paddy Power and for no one else in connection with the Merger and will not be responsible to anyone other than Paddy Power for providing the protections afforded to clients of Goodbody, or for providing advice in connection with the Merger, the contents of this document or any other matter referred to herein.

This document is dated 27 November 2015.

IMPORTANT NOTICE

This document and the accompanying documents do not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not comprise a prospectus or a prospectus equivalent document.

Overseas jurisdictions

Betfair Shareholders who are not resident in and/or citizens of the UK or the US may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK or the US should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in or into jurisdictions other than the UK or the US may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared for the purposes of complying with English law, the Code, the Listing Rules and the rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales.

Unless otherwise determined by Paddy Power and Betfair or required by the Code and permitted by applicable law and regulation, Betfair Shareholders will not be able to participate in the Merger in any jurisdiction where to do so would violate the laws in that jurisdiction and no such person may vote in favour of the Scheme if to do so would constitute a violation of the laws in that jurisdiction. Accordingly, unless otherwise determined by Paddy Power and Betfair or required by the Code and permitted by applicable law and regulation, copies of this document and formal documentation relating to the Merger will not be and must not be mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme. It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Merger including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

Note to US shareholders

The Scheme relates to the securities of an English company with a listing on the London Stock Exchange's main market for listed securities and is proposed to be implemented by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to the procedural and disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. The financial information with respect to Betfair and Paddy Power included or referred to in this document has been prepared in accordance with Non-US Accounting Standards, and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Paddy Power and Betfair exercise their right to implement the acquisition of the Betfair Shares by way of a Merger Offer in lieu of the Scheme, such offer will be made in compliance with applicable US tender offer laws and regulations, including section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such an offer would be made in the US by Paddy Power and no one else. In addition to any such Merger Offer, Paddy Power, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Betfair outside such Merger Offer during the period in which such Merger Offer would remain open for acceptance. If such purchases or arrangements to purchase were made they would be made outside the US and would comply with applicable laws and regulations, including the US Exchange Act. Any information about such purchases will be disclosed as

required in the UK, will be reported to a Regulatory Information Service of the UK Listing Authority and will be available on the London Stock Exchange's website at www.londonstockexchange.com.

This document does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. The New Paddy Power Betfair Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the US. The New Paddy Power Betfair Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the US absent registration under the US Securities Act or an exemption therefrom.

The New Paddy Power Betfair Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. For the purposes of qualifying for such exemption, Betfair will advise the Court that its sanctioning of the Scheme will be relied upon by Paddy Power as an approval of the Scheme following a hearing on its fairness to Betfair Shareholders.

Betfair Shareholders who will be affiliates of Paddy Power after the Merger becomes Effective will be subject to certain US transfer restrictions relating to the New Paddy Power Betfair Shares received pursuant to the Merger.

The receipt of New Paddy Power Betfair Shares pursuant to the Scheme by a US Betfair Shareholder may be a taxable transaction for US federal income tax purposes, and may also be a taxable transaction under applicable state and local tax laws, as well as foreign and other tax laws. Each Betfair Shareholder is urged to consult his/her independent professional advisor immediately regarding the tax consequences of the Merger.

It may be difficult for US Betfair Shareholders to enforce their rights and claims arising out of the US federal securities laws, since Paddy Power and Betfair are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US Betfair Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Paddy Power Betfair Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the US.

Statements made in this document

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and shall not give rise to any implication that there has been no change in the facts set forth in this document since such date.

Cautionary note regarding forward-looking statements

This document (including information incorporated by reference in this document), oral statements made regarding the Merger and other information published by Paddy Power and Betfair contain statements that are or may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the respective management of Paddy Power and Betfair about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including the satisfaction of the Conditions, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, and the extent to which Betfair's business is successfully integrated within Paddy Power, among others. Risks relating to Paddy Power and Betfair are included in their respective annual reports and accounts and will be set out in the Paddy Power Betfair Prospectus. Many of these risks and uncertainties relate to factors that are beyond the relevant company's ability to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore, undue reliance should not be placed on such statements.

The forward-looking statements contained in this document include statements relating to the expected effects of the Merger, the expected timing and scope of the Merger and other statements other than

historical facts. All statements other than statements of historical facts included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “will”, “may”, “should”, “could”, “would”, “continue”, “believes”, “expects”, “intends”, “estimates”, “anticipates”, “aims”, “targets”, “plans”, “forecasts”, “synergy”, “cost-saving”, “projects”, “goal”, “strategy”, “budget”, “might” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Paddy Power’s or Betfair’s or Paddy Power Betfair’s operations and potential synergies resulting from the Merger; and (iii) the effects of government regulation on Paddy Power’s, Betfair’s or Paddy Power Betfair’s business.

All subsequent oral or written forward-looking statements attributable to Paddy Power or Betfair or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The forward-looking statements contained in this document are made as of the date hereof and each of Paddy Power, Betfair or Paddy Power Betfair assumes no obligation and does not intend publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise, except as required pursuant to applicable law.

No profit forecasts or estimates

Save as expressly set out in this document, no statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement in this document or incorporated by reference into this document be interpreted to mean that earnings or earnings per ordinary share for Betfair, Paddy Power or Paddy Power Betfair, as appropriate, for the current or future financial years will necessarily match or exceed the historical published earnings or earnings per ordinary share for Betfair, Paddy Power or Paddy Power Betfair, as appropriate.

Quantified financial benefits

Statements of identified synergies and estimated costs savings relate to future actions and circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated cost savings referred to in this document may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Dealing disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested (directly or indirectly) in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Electronic communications

Please be aware that addresses, electronic addresses and certain information provided by Betfair Shareholders, persons with information rights and other relevant persons for the receipt of communications from Betfair may be provided to Paddy Power during the Offer Period as requested under section 4 of Appendix 4 of the Code to comply with Rule 2.12(c) of the Code.

Publication of this document

A copy of this document (together with any document incorporated by reference) will be available free of charge, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, on Paddy Power's website at www.paddypowerplc.com and on Betfair's website at <http://corporate.betfair.com> from the time this document is published. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this document unless otherwise stated herein.

Availability of hard copies

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Betfair's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or, between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0370 707 4010 from within the UK or on +44 370 707 4010 from overseas if calling from outside the UK, with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes). You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as total in certain tables may not be an arithmetic aggregation of the figures that precede them.

TO VOTE ON THE MERGER

This page should be read in conjunction with the section entitled ACTION TO BE TAKEN, set out on pages 6 to 8 of this document, and the rest of the document, in particular, the notices of the Court Meeting and the General Meeting on pages 71 to 78.

Whether or not you plan to attend the Meetings, you should:

1. complete, sign and return the blue Form of Proxy for use at the Court Meeting, so as to be received by no later than 11.00 a.m. on 17 December 2015¹; and
2. complete, sign and return the white Form of Proxy for use at the General Meeting, so as to be received by no later than 11.15 a.m. on 17 December 2015²,

or, in the case of adjournment, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day).

If you require assistance, please telephone Computershare on 0370 707 4010 (from within the UK) or +44 370 707 4010 (from outside the UK) between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays). All calls may be recorded and monitored for security and training purposes.

Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Merger or give any legal, tax or financial advice.

Copies of any information incorporated into this document by reference to another source, sent to persons in electronic form or by means of being published on Betfair's website and all future documents, announcements and information required to be sent to persons in relation to the Merger may be requested to be received by such persons in hard copy form by writing to Computershare at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by e-mail to kevin.james@computershare.co.uk or allan.northover@computershare.co.uk, or by calling Computershare at the numbers provided above. A hard copy of any such documents may not be sent unless so requested.

The completion and return of the Forms of Proxy will not prevent you from attending and voting at the Court Meeting and/or the General Meeting, or any adjournments thereof, in person should you wish to do so and should you be so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BETFAIR SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY, OR APPOINT A PROXY ELECTRONICALLY, OR THROUGH CREST, AS SOON AS POSSIBLE.

¹ If the blue Form of Proxy for the Court Meeting is not returned so as to be received by the time mentioned above, it may be handed: (i) to Betfair's registrar, Computershare, on behalf of the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting; or (ii) to the Chairman of the Court Meeting at the Court Meeting.

² If the white Form of Proxy for the General Meeting is not returned so as to be received by the time mentioned above and in accordance with the instruction on that Form of Proxy, it will be invalid.

ACTION TO BE TAKEN

The Court Meeting and the General Meeting will be held at the offices of Betfair on 21 December 2015 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the General Meeting, as soon as the Court Meeting has been concluded or adjourned). The Scheme requires approval of Betfair Shareholders at both of these Meetings.

Please check that you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the General Meeting.

If you have not received all of these documents, please contact Computershare on the helpline telephone number indicated below.

To vote on the Scheme:

Whether or not you intend to attend the Court Meeting in person, please complete and return the blue and white Forms of Proxy, in accordance with the relevant instructions, as soon as possible and, in any event, so as to be received (whether submitted in hard copy form to Computershare or via the CREST voting service under CREST participant ID 3RA50), by no later than, in respect of the blue Form of Proxy, 11.00 a.m. (London time) on 17 December 2015 and, in respect of the white Form of Proxy, 11.15 a.m. (London time) on 17 December 2015 (or in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting (excluding any day that is not a Business Day)). Hard copy versions of the Forms of Proxy should be returned by post to Betfair's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or by hand to Computershare, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ. This will enable your votes to be counted at the Court Meeting in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not returned by 11.00 a.m. on 17 December 2015, it may be handed: (i) to Betfair's registrar, Computershare, on behalf of the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting; or (ii) to the Chairman of the Court Meeting at the Court Meeting. However, in the case of the General Meeting if the white Form of Proxy is not returned so as to be received by 11.15 a.m. on 17 December 2015, it will be invalid.

If you hold your Betfair Shares in uncertified form (that is, in CREST), you may vote using the CREST electronic proxy appointment voting service in accordance with the procedures set out in the CREST Manual (please also refer to paragraphs (k) to (n) below and the notes for the notices convening the Court Meeting and the General Meeting set out in Part VIII (*Notice of Court Meeting*) and Part IX (*Notice of General Meeting*) of this document, respectively).

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting and/or General Meeting, or any adjournments thereof, should you wish to do so and should you be so entitled.

IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST AT THE COURT MEETING SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BETFAIR SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE AND RETURN YOUR FORM OF PROXY AS SOON AS POSSIBLE.

You are entitled to appoint a proxy in respect of some or all of your Betfair Shares and you are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow you to specify the number of Betfair Shares in respect of which that proxy is appointed. If you return the Forms of Proxy duly executed but leave this space blank, you will be deemed to have appointed the proxy in respect of all of your Betfair Shares.

You may appoint more than one proxy in relation to the Meetings, provided that each proxy is appointed to exercise the rights attached to different Betfair Shares held by you. If you wish to appoint more than one proxy in respect of your shareholding, you should photocopy the Forms of Proxy, as required. The following principles shall apply in relation to the appointment of multiple proxies:

- (a) Betfair will give effect to the intentions of Betfair Shareholders and include votes wherever and to the fullest extent possible.

- (b) Where a Form of Proxy does not state the number of Betfair Shares to which it applies (a *blank proxy*) then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of Betfair Shares registered in the name of the appointing Betfair Shareholder (the *member's entire holding*). In the event of a conflict between a blank proxy and a proxy which does state the number of Betfair Shares to which it applies (a *specific proxy*), the specific proxy shall be counted first, regardless of the time it was delivered or received (on the basis that, as far as possible, the conflicting Form of Proxy should be judged to be in respect of different Betfair Shares) and the remaining Betfair Shares will be apportioned to the blank proxy (*pro rata* if there is more than one).
- (c) Where there is more than one proxy appointed and the total number of Betfair Shares in respect of which proxies are appointed is no greater than the member's entire holding, it is assumed that proxies are appointed in relation to different Betfair Shares, rather than that conflicting appointments have been made in relation to the same Betfair Shares. That is, there is only assumed to be a conflict where the aggregate number of Betfair Shares in respect of which proxies have been appointed exceeds the member's entire holding.
- (d) When considering conflicting appointments, later proxies will prevail over earlier proxies and a later proxy will be determined on the basis of which Form of Proxy is last delivered or received.
- (e) If conflicting Forms of Proxy are delivered or received at the same time in respect of (or deemed to be in respect of) a member's entire holding and if Betfair is unable to determine which was delivered or received last, none of them will be treated as valid.
- (f) Subject to paragraph (g) below, where the aggregate number of Betfair Shares in respect of which proxies are appointed exceeds a member's entire holding, all appointments may be rendered invalid.
- (g) If a Betfair Shareholder appoints a proxy or proxies and then decides to attend the Meetings in person and vote using its poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding then all proxy votes will be disregarded. If, however, the Betfair Shareholder votes at the Meetings in respect of less than their entire holding then, if the Betfair Shareholder indicates on his poll card that all proxies are to be disregarded, that shall be the case, but if the Betfair Shareholder does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding.
- (h) In relation to paragraph (g) above, in the event that a Betfair Shareholder does not specifically revoke proxies, it will not be possible for Betfair to determine the intentions of the Betfair Shareholder in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (i) For the purposes of calculating the "majority in number" requirement for the approval of the Scheme at the Court Meeting, each holder of Betfair Shares present and voting, in person or by proxy, will be counted as a single shareholder regardless of the number of Betfair Shares voted by that Betfair Shareholder. Accordingly, Betfair Shareholders should note that appointing more than one proxy will not result in that Betfair Shareholder being counted more than once for the purposes of determining that the Scheme has been approved by a majority in number of Betfair Shareholders present and voting at the Court Meeting. However, if a Betfair Shareholder votes (or directs a proxy to vote) in favour of the Scheme in respect of part of his holding of Betfair Shares, and against the Scheme in respect of other Betfair Shares held by him, that Betfair Shareholder will be counted as one person voting in favour and one voting against, thereby effectively cancelling out that Betfair Shareholder's vote for the purpose of the "majority in number" requirement.

To vote at the Meetings using an electronic proxy appointment

- (j) Betfair Shareholders may register their proxy appointments electronically using their dedicated meeting control number and PIN, via www.investorcentre.co.uk/eproxy, where full details of the procedure are given. This address is given only for the filing of proxies for the Meetings and not for any other purpose. If you choose to appoint a proxy electronically you will need your shareholder reference number which is printed on the Forms of Proxy. In order to be valid, such appointments and directions must be registered by no later than 11.00 a.m. on 17 December 2015 (in the case of the Court Meeting) or 11.15 a.m. on 17 December 2015 (in the case of the General Meeting) (or, in the

case of an adjourned meeting, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)). Betfair Shareholders are advised to read the terms and conditions of use carefully.

To vote at the Meetings using a proxy appointment through CREST

- (k) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (l) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Betfair's registrar, Computershare (participant ID 3RA50) not later than 11.00 a.m. on 17 December 2015 in the case of the Court Meeting and not later than 11.15 a.m. on 17 December 2015 in the case of the General Meeting (or, in the case of an adjourned meeting, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (m) CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting system providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (n) Betfair may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations.

Helpline

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please contact Betfair's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or call on 0370 707 4010 or, if telephoning from outside the UK, on +44 370 707 4010, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays). All calls to the helpline may be recorded and monitored for security and training purposes. Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Merger or give any legal, tax or financial advice.

CONTENTS

<u>SECTION</u>	<u>PAGE</u>
IMPORTANT NOTICE	1
TO VOTE ON THE MERGER	5
ACTION TO BE TAKEN	6
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	10
PART I LETTER FROM THE CHAIRMAN OF BETFAIR	11
PART II EXPLANATORY STATEMENT	19
PART III CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE SCHEME AND TO THE MERGER	31
PART IV THE SCHEME OF ARRANGEMENT	41
PART V FINANCIAL INFORMATION	47
PART VI ADDITIONAL INFORMATION	49
PART VII DEFINITIONS	64
PART VIII NOTICE OF COURT MEETING	71
PART IX NOTICE OF GENERAL MEETING	74

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or date
Latest time for receipt of blue Forms of Proxy/ CREST Proxy Instructions for the Court Meeting	11.00 a.m. on 17 December 2015 ⁽¹⁾
Latest time for receipt of white Forms of Proxy/ CREST Proxy Instructions for the General Meeting	11.15 a.m. on 17 December 2015 ⁽¹⁾
Voting Record Time for the Court Meeting and General Meeting	6.00 p.m. on 17 December 2015 ⁽²⁾
Record date for Betfair Interim Dividend Court Meeting	6.00 p.m. on 18 December 2015 11.00 a.m. on 21 December 2015
General Meeting	11.15 a.m. on 21 December 2015 ⁽³⁾
<i>The following dates are subject to change⁽⁴⁾</i>	
Court Hearing (to sanction the Scheme)	A date expected to be in the first quarter of 2016, subject to regulatory clearances (D) ⁽⁵⁾
Last day of dealings in, and for registrations of transfers of and disablement in CREST of, Betfair Shares	D
Dealings in Betfair Shares suspended	5.00 p.m. on D
Scheme Record Time	6.00 p.m. on D
Record date for Betfair Closing Dividend	6.00 p.m. on D
Effective Date of the Scheme	D+1
Cancellation of admission of, and dealings in, Betfair Shares	By no later than 8.00 a.m. on D+1
Long Stop Date	30 June 2016 ⁽⁶⁾

Unless otherwise stated, all references to times in this document are to London times.

The Court Meeting and the General Meeting will each be held at the offices of Betfair Group plc, located at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP.

Notes:

- (1) It is requested that blue Forms of Proxy for the Court Meeting be lodged not later than 48 hours prior to the time appointed for the Court Meeting (excluding any day that is not a Business Day). Blue Forms of Proxy not so lodged may be handed: (i) to Betfair's registrar, Computershare, on behalf of the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting; or (ii) to the Chairman of the Court Meeting at the Court Meeting. White Forms of Proxy for the General Meeting must be lodged not later than 48 hours prior to the time appointed for the General Meeting (excluding any day that is not a Business Day).
- (2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting.
- (3) Or as soon thereafter as the Court Meeting shall have concluded or been adjourned.
- (4) These dates are indicative only and will depend, among other things, on the date upon which:
 - (i) the Conditions are satisfied or, if capable of waiver, waived;
 - (ii) the Court sanctions the Scheme; and
 - (iii) the Court Order is delivered to the Registrar of Companies.

Betfair will give adequate notice of all of these dates, when known, by issuing an announcement through a Regulatory Information Service and by posting notice of these dates on its website (<http://corporate.betfair.com>). Further updates of changes to other times or dates indicated above shall at Betfair's discretion, be notified in the same way.
- (5) Any references to a day before or after "D" are references to a Business Day.
- (6) This is the latest date by which the Scheme may become effective unless Paddy Power and Betfair agree, with the consent of the Panel and (if required) the Court, a later date.

PART I
LETTER FROM THE CHAIRMAN OF BETFAIR

*(Incorporated in England and Wales under the Companies Act 2006
with registered number 06489716)*

Directors:

Gerald Corbett	<i>Chairman</i>
Breon Corcoran	<i>Chief Executive Officer</i>
Alex Gersh	<i>Chief Financial Officer</i>
Mark Brooker	<i>Chief Operating Officer</i>
Zillah Byng-Maddick	<i>Independent Non-Executive Director</i>
Ian Dyson	<i>Senior Independent Director</i>
Peter Jackson	<i>Independent Non-Executive Director</i>
Leo Quinn	<i>Independent Non-Executive Director</i>
Peter Rigby	<i>Independent Non-Executive Director</i>

Registered office:

Betfair Group plc
Waterfront
Hammersmith Embankment
Chancellors Road
(access on Winslow Road)
London W6 9HP

27 November 2015

To all Betfair Shareholders and, for information only, to participants in the Betfair Share Schemes and persons with information rights

Dear Betfair Shareholder

RECOMMENDED ALL SHARE MERGER OF PADDY POWER AND BETFAIR

1. Introduction

On 8 September 2015, it was announced that the Boards of Paddy Power and Betfair had reached agreement regarding the terms of a recommended all share merger to be effected by means of a scheme of arrangement under Part 26 of the Companies Act through which the entire issued and to be issued ordinary share capital of Betfair will be acquired by Paddy Power.

I am writing to you, on behalf of the Board of Betfair, to set out the terms of the Merger and to explain why the Board of Betfair is unanimously recommending that Betfair Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting. I would like to draw your attention to the letter from Goldman Sachs set out in Part II (*Explanatory Statement*) of this document, which gives further details about the Merger and to the additional information set out in Part VI (*Additional Information*) of this document.

In order to approve the Merger, a sufficient majority of Betfair Shareholders will need to vote in favour of the Scheme at the Court Meeting and, in addition, the resolutions to be proposed at the General Meeting. Details of the action you should take in order to cast your votes at the Court Meeting and the General Meeting are set out in the section entitled "*Action to be Taken*" of this document. The recommendation of the Betfair Directors is set out in paragraph 16 of this letter.

2. Summary of the terms of the Merger

It is intended that the Merger will be implemented by way of the Scheme, details of which are set out in Part II (*Explanatory Statement*) of this document.

Under the terms of the Merger, Betfair Shareholders will be entitled to receive:

for each Betfair Share, 0.4254 New Paddy Power Betfair Shares.

As part of the agreed terms of the Merger, Paddy Power Shareholders will receive a Special Dividend of €80 million. The Special Dividend, which will be conditional upon Completion, will be paid to Paddy Power Shareholders on the Register of Members of Paddy Power at 6.00 p.m. on the Business Day prior to Completion.

If the Scheme becomes effective, Betfair Shareholders will hold approximately 48% of the fully diluted enlarged share capital of Paddy Power Betfair immediately following the Effective Time, and will have the opportunity to share in the development of, and benefits accruing to, the Combined Group.

The New Paddy Power Betfair Shares to be allotted and issued in connection with the Merger will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the existing issued Paddy Power Shares and will be entitled to all dividends and other distributions declared or paid by Paddy Power Betfair after the Effective Date, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

The Merger is subject to the Conditions, including the sanction of the Scheme by the Court and the admission to trading of the New Paddy Power Betfair Shares. The expected transaction timetable is set out on page 10 of this document.

3. Background to and reasons for the Merger

The Board of Betfair believes the Merger provides a compelling strategic fit for Paddy Power and Betfair for the following reasons:

- enhanced scale and capabilities such that the Combined Group will be better placed to compete in existing and new markets;
- complementary products, channels and capabilities which will give rise to revenue synergy opportunities;
- a diversified group with strong platforms across online and retail in the UK and Ireland, and attractive international growth opportunities in Australia, the US and Continental Europe;
- a dual brand strategy in Europe utilising the distinctive and complementary brands of Paddy Power and Betfair; and
- synergies from efficiencies which reflect the complementary nature of the businesses and through building on the Combined Group's enlarged scale.

Enhanced scale and capabilities will leave the Combined Group better placed to compete in existing and new markets

The Combined Group will be one of the world's largest public online betting and gaming companies, with 80% of its combined revenues derived from online channels³. The scale of the Combined Group will ensure it is better positioned to generate returns from investment in people, technology and marketing. The Board of Betfair believes the enhanced efficiency of operating at greater scale means that the Combined Group will be well positioned to compete in both existing and new markets and to create increased value for shareholders.

Complementary products, channels and capabilities will give rise to revenue synergy opportunities

The Board of Betfair believes that, given the complementary nature of the respective strengths of Paddy Power and Betfair, and through the enhanced technology, branding, marketing and, most importantly, the combined skills and talent of the over 7,000 employees across the Combined Group, it will be able to provide its customers across all markets with an improved offering.

Diversified group with strong platforms across online and retail in the UK and Ireland, and attractive international growth opportunities in Australia, the US and Continental Europe

The Combined Group will benefit from a diversified business with:

- online business-to-customer licenses in UK, Australia, Ireland, the US, Italy, Spain, Bulgaria, Denmark, Romania, Gibraltar, Greece and Malta;
- a retail network in the UK and in Ireland supporting a multi-channel product offering; and
- business-to-business partnerships in Australia, France, Canada, Slovakia, the Czech Republic and Spain.

94% of the Combined Group's revenues will be derived from regulated markets. 80% of the Combined Group's revenues will be derived from online channels with the remaining 20% from retail and telephone channels.

³ Based on Paddy Power financials for 12 months ended June 2015 and Betfair financials for 12 months ended April 2015 using €/£ exchange rate of 0.737 on 3 September 2015.

The Combined Group will have customers from over 100 countries providing a base for further international expansion by utilising the combined scale and complementary strengths of Paddy Power and Betfair.

Dual brand strategy in Europe utilising the distinctive and complementary brands of Paddy Power and Betfair

Because of the broad range of customer segments served by Paddy Power and Betfair, the Combined Group plans to pursue a dual brand strategy in the UK, Ireland and Italy. The respective strength of both brands means the Combined Group will be better able to serve the needs of this diversified customer base through targeted products and marketing.

The Paddy Power brand is one of the betting and gaming industry's leading entertainment-led sports betting brands and has a proven track record of targeting the substantial recreational customer base. The Betfair brand, with its Betting Exchange heritage, resonates more strongly with customers with studied, knowledgeable and sophisticated betting habits who are attracted to Betfair's highly dynamic betting experience and complete market transparency that exchanges provide.

The two brands have limited customer overlap. For example, market research indicates that only 3% of regular UK online gamblers bet regularly with both Paddy Power and Betfair. Additionally, Paddy Power and Betfair have a complementary event mix with circa. 50% of Paddy Power's sportsbook revenue derived from racing and circa. 35% from football, Betfair's sportsbook derives circa. 66% of its revenue from football and 20% from racing.

Preserving the unique features and characteristics of each of the Paddy Power and Betfair brands will reinforce the Combined Group's ability to provide customers with attractive yet familiar product offerings.

Synergies from efficiencies which reflect the complementary nature of the businesses and through building on the Combined Group's enlarged scale

Following preliminary analysis undertaken by the Boards of Paddy Power and Betfair, significant cost and revenue synergies have been identified which reinforce the strategic rationale for the Merger and the significant value creation opportunity for shareholders. The Board of Betfair believes that the Combined Group will be able to achieve recurring annual pre-tax cost synergies of approximately £50 million. It is expected that the benefit of the full level of identified synergies will be achieved in the third full year following Completion.

The potential sources of the recurring annual pre-tax cost synergies identified include:

- synergies in IT, product development, marketing and other operational areas driven by optimising infrastructure, operations and platforms and product design and development, efficiencies in brand spend and agency fees and rationalising certain operational and support functions; and
- removal of duplication across corporate functions and facilities.

In addition to these potential quantified cost synergies, the Board of Betfair believes that significant further value can be created through providing the customers of both businesses with the best products and features and most convenient channels available from either business, utilising the best talent, infrastructure and commercial practices from each business and achieving greater returns from investment in the brand, technology and the employees of the Combined Group.

It is envisaged that the realisation of the potential quantified cost synergies will result in a one-off cash integration cost of approximately £65 million. This one-off cost, which will be incurred to specifically implement the cost synergies, will consist primarily of IT related costs but will also include costs associated with the removal of duplication across corporate functions and facilities. Aside from these one-off exceptional costs, no material dis-synergies are expected in connection with the Merger. The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

In order to achieve the full potential benefits of the Merger and in the long-term interests of Paddy Power Betfair, a business, operational and administrative review will be undertaken following Completion. The Boards of Paddy Power and Betfair recognise the importance of the skill, experience and dedication of their employees and are committed to maintaining the necessary expertise to support the Combined Group. However, the realisation of potential quantified cost synergies will involve a reduction of headcount and places of business and may include redeployment of Paddy Power Betfair's fixed assets where there is opportunity to achieve efficiencies and rationalise the Combined Group's footprint. The

Board of Betfair believes that approximately 50% of the estimated quantified cost savings will come from the reduction in headcount in the Combined Group while the remainder of the estimated quantified cost savings will come from non-payroll related efficiencies in IT, property, services and marketing.

The evaluation of these cost savings scenarios remain at a preliminary stage and proposals have not yet been developed as to how such cost savings will be implemented, including how specific employees or locations may be affected. This will depend on the outcome of the integration planning and these changes will only come into effect as synergies are realised over the three years post completion. Finalisation of the integration plan will be subject to engagement with appropriate stakeholders, including employees.

Paddy Power and Betfair will establish an integration team to ensure that the groups are combined, and all the benefits of the Merger are generated, on a timely basis following Completion. The Board of Betfair is confident that the integration of Paddy Power and Betfair can be achieved without undue disruption to the underlying operations of either business. The integration team work is based on a number of principles, which include:

- protecting the momentum and profitability of the businesses;
- retaining the best talent from Paddy Power and Betfair;
- operating with dual European brands but with a more focused positioning on their key target audiences;
- integrating technology infrastructure and platforms;
- creating a shared operations team; and
- combining the existing corporate functions into a single corporate function.

Prior to the announcement of the possible Merger on 26 August 2015, discussions were held between senior finance, commercial and strategy personnel at Paddy Power and Betfair for the purposes of enabling the respective teams to quantify their initial estimates of potential synergies and associated costs available from the Merger. As part of this process, the Paddy Power and Betfair teams established a proposed framework operating model through which each team could refine their respective estimates of cost synergies.

Following the announcement of the possible Merger on 26 August 2015, the Paddy Power and Betfair teams aligned their respective analyses into a combined set of cost synergies estimates, details of which are set out in Appendix IV of the Announcement. The Paddy Power and Betfair teams have continued to refine and test their analysis with the relevant functional heads and other personnel at Paddy Power and Betfair to assess the nature and quantum of their estimates of the identified cost synergies available as a result of the Merger.

In preparing the estimated cost synergies, both Paddy Power and Betfair have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost synergies available from the Merger. In circumstances where data has been limited for commercial or other reasons, the team has made estimates and assumptions to aid its development of individual synergy initiatives.

The cost bases used as the basis for the quantification exercise are:

- in respect of Paddy Power, the seven months actual cost base to 31 July 2015 plus five months of the latest forecast cost base to 31 December 2015; and
- in respect of Betfair, the three months actual cost base to 31 July 2015 plus nine months of the latest forecast cost base to 30 April 2016.

These statements of estimated cost synergies reflect both the beneficial elements and relevant costs. These statements of estimated cost synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

These statements are not intended as a profit forecast and should not be interpreted as such. The Betfair Directors and the Paddy Power Directors have confirmed that there have been no material changes to these statements which were set out in Appendix IV of the Announcement and which remain valid. KPMG and Morgan Stanley have also confirmed to Paddy Power that the reports they produced in connection with these statements continue to apply.

4. Employment rights

The Boards of Paddy Power and Betfair confirm that, on Completion, Paddy Power Betfair will safeguard the existing employment rights of all Betfair employees in accordance with contractual and statutory requirements. In addition, Paddy Power Betfair intends to comply with all of the pension obligations in relation to Betfair's employees and other members of Betfair's pension schemes.

The Combined Group will be headquartered in Dublin and will maintain a significant presence in both Ireland and the United Kingdom.

5. Betfair Share Schemes

Further details of the arrangements proposed to be implemented in relation to the Betfair Share Schemes in connection with the Merger are set out in paragraph 6 of Part II (*Explanatory Statement*) of this document.

Letters will be sent to participants in the Betfair Share Schemes explaining the effect of the Scheme on their share options and awards and, where applicable, their right to exercise share options to acquire Betfair Shares or to receive Betfair Shares on the vesting of share awards.

6. Management incentivisation

Details of the arrangements proposed to be implemented in relation to the senior management of Betfair in connection with the Merger are set out in paragraph 8 of Part II (*Explanatory Statement*) of this document.

7. Current trading and prospects

Betfair

On 25 November 2015, Betfair released its interim results for the six months ended 31 October 2015, in which it was noted that Betfair traded strongly in its key markets throughout the first half of FY16, with revenue up 15% to £274.4m despite the comparative period containing the World Cup. Betfair's two largest markets, the UK and the USA, accounted for most of this growth. Betfair's Sportsbook continued to take market share, with stakes up 93% year on year. In the US, TVG's acquisition of HRTV in February 2015 gave it greater distribution and access to premium content, which, together with the business' existing momentum, resulted in revenue growth of 38%.

Over the last twelve months Betfair added over 100 people to its product development teams and, adjusting for the World Cup, sales and marketing costs were up 13%. Notwithstanding this investment, and the significant burden of higher gaming taxes, strong revenue growth and continued cost discipline resulted in 9% higher EBITDA.

Reported profit before tax, which in the prior year included a £6.4m gain relating to the disposal of Betfair's joint venture in Australia, was down 1% to £66.3m (H1 FY15: £67.3m), and reported earnings per share was up 10% to 60.3 pence (H1 FY15: 55.0 pence).

Underlying earnings per share, which excludes the gain on disposal, increased by 23% to 60.3 pence (H1 FY15: 48.9 pence).

Paddy Power

On 17 November 2015, Paddy Power released its interim management statement on trading in the period from 1 July to 15 November 2015. Paddy Power noted "Following on from a very strong first half performance, trading in the period has been in line with our expectations. While sports results in the period were unfavourable across the sector, for Paddy Power this has been offset by strong underlying growth. Accordingly, the Board continues to expect full year 2015 reported operating profit to be a mid to high single digit percentage increase above 2014. Top-line growth for the Paddy Power Group has been strong notwithstanding the comparative period benefitting from both very favourable sports results and the concluding stages of the football World Cup. In Online, sports betting stakes were up 23% and total net revenue was up 7%. In Retail, sports betting stakes grew by 12% and total net revenue by 7% (or 7% and 1% respectively excluding the impact of new shops)".

Current trading for Paddy Power continues in line with statements made in its interim management statement on 17 November 2015.

On 26 August 2015, as part of its results announcement for the period ended 30 June 2015, Paddy Power made the following profit forecast: “We now expect full year 2015 reported operating profit to be a mid to high single digit percentage above 2014 and the consensus market forecast” (the *August Profit Forecast*).

As at the date of the August Profit Forecast, the mean consensus for operating profit for the financial year ending 2015 was very similar to the actual operating profit for the financial year ending 31 December 2014. As a result of the August Profit Forecast, the mean consensus forecast has increased, exceeding the previous consensus forecast for operating profit for the financial year ending 31 December 2015. As a result, the statement “and the consensus market forecast”, which was outside of the control or influence of the Directors, is no longer valid.

Accordingly, on 17 November 2015, as part of its interim management statement for the trading period ended 15 November 2015, Paddy Power made the following profit forecast: “The Board continues to expect full year 2015 reported operating profit to be a mid to high single digit percentage increase above 2014”.

Save for the amendments to the August Profit Forecast set out above, for the purposes of Rule 28 of the Code, the Directors confirm that the profit forecast referred to in the Announcement, remains valid, was properly compiled on the basis of the assumptions stated below and that the basis of accounting is consistent with the accounting policies of the Paddy Power Group. Each of KPMG and Morgan Stanley has indicated that they have no objection to their reports set out in Part B and Part C of Appendix V of the Announcement continuing to apply to the profit forecast.

Save where expressly provided to the contrary, no statement in this document is intended to as a profit forecast or estimate for any period. Other than the profit forecast referred to above, no statement in this document should be interpreted to mean that earnings or earnings per share for Paddy Power for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Paddy Power.

8. Dividends and dividend policy

Pre-Completion dividend policy

The Boards of Paddy Power and Betfair have agreed to retain their current dividend policies for the period prior to Completion, and that each set of shareholders should receive a dividend for the period prior to Completion. Accordingly, in addition to any dividends in respect of financial periods which have ended prior to Completion, Paddy Power and Betfair Shareholders will respectively receive a closing dividend which will be estimated by reference to the period from the end of the preceding financial period up to Completion. In the event that the Merger has not completed by 30 April 2016, updated information will be announced in relation to respective dividend entitlements.

Paddy Power

As part of the agreed terms of the Merger, Paddy Power Shareholders will receive a Special Dividend of €80 million. The Special Dividend will be paid to Paddy Power Shareholders on the Register of Members of Paddy Power at 6.00 p.m. on the Business Day prior to Completion.

Paddy Power Shareholders will receive a dividend in respect of the financial year ending 31 December 2015 (the *Paddy Power 2015 Dividend*). The amount of this dividend will be announced early in 2016.

Paddy Power Shareholders will also receive a closing dividend which will be an amount which is equal to the anticipated dividend per Paddy Power Share (excluding the effects of the Merger) for the financial year ending 31 December 2016 (excluding the effects of the Merger) pro-rated for the number of days elapsed in the period from 1 January 2016 to Completion (inclusive) (the *Paddy Power Closing Dividend*).

Both the Paddy Power 2015 Dividend and the Paddy Power Closing Dividend will be paid to Paddy Power Shareholders on the Register of Members of Paddy Power at 6.00 p.m. on the Business Day prior to Completion.

Paddy Power Shareholders should be aware that they will not be entitled to the Special Dividend, the Paddy Power Final Dividend or the Paddy Power Closing Dividend if they sell their Paddy Power Shares before the Merger becomes Effective.

Betfair

On 25 November 2015, Betfair announced its interim results in respect of the six months ended 31 October 2015 and announced an interim dividend for that period of 15 pence per Betfair Share (the ***Betfair Interim Dividend***). The ex-dividend date for the Betfair Interim Dividend is 17 December 2015 and the record date is 18 December 2015.

Betfair Shareholders will also receive a closing dividend which will be an amount which is equal to the anticipated dividend per Betfair Share (excluding the effects of the Merger) for the financial year ending 30 April 2016 pro-rated for the number of days elapsed in the period from 1 May 2015 to Completion (inclusive) less the Betfair Interim Dividend (the ***Betfair Closing Dividend***).

The Betfair Closing Dividend will be paid to Betfair Shareholders on the Register of Members of Betfair at 6.00 p.m. on the Business Day prior to Completion.

Betfair Shareholders should be aware that they will not be entitled to the Betfair Closing Dividend if they sell their Betfair Shares before the Merger becomes Effective.

Paddy Power Betfair dividend policy

Following Completion, Paddy Power Betfair intends to adopt a progressive dividend policy consistent with the Combined Group's enhanced growth strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that the Paddy Power Betfair Board will target a payout ratio of approximately 50% of the Combined Group's profit after tax.

The New Paddy Power Betfair Shares will carry the right to all dividends and other distributions declared, made or paid on or after Completion, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

9. Cancellation of Listing of Betfair Shares

Your attention is drawn to paragraph 11 of Part II (*Explanatory Statement*) of this document in relation to Paddy Power's intentions regarding the delisting and cancellation of trading in Betfair Shares following the Effective Date.

10. Irrevocable Undertakings

In aggregate, Betfair and Paddy Power have received irrevocable undertakings from:

- all the Betfair Directors who hold or are beneficially entitled to (or may, upon the exercise or vesting of options and/or awards, hold or become beneficially entitled to) Betfair Shares to vote in favour of the Scheme at the Court Meeting and the Betfair Resolutions to be proposed at the General Meeting, comprising:
 - an aggregate of 372,888 Betfair Shares, representing, in aggregate, approximately 0.401% of Betfair's ordinary share capital in issue on 25 November 2015 (being the latest practicable date prior to the date of this document); and
 - an aggregate of 1,609,260 Betfair Shares which may be issued upon the exercise or vesting of options and/or awards, representing, in aggregate, approximately 1.665% of Betfair's fully diluted ordinary share capital in issue on 25 November 2015 (being the latest practicable date prior to the date of this document); and
- all the Paddy Power Directors who hold or are beneficially entitled to (or may, upon the exercise or vesting of options and/or awards, hold or become beneficially entitled to) Paddy Power Shares to vote in favour of the Paddy Power Resolutions to be proposed at the Paddy Power Extraordinary General Meeting to approve the Merger and related matters, comprising:
 - an aggregate of 407,223 Paddy Power Shares, representing, in aggregate, approximately 0.924% of Paddy Power's ordinary share capital in issue on 25 November 2015 (being the latest practicable date prior to the date of this document); and
 - an aggregate of 126,062 Paddy Power Shares which may be issued upon the exercise or vesting of options and/or awards, representing, in aggregate, approximately 0.284% of Paddy Power's fully diluted share capital in issue on 25 November 2015 (being the latest practicable date prior to the date of this document).

Further details of these irrevocable undertakings are set out in paragraph 6 of Part VI (*Additional Information*) of this document.

11. Paddy Power Shareholder approval

As a result of its size, the Merger constitutes a class 1 transaction for Paddy Power for the purposes of the Listing Rules. Accordingly, Paddy Power will be required to seek the approval of Paddy Power Shareholders for the Merger at the Paddy Power Extraordinary General Meeting.

12. Conditions

The Conditions to the Merger are set out in full in Part III (*Conditions to and certain further terms of the Scheme and to the Merger*) of this document.

13. UK taxation

Your attention is drawn to paragraph 12 of Part II (*Explanatory Statement*) of this document headed “UK taxation”. **This summary is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK you should consult an appropriate independent professional tax adviser.**

14. Action to be taken

Your attention is drawn to the part of this document entitled “Action to be Taken”, which explains the actions you should take in relation to the Merger and the Scheme.

15. Further information

Your attention is drawn to further information contained in Part II (*Explanatory Statement*), Part III (*Conditions to and certain further terms of the Scheme and to the Merger*), Part IV (*The Scheme of Arrangement*) and Part VI (*Additional Information*) of this document, which provide further details concerning the Scheme. **You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information contained in this letter or the Explanatory Statement.**

Your attention is further drawn to the Paddy Power Betfair Prospectus, which contains further information on Paddy Power Betfair and the New Paddy Power Betfair Shares and for which Paddy Power and the Paddy Power Betfair Directors are responsible.

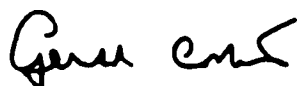
A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy, together with the Paddy Power Betfair Prospectus, is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Betfair’s website at <http://corporate.betfair.com> and Paddy Power’s website at www.paddypowerplc.com.

16. Recommendation

The Betfair Directors, who have been so advised by Goldman Sachs as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing its advice to the Betfair Directors, Goldman Sachs has taken into account the commercial assessments of the Betfair Directors. Goldman Sachs is providing independent financial advice to the Betfair Directors for the purposes of Rule 3 of the Code.

Accordingly, the Betfair Directors unanimously recommend that Betfair Shareholders vote in favour of the Scheme at the Court Meeting and the Betfair Resolutions relating to the Merger to be proposed at the General Meeting, as the Betfair Directors who hold or are beneficially entitled to Betfair Shares have irrevocably undertaken to do in respect of their own beneficial holdings of 372,888 Betfair Shares representing, in aggregate, approximately 0.401% of Betfair’s ordinary share capital in issue on 25 November 2015 (being the latest practicable date prior to the date of this document).

Yours faithfully



Gerald Corbett
Chairman

For and on behalf of Betfair Group plc

PART II
EXPLANATORY STATEMENT

(Explanatory statement in compliance with section 897 of the Companies Act 2006)

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
27 November 2015

To all Betfair Shareholders and, for information only, to participants in the Betfair Share Schemes and persons with information rights

Dear Betfair Shareholder

RECOMMENDED ALL SHARE MERGER OF BETFAIR AND PADDY POWER

1. Introduction

On 8 September 2015, the Boards of Paddy Power and Betfair announced that they had reached agreement regarding the terms of a recommended all share merger through which the entire issued and to be issued ordinary share capital of Betfair will be acquired by Paddy Power.

Your attention is drawn to the letter from the Chairman of Betfair set out in Part I (*Letter from the Chairman of Betfair*) of this document, which forms part of this Explanatory Statement. The letter contains, among other things: (a) information on the reasons for and benefits of the Merger; and (b) the unanimous recommendation by the Betfair Directors to Betfair Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting.

The Betfair Directors, who have been so advised by Goldman Sachs as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing advice to the Betfair Directors, Goldman Sachs has taken into account the commercial assessments of the Betfair Directors. We have been authorised by the Betfair Directors to write to you to explain the terms of the Merger and the Scheme and to provide you with other relevant information.

This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the other parts of this document, including the information in Part VI (*Additional Information*) of this document.

The Scheme is subject to the Conditions set out in Part III (*Conditions to and certain further terms of the Scheme and to the Merger*) of this document being satisfied or (where applicable) waived.

2. Summary of the terms of the Merger and the Scheme

The Merger is to be effected by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act. Following the Scheme becoming Effective, the entire issued share capital of Betfair will be held by Paddy Power Betfair.

Under the terms of the Merger, Betfair Shareholders on the Register of Members of Betfair at the Scheme Record Time will be entitled to receive:

for each Betfair Share, 0.4254 New Paddy Power Betfair Shares.

As part of the agreed terms of the Merger, Paddy Power Shareholders will receive a special dividend of €80 million. The special dividend, which will be conditional upon Completion, will be paid to Paddy Power Shareholders on the Register of Members of Paddy Power at 6.00 p.m. on the Business Day prior to Completion.

The New Paddy Power Betfair Shares to be allotted and issued in connection with the Merger will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the existing issued Paddy Power Shares and will be entitled to all dividends and other distributions declared or paid by Paddy Power Betfair after the Effective Date, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

3. Information on Betfair

Betfair is one of the world's largest international online sports betting providers, founded in 1999 by Andrew Black and Edward Wray. In 2000, Betfair pioneered the betting exchange concept allowing customers to bet at odds set by themselves or by other customers. Betfair's Betting Exchange processes more than seven million transactions every day. In 2013, Betfair launched a fixed odds sportsbook to offer greater choice to the recreational betting market. Betfair has more than 1.7 million active customers. Betfair holds gambling licences in Ireland, the UK, Gibraltar, Malta, Spain, Italy, the US, Bulgaria, Denmark and Romania and has agreed over 50 memoranda of understanding with sports governing bodies. Betfair is headquartered in London, UK and employs over 2,000 people across 13 offices worldwide.

For the 52 weeks ended 30 April 2015, Betfair's revenue was £476.5 million (2014: £393.6 million) and it made a profit before tax of £101.2 million (2014: £61.1 million).

For the six months ended 31 October 2015, Betfair's revenue was £274.4 million (2014: £237.6 million) and it made a profit before tax of £66.3 million (2014: £67.3 million).

Betfair Shares are traded on the London Stock Exchange's main market for listed securities and Betfair is a member of the FTSE 250 index.

4. Information on Paddy Power

Paddy Power is an international multichannel betting and gaming group. Paddy Power operates primarily in the UK, Ireland, Australia, and Italy. Paddy Power has three business segments: online, retail and telephone, contributing 63%, 34% and 3% respectively, by 2014 annual revenues. Paddy Power offers fixed odds sports betting, online games and casino, business-to-business services, as well as peer to peer games, including online bingo and poker. Paddy Power was founded in 1988 and is headquartered in Dublin, Ireland. Paddy Power employs over 5,000 people globally.

For the 52 weeks ended 31 December 2014, Paddy Power's revenue was €881.6 million (2013: €745.2 million) and it made a profit before tax of €166.6 million (2013: €141.0 million).

For the six months ended 30 June 2015, Paddy Power's revenue was €527.8 million (2014: €396.5 million) and it made a profit before tax of €80.5 million (2014: €61.6 million).

Paddy Power Shares are traded on both the Irish Stock Exchange's Main Securities Market and the London Stock Exchange's main market for listed securities.

5. New Paddy Power Betfair Shares

The New Paddy Power Betfair Shares to be allotted and issued in connection with the Merger will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the existing issued Paddy Power Shares and will be entitled to all dividends and other distributions declared or paid by Paddy Power Betfair after the Effective Date, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

Application will be made to the UK Listing Authority, the London Stock Exchange and the Irish Stock Exchange for the New Paddy Power Betfair Shares to be admitted to: (i) listing on the premium listing segment of the Official List of the FCA and to the secondary listing segment of the Official List of the Irish Stock Exchange as an overseas company; and (ii) trading on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market. It is anticipated that Admission will become effective and dealing in New Paddy Power Betfair Shares will commence at 8.00 a.m. on the Effective Date. Copies of the Paddy Power Betfair Prospectus will be sent to Betfair Shareholders and copies of it, the Paddy Power Circular and this Scheme Document will also be available to view online, as set out in paragraph 15 of Part VI (*Additional Information*) of this document. Copies of the Paddy Power Circular will not be sent to Betfair Shareholders unless so requested.

The price at which Paddy Power Shares are publicly traded on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market is subject to fluctuation and may be influenced by a large number of factors. These factors could be specific to Paddy Power and its operations or may affect the betting and gaming sector or listed companies generally. The price at which New Paddy Power Betfair Shares are publicly traded on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market as at the Effective Date and the

price which Betfair Shareholders may subsequently realise for their New Paddy Power Betfair Shares cannot be guaranteed. Details of the risk factors relating to the Merger will be contained in the Paddy Power Betfair Prospectus.

6. Betfair Share Schemes

Betfair LTIP—2013/14, 2014/15 and 2015/16

Paddy Power and Betfair have agreed that outstanding unvested awards granted under the Betfair Long Term Incentive Plan (*Betfair LTIP Awards*) in 2013/14, 2014/15 and 2015/16 will not vest on Completion but will be replaced by awards over an equivalent number of New Paddy Power Betfair Shares (calculated by reference to the Exchange Ratio) which will have the same normal vesting dates as the original awards but be subject to certain absolute vesting levels.

The vesting levels of the replacement awards will be crystallised on grant reflecting the extent to which the Betfair Remuneration Committee considers that the performance conditions applying to the relevant awards would have been satisfied at the end of the original vesting periods (the *Betfair Fixed Vesting Level*). The Betfair Fixed Vesting Level for each of the awards will be as follows:

- 2013/14 Betfair LTIP Awards: 100% of the underlying shares vesting in full on the normal vesting dates between July 2016 and April 2017;
- 2014/15 Betfair LTIP Awards: 100% of the underlying shares vesting in full on the normal vesting dates between June 2017 and March 2018; and
- 2015/16 Betfair LTIP Awards: a proportion of the underlying shares vesting in full on the normal vesting date in July 2018 or, if later, three years after the applicable date of grant. This proportion will be the time *pro-rata* proportion of the three year vesting period (from the date of grant) which has elapsed at the later of the date of Completion and the date on which the 2015 Performance Based Award (as defined below) becomes effective.

In the case of the 2015/16 Betfair LTIP Awards, an additional replacement award will be granted in respect of the balance of the awards that is not reflected in the Betfair Fixed Vesting Level which will be capable of vesting on the third anniversary of the date of grant according to the extent to which specified performance conditions relating to the performance of the Combined Group are satisfied (the *2015 Performance Based Award*). These performance conditions will be set by the Paddy Power Betfair Remuneration Committee shortly prior to Completion at a level which it considers to be no more or less challenging to achieve in the context of the Combined Group than would have been the case for the original Betfair performance conditions had the Merger not occurred, taking account of the performance of Betfair in the period up to Completion.

Betfair Sharesave Plan and Betfair Irish Sharesave Plan

Options granted under the Betfair Sharesave Plan and the Betfair Irish Sharesave Plan will be exercisable for a period of six months following the date of the Court Order. These options will be exercisable over Betfair Shares to the extent of savings made under the related savings contracts at the time of exercise. Paddy Power will offer participants in the Betfair Sharesave Plan and the Betfair Irish Sharesave Plan the opportunity (as an alternative to exercise) to exchange their options over Betfair Shares for equivalent options over Ordinary Shares which will be eligible to vest at the normal maturity dates. The basis on which the exchange will be calculated will be subject to any approvals that may be required of relevant tax authorities.

Other Betfair Share Schemes

Options granted over Betfair Shares under the Betfair Long Term Incentive Plan, the Betfair Option Agreement, the Betfair Restricted Share Awards Plan and the Betfair Deferred Share Incentive Plan which have vested and become exercisable before, and are outstanding at, the date of the Court Order will remain exercisable for periods of 30 days (in respect of the Betfair Long Term Incentive Plan and the Betfair Option Agreement), 40 days (in respect of the Betfair Restricted Share Awards Plan) and one month (in respect of the Betfair Deferred Share Incentive Plan) following the date of the Court Order. Paddy Power will offer participants holding such vested options the opportunity (as an alternative to exercise) to exchange such options for equivalent vested options over Ordinary Shares (calculated by reference to the Exchange Ratio). These replacement options will continue to be exercisable until the

normal lapse dates that would have applied to the original options over Betfair Shares had the Merger not occurred (being not later than the tenth anniversary of the grant date of the original option). Options over Betfair Shares which are not either exercised or exchanged as described above will lapse.

Unvested options granted over Betfair Shares under the Betfair Restricted Share Awards Plan and the Betfair Deferred Share Incentive Plan which are outstanding at the date of the Court Order will vest in full in accordance with the applicable rules on the date of the Court Order and will be exercisable for 40 days (in respect of the Betfair Restricted Share Awards Plan) and one month (in respect of the Betfair Deferred Share Incentive Plan) following the date of the Court Order. Paddy Power will offer participants holding such options the opportunity (as an alternative to exercise) to exchange such options for equivalent vested options over Ordinary Shares (calculated by reference to the Exchange Ratio). These replacement options will be exercisable until the normal lapse dates that would have applied to the original options over Betfair Shares had the Merger not occurred (being not later than the tenth anniversary of the grant date of the original option). Such options over Betfair Shares which are not either exercised or exchanged as described above will lapse.

Options granted over Betfair Shares under the Betfair Unapproved Share Option Plan and outstanding awards granted over Betfair Shares under the 2010 Equity US Subplan to the Betfair Deferred Share Incentive Plan and the Betfair Unapproved Share Option Plan which are outstanding at the date of the Court Order will, to the extent not already vested, vest in full in accordance with the rules of the applicable plans on the date of the Court Order. Options under the Betfair Unapproved Share Option Plan will be exercisable for a period of 40 days following the date of the Court Order, at the end of which time they will lapse.

Options granted over Betfair Shares under the Betfair Approved Company Share Option Plan, the Betfair Management Incentive Plan and the Betfair Stakeholder Plan which have vested and become exercisable before, and are outstanding at, the date of the Court Order will remain exercisable for periods of six months (in respect of the Betfair Approved Company Share Option Plan) and 30 days (in respect of the Betfair Management Incentive Plan) following the date of the Court Order and 30 days following the Effective Date (in respect of the Betfair Stakeholder Plan) at the end of which time they will lapse.

7. The Betfair Directors and the effect of the Scheme on their interests

Details of the interests of the Betfair Directors in Betfair Shares and Paddy Power Shares are set out in paragraph 5 of Part VI (*Additional Information*) of this document. Betfair Shares held by the Betfair Directors will be subject to the Scheme.

Each Betfair Director who is a Betfair Shareholder has undertaken to vote his/her Betfair Shares in favour of the Scheme at the Court Meeting and the Betfair Resolutions at the General Meeting.

Particulars of service agreements and letters of appointment of the Betfair Directors are set out in paragraph 8 of Part VI (*Additional Information*) of this document.

Following Completion:

- Gary McGann, Chairman of Paddy Power, will become Chairman of Paddy Power Betfair;
- Breon Corcoran, Chief Executive Officer of Betfair, will become Chief Executive Officer of Paddy Power Betfair;
- Andy McCue, Chief Executive Officer of Paddy Power, will become Chief Operating Officer of Paddy Power Betfair; and
- Alex Gersh, Chief Financial Officer of Betfair, will become Chief Financial Officer of Paddy Power Betfair.

In addition, the Paddy Power Betfair Board will include Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby as non-executive directors appointed from Betfair and Michael Cawley, Danuta Gray, Stewart Kenny and Pádraig Ó'Ríordáin as non-executive directors appointed from Paddy Power.

Particulars of service agreements and letters of appointment of the Betfair Directors who will, following Completion, be directors of Paddy Power, are set out in paragraph 8 of this Part II (*Explanatory Statement*) of this document.

Save as disclosed in this document, the effect of the Scheme on the interests of the Betfair Directors does not differ from its effect on the like interests of any other Betfair Shareholder.

8. New service agreements and/or appointment letters with Combined Group

Breon Corcoran and Alex Gersh

Breon Corcoran and Alex Gersh have entered into new service agreements with Betfair Limited in relation to their appointments as Chief Executive Officer and Chief Financial Officer, respectively, of the Combined Group, and separate letters of appointment with Paddy Power Betfair in relation to their appointments as directors of Paddy Power Betfair. The new service agreements and letters of appointment will take effect on and from the Effective Date, conditional on Completion occurring.

Breon Corcoran will receive a total salary comprising £635,000 per annum in respect of his employment and €90,000 per annum in respect of his appointment as a director of Paddy Power Betfair. Alex Gersh will receive a total salary comprising £375,000 per annum in respect of his employment and £65,000 per annum in respect of his appointment as a director of Paddy Power Betfair.

Breon Corcoran and Alex Gersh will be entitled to have a contribution equal to 15% of their respective salaries paid into the Combined Group's personal pension plan or paid directly to them as a cash allowance. They will each be provided with life assurance, private medical insurance, income protection, critical illness cover and a car allowance payment of £17,500 per annum. Each of them will be entitled to receive tax equalisation benefits.

Each of Breon Corcoran and Alex Gersh's new service agreements will be terminable on 12 months' notice given by either party. Each such service agreement contains a provision entitling the employer to terminate the director's employment by payment of a cash sum in lieu of notice equal to the base salary, contractual benefits and pension contributions that would have been payable during the notice period. Each director may also be entitled to a pro rata bonus for the year in which termination occurs at the discretion of the Paddy Power Betfair Remuneration Committee. The payment in lieu of notice can be paid, at the employer's discretion, as a lump sum or in monthly instalments over the notice period. There is a mechanism in each service agreement to reduce the payment in lieu of notice if the relevant director commences alternative employment while any instalments remain payable from which he receives an annual salary of at least £50,000. In addition, all of the share option and incentive schemes which will be operated by the Combined Group will contain provisions relating to termination of employment and any share awards held by a director on termination will be governed by the rules of the relevant plan.

Each of Breon Corcoran and Alex Gersh will be subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation and non-hiring restrictive covenants for a period of 12 months after the termination of their employment.

A directors' remuneration policy is proposed to be adopted by Paddy Power Betfair at the Paddy Power Extraordinary General Meeting, subject to approval by the Paddy Power Shareholders and to take effect from Completion. Under the Paddy Power Betfair directors' remuneration policy each of Breon Corcoran and Alex Gersh will be eligible to receive an annual bonus (each with a maximum bonus opportunity of 180% of their respective annual salaries and a target bonus opportunity of 120% of their respective annual salaries). Any bonus will be discretionary and subject to the achievement of financial performance measures. Any such bonus will be paid two thirds in cash and one third on a deferred basis in the form of a share award under a proposed new Paddy Power Betfair Deferred Share Incentive Plan which will vest as to 50% of the underlying Paddy Power Betfair Shares after one year from the date of grant and as to 50% after two years. Cash bonus payments and awards under the Paddy Power Betfair Deferred Share Incentive Plan will be subject to clawback in certain circumstances for up to two years after the payment or vesting date as applicable.

Under the Paddy Power Betfair directors' remuneration policy each of Breon Corcoran and Alex Gersh will be eligible to receive share awards of up to 300% (in respect of Breon Corcoran) and 250% (in respect of Alex Gersh) of their respective salaries under a proposed new Paddy Power Betfair Long Term Incentive Plan. Any such awards will be discretionary and will vest over a period of at least three years subject to the achievement of financial performance measures. Awards will be subject to clawback in certain circumstances for up to two years after the applicable vesting date. 50% of Paddy Power Betfair Shares acquired on the vesting of awards under the Paddy Power Betfair Long Term Incentive Plan will be required to be held by each of Breon Corcoran and Alex Gersh until such time as they hold Paddy Power Betfair Shares with a value of at least 200% of their base salary in accordance with the Paddy Power Betfair shareholding guidelines.

Each of Breon Corcoran and Alex Gersh will also be eligible to participate in other employee share plans operated by the Combined Group on the same terms as other employees of the Combined Group.

Takeover Code requirements

As required by, and solely for the purposes of, Rule 16.2 of the Code, Goldman Sachs has (in its capacity as independent adviser to Betfair for the purposes of Rule 3 of the Code) reviewed the terms of the management incentivisation arrangements referred to above in relation to the Betfair Share Schemes and the new service agreements for Breon Corcoran and Alex Gersh as Chief Executive Officer and Chief Financial Officer, respectively, of the Combined Group, together with other information deemed relevant and considers them to be fair and reasonable so far as the Betfair Shareholders are concerned. In providing its advice, Goldman Sachs has taken into account the commercial assessments of Betfair.

Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby

Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby have entered into new letters of appointment with Paddy Power Betfair in relation to their appointments as non-executive directors of the Combined Group. The new letters of appointment will take effect on and from the Effective Date, conditional on Completion occurring.

Each of Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby will be entitled to receive an annual fee as follows:

- Zillah Byng-Maddick: £65,000
- Ian Dyson: £80,000
- Peter Jackson: £65,000
- Peter Rigby: £80,000

The appointment of each non-executive director will commence on the Effective Date, subject to earlier termination by the non-executive director or Paddy Power Betfair. Continuation of each non-executive director's appointment is contingent on satisfactory performance and annual re-election by the Paddy Power Betfair Shareholders. The non-executive directors will be entitled to reimbursement of reasonable expenses. They will not be entitled to receive any compensation on termination of their appointment (other than accrued fees and expenses), nor will they be entitled to participate in the Combined Group's share, bonus or pension schemes.

The non-executive directors will be subject to confidentiality undertakings without limitation in time after the termination of his / her appointment.

9. Description of the Scheme and the Meetings

The Scheme and the Merger are subject to satisfaction or (if applicable) waiver of the Conditions set out in Part III (*Conditions to and certain further terms of the Scheme and to the Merger*) of this document. In order to become Effective, the Scheme will require the approval of Betfair Shareholders at the Court Meeting and the passing of the Betfair Resolutions at the separate General Meeting, both of which will be held on 21 December 2015 at the offices of Betfair Group plc, located at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP. The Court Meeting is being held at the direction of the Court to seek the approval of Betfair Shareholders for the Scheme. The General Meeting is being convened to seek the approval of Betfair Shareholders to enable the Betfair Directors to implement the Scheme and to amend the articles of association of Betfair.

Notices of both the Court Meeting and the General Meeting are set out at the end of this document. Entitlement to attend and vote at the Meetings and the number of votes which may be cast will be determined by reference to the Register of Members of Betfair at the Voting Record Time.

The Scheme also requires the sanction of the Court at the Court Hearing. The Court Hearing is expected to be held in the first quarter of 2016 subject to, among other things, the receipt of Irish and UK anti-trust clearances. If those anti-trust clearances are obtained later than anticipated, the Court Hearing may be held on a later date as appropriate. The date of the Court Hearing (and any later change to that date) will be communicated to Betfair Shareholders by an announcement via a Regulatory Information Service and published on Betfair's website at <http://corporate.betfair.com>. Paddy Power has confirmed that it will be represented by counsel at the Court Hearing and undertakes to be bound thereby. All Betfair Shareholders

are entitled to attend the Court Hearing in person or by counsel, or other suitably qualified persons, to support or oppose the sanction of the Scheme. If approved by the required majority of Betfair Shareholders, the Scheme will become effective on the delivery of the Court Order to the Registrar of Companies.

If the Scheme becomes effective, it will be binding on all Betfair Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Any Betfair Shares which Paddy Power or any member of the Paddy Power Group (or their nominees) may acquire on or prior to the Scheme Record Time will not be subject to the Scheme and therefore no member of the Paddy Power Group (or their nominees) is entitled to vote at the Court Meeting in respect of the Betfair Shares held or acquired by it. Each such member of the Paddy Power Group will undertake to be bound by the Scheme.

Court Meeting

The Court Meeting has been convened for 11.00 a.m. on 21 December 2015 at the offices of Betfair Group plc, located at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP, to seek approval of Betfair Shareholders for the Scheme. At the Court Meeting, voting will be by poll and each Betfair Shareholder present in person or by proxy will be entitled to one vote for each Betfair Share held at the Voting Record Time. In order for the Scheme to be approved at the Court Meeting, those Betfair Shareholders voting to approve the Scheme must represent a majority in number representing 75% in value of the Betfair Shares voted by Betfair Shareholders present and voting in person or by proxy.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Betfair Shareholder opinion. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible, or, alternatively, submit your proxy by electronic means or through CREST as soon as possible.

General Meeting

The General Meeting has been convened for the same date as the Court Meeting at the offices of Betfair Group plc, located at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP, and will be held on 21 December 2015 at 11.15 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned. The General Meeting has been convened to consider and, if thought fit, pass the Betfair Resolutions to approve:

- (i) the authorisation of the Betfair Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme;
- (ii) certain amendments to Betfair's articles of association as described in Part IX (*Notice of General Meeting*) of this document; and
- (iii) the re-registration of Betfair as a private limited company.

The Betfair Resolutions will require votes in favour representing at least 75% of the votes cast at the General Meeting. Voting on the Betfair Resolutions will be on a poll and each Betfair Shareholder present in person or by proxy will be entitled to one vote for each Betfair Share held at the Voting Record Time.

10. Modifications to the Scheme

The Scheme contains provisions for Paddy Power and Betfair jointly to consent on behalf of all persons affected to any modification of or additions to the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to, the Scheme which might be materially adverse to the interests of Betfair Shareholders, unless Betfair Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide in its discretion whether or not a further meeting of Betfair Shareholders should be held in these circumstances. Similarly if a modification, addition or condition is put forward which, in the opinion of the Betfair Directors, is of such a nature or importance that it requires the consent of Betfair Shareholders at a further meeting, the Betfair Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

11. Delisting of Betfair Shares and settlement of consideration

Delisting of Betfair Shares

It is intended that dealings in Betfair Shares will be suspended at 5.00 p.m. on the Business Day prior to the Effective Date. It is further intended that an application will be made to the London Stock Exchange on the Effective Date for the cancellation of trading in Betfair Shares on its market for listed securities and the UK Listing Authority will be requested to cancel the listing of Betfair Shares on the Official List to take effect on the Effective Date.

Share certificates in respect of Betfair Shares will cease to be valid and should be destroyed following the Effective Date. On or before the Effective Date, Betfair Shares in uncertificated form will be removed from CREST and entitlements to such shares will be cancelled and rematerialised.

Settlement

Subject to the Scheme becoming effective, settlement of the consideration to which any Betfair Shareholder is entitled under the Scheme will be effected as soon as practicable and, in any event, not later than 14 days after the Effective Date, in the following manner:

Betfair Shares in uncertificated form

Where, at the Scheme Record Time, a Betfair Shareholder holds Betfair Shares in uncertificated form (that is, in CREST), Paddy Power will credit the appropriate CREST account with such Betfair Shareholder's entitlement to New Paddy Power Betfair Shares at the commencement of dealings in New Paddy Power Betfair Shares.

Betfair Shares in certificated form

Where, at the Scheme Record Time, a Betfair Shareholder holds Betfair Shares in certificated form (that is, not in CREST), settlement of the consideration due under the Scheme in respect of the Betfair Shares will be made by issuing the New Paddy Power Betfair Shares in certificated form. Definitive certificates for the New Paddy Power Betfair Shares will be despatched by first-class post (or by such other method as determined by Paddy Power Betfair) within 14 days of the Scheme Record Time to the address appearing on the Register of Members (or in the case of joint holders, at the address of that joint holder whose name stands first in the Register of Members of such joint holdings), and Paddy Power Betfair shall not be responsible for any loss or delay in the transmission of certificates sent in this way and such certificates shall be sent at the risk of the person entitled thereto.

Temporary documents of title will not be issued pending the despatch by post of the new definitive share certificates. Persons wishing to register transfers of New Paddy Power Betfair Shares prior to the issue of the new share certificates will be required to forward a completed transfer form to Paddy Power Betfair's registrar for certification and registration.

General

All documents and remittances sent by post will be sent at the risk of the person(s) entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any Betfair Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Paddy Power Betfair might otherwise be, or claim to be, entitled against such Betfair Shareholder.

On the Effective Date, each certificate representing a holding of Betfair Shares will cease to be a valid document of title and should be destroyed or, at the request of Betfair, delivered up to Betfair, or to any person appointed by Betfair to receive the same. On or before the Effective Date, Betfair Shares in uncertificated form will be removed from CREST and entitlements to such shares will be cancelled and rematerialised.

12. UK taxation

UK Taxation

This section relates to UK tax considerations relevant to the Scheme and does not address the tax considerations relevant to the receipt of dividends on the Betfair Shares (including the Betfair Closing

Dividend) or the ownership and disposal of New Paddy Power Betfair Shares. UK tax and Irish tax considerations relevant to the receipt of dividends on the Betfair Shares (including the Betfair Closing Dividend) or the ownership and disposal of New Paddy Power Betfair Shares are set out in the Paddy Power Betfair Prospectus.

The following statements are intended only as a summary of certain limited aspects of the UK tax treatment of Betfair Shareholders in respect of the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation as applied in England and Wales and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Betfair Shareholders who are resident, and in the case of individual Betfair Shareholders domiciled, for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Betfair Shares and New Paddy Power Betfair Shares as an investment (other than under a self-invested personal pension or in an individual savings account), and who are the absolute beneficial owners of the Betfair Shares and New Paddy Power Betfair Shares (as appropriate). The tax position of certain categories of Betfair Shareholders who are subject to special rules (such as persons acquiring their Betfair Shares or New Paddy Power Betfair Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Special tax provisions apply to Betfair Shareholders who have acquired their Betfair Shares under the Enterprise Investment Scheme (*EIS*) (*EIS Shareholders*) and any such EIS Shareholders should consult an appropriate independent professional adviser. A brief summary of the position of such Betfair Shareholders, in respect of tax on chargeable gains in respect of their Betfair Shares, is set out below. The position of Betfair Shareholders who have previously deferred all or part of a gain on the disposal of an asset on subscribing for eligible shares in Betfair (or its predecessor) is not addressed and such Betfair Shareholders should seek immediate advice.

The statements summarise the current position and are intended as a general guide only. **Betfair Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

UK taxation on chargeable gains: general

The exchange of Betfair Shares for New Paddy Power Betfair Shares should be treated as a reorganisation for the purposes of UK capital gains tax or corporation tax on chargeable gains (as applicable) (*CGT*). Accordingly, Betfair Shareholders should not be treated as having made a disposal of their Betfair Shares for CGT purposes as a result of the exchange, and the New Paddy Power Betfair Shares issued to them should be treated as the same asset as the relevant Betfair Shares. The new Paddy Power Betfair Shares should therefore have the same base cost for CGT purposes as the Betfair Shares they replace.

In the case of a Betfair Shareholder who, alone or together with persons connected with him, holds more than 5% of shares or debentures of Betfair, the above treatment will apply only if the exchange is effected for bona fide commercial reasons and does not form part of arrangements of which the main purpose, or one of the main purposes, is an avoidance of a liability to capital gains tax or corporation tax. Betfair Shareholders are advised in this regard that HMRC has granted clearance under section 138 of the Taxation of Chargeable Gains Act 1992. Accordingly, any such shareholder should be treated in the manner described in the preceding paragraph.

To the extent that a Betfair Shareholder receives cash in respect of the sale of fractional entitlements to new Paddy Power Betfair Shares, the expectation is that such cash will be “small” (under current HMRC practice). Accordingly, the cash generally should not give rise to a charge to UK tax, and should instead be deducted from the base cost otherwise attributable to the New Paddy Power Betfair Shares for CGT purposes.

UK taxation on chargeable gains: EIS Shareholders

This section applies only: (i) to EIS Shareholders who have held their shares for the requisite period to benefit from full relief under the Enterprise Investment Scheme and for whom relief has not fallen to be withdrawn to any extent; and (ii) in respect of Betfair Shares acquired by those EIS Shareholders under the Enterprise Investment Scheme (*EIS Shares*).

An EIS Shareholder will be treated as making a disposal of his or her EIS Shares for CGT purposes on the exchange of EIS Shares for New Paddy Power Betfair Shares, and will obtain base cost in his or her New

Paddy Power Betfair Shares equal to the value of the EIS Shares transferred in exchange for those shares (plus any allowable incidental costs he or she incurs in making the acquisition).

Provided that all the conditions for claiming relief under the EIS have been met in full in respect of the EIS Shares (and relief has not fallen to be withdrawn to any extent) the disposal of any such EIS Shares should not give rise to any tax on chargeable gains. This treatment depends upon the satisfaction of a number of eligibility criteria, including the length of time for which the EIS Shares have been held.

Any Betfair Shares held by an EIS Shareholder that do not qualify as EIS Shares should be treated in the same manner as described in the *UK taxation on chargeable gains: general* section above.

EIS Shareholders will not be eligible for CGT relief under the Enterprise Investment Scheme in respect of the New Paddy Power Betfair Shares.

UK stamp duty and stamp duty reserve tax (SDRT)

No UK stamp duty or SDRT should be payable by Betfair Shareholders on the exchange of their Betfair Shares for New Paddy Power Betfair Shares under the Scheme. The transfer of the Betfair Shares will be liable to a stamp duty/SDRT charge of 0.5% on the aggregate value of Betfair Shares and Paddy Power Betfair will be responsible for the payment of such charge.

13. Notice to US Shareholders

The Scheme relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be implemented by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to the procedural and disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. The financial information with respect to Betfair and Paddy Power included or referred to in this document has been prepared in accordance with Non-US Accounting Standards, and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Paddy Power and Betfair exercise their rights to implement the acquisition of Betfair Shares by way of a Merger Offer in lieu of the Scheme, such offer will be made in compliance with applicable US tender offer laws and regulations, including section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such an offer would be made in the US by Paddy Power and no one else. In addition to any such Merger Offer, Paddy Power, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Betfair outside such Merger Offer during the period in which such Merger Offer would remain open for acceptance. If such purchases or arrangements to purchase were made they would be made outside the US and would comply with applicable laws and regulations, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service of the UK Listing Authority and will be available on the London Stock Exchange website: www.londonstockexchange.com.

This document does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. The New Paddy Power Betfair Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the US. The New Paddy Power Betfair Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the US absent registration under the US Securities Act or an exemption therefrom.

The New Paddy Power Betfair Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. For the purposes of qualifying for such exemption, Betfair will advise the Court that its sanctioning of the Scheme will be relied upon by Paddy Power as an approval of the Scheme following a hearing on its fairness to Betfair Shareholders.

Betfair Shareholders who will be affiliates of Paddy Power after the Merger becomes Effective will be subject to certain US transfer restrictions relating to the New Paddy Power Betfair Shares received pursuant to the Merger.

The receipt of New Paddy Power Betfair Shares pursuant to the Scheme by a US Betfair Shareholder may be a taxable transaction for US federal income tax purposes, and may also be a taxable transaction under applicable state and local tax laws, as well as foreign and other tax laws. Each Betfair Shareholder is urged to consult his/her independent professional advisor immediately regarding the tax consequences of the Merger.

It may be difficult for US Betfair Shareholders to enforce their rights and claims arising out of the US federal securities laws, since Paddy Power and Betfair are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US Betfair Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Paddy Power Betfair Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the US.

14. Financial effects of the Merger

14.1 Impact on Betfair Shareholders

The following tables show, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects of the Merger on capital value and income for a holder of 1,000 Betfair Shares if the Scheme becomes effective. Column (A) compares the market value of Paddy Power Shares on 25 August 2015 (the last dealing day before the announcement of a potential merger) with the market values of Betfair Shares on the same date. Column (B) compares the market value of Paddy Power Shares on 25 November 2015 (the latest practicable date before publication of this Scheme Document) with the market value of Betfair Shares on 25 August 2015 (the last dealing day before the announcement of a potential merger).

	(A)	(B)
Increase in capital value under the Merger		
Market value of 425.4 Paddy Power shares ⁽¹⁾	£24,301	£35,734
Total value of consideration in respect of 1,000 Betfair shares⁽²⁾	£24,301	£35,734
Less: Market Value of 1,000 Betfair Shares	£26,030	£26,030
Increase in capital value	£ (1,729)	£ 9,704
<i>Percentage difference</i>	<i>(6.6)%</i>	<i>37.3%</i>
Increase in gross income under the terms of the Merger		
Gross annual dividend income from 425.4 Paddy Power shares ⁽³⁾	£ 472	£ 472
Total gross income in respect of consideration for 1,000 Betfair shares	£ 472	£ 472
Gross dividend income from 1,000 Betfair shares ⁽⁴⁾	£ 340	£ 340
Increase in gross income	£ 132	£ 132
<i>Percentage difference</i>	<i>38.9%</i>	<i>38.9%</i>

Notes:

- (1) The market value of Paddy Power Shares is based on the closing middle market prices of:
 - a. €77.81 per share as derived from the Daily Official List for 25 August 2015 (the last dealing day before announcement of a potential merger) converted at a EUR/GBP exchange rate of 0.7342 as at 25 August 2015; and
 - b. €119.75 per share as derived from the Daily Official List for 25 November 2015 (the latest practicable date before publication of this Scheme Document) converted at a EUR/GBP exchange rate of 0.7015 as at 25 November 2015.
- (2) The market value of Betfair Shares is based on the closing middle market price of £26.03 per share as derived from the Daily Official List for 25 August 2015 (the last dealing day before announcement of a potential merger).
- (3) The gross dividend income from 425.4 Paddy Power Betfair Shares is based on aggregate gross dividends of €1.52 per Paddy Power Share paid in respect of the 52 week period ended 31 December 2014 converted at a EUR/GBP exchange rate of 0.7304 as at 31 December 2014.
- (4) The gross dividend income from 1,000 Betfair Shares is based on aggregate gross dividends of £0.34 per Betfair Share paid in respect of the 52 week period ended 30 April 2015.

No account has been taken of any liability to taxation of a Betfair Shareholder or a Paddy Power Shareholder and no account has been taken of any fractional entitlements to Paddy Power Shares.

14.2 Impact on the Paddy Power Group

As at 30 June 2015, the Paddy Power Group had a net asset position of €10 million (based on total assets of €533 million and total liabilities of €523 million) and a net debt position excluding customer balances of €146.9 million. In addition, for the six months to 30 June 2015, the Paddy Power Group generated operating profit of €80 million from net revenues of €528 million.

Assuming completion of the Merger and payment of the Special Dividend had occurred on 30 June 2015, the Combined Group would have net assets of £230.8 million at that date (based on the unaudited balance sheet of Paddy Power as at 30 June 2015 and the unaudited balance sheet of Betfair as at 31 October 2015).

The Merger will be funded entirely by the issuance of new shares in the Combined Group such that each Betfair shareholder will receive 0.4254 New Paddy Power Betfair Shares for every Betfair Share. As part of the agreed terms of the Merger, Paddy Power Shareholders will receive a Special Dividend of €80 million. The Special Dividend, which will be conditional upon Completion, will be paid to Paddy Power Shareholders on the Register of Members of Paddy Power at 6.00 p.m. on the Business Day prior to Completion. The Special Dividend will be funded entirely from existing cash resources.

The Merger is expected to generate significant shareholder value from cost and revenue synergies. Following Completion the fair value of the identifiable assets and liabilities of the Paddy Power Group is expected to increase taking into account the consolidation of Betfair. Paddy Power Betfair will retain a strong balance sheet with substantial financial flexibility to continue to invest in the Combined Group.

15. Action to be taken

Your attention is drawn to the section of this document entitled “Action to be taken”, which sets out in full the actions you should take in respect of voting on the Merger and the Scheme.

16. Further information

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Further information regarding Paddy Power and Betfair is set out in Part VI (*Additional Information*) of this document. Documents published and available for inspection are listed in paragraph 15 of Part VI (*Additional Information*) of this document.

Yours faithfully

Nick Harper

Duly authorised

For and on behalf of Goldman Sachs International

PART III
CONDITIONS TO AND CERTAIN FURTHER TERMS OF
THE SCHEME AND TO THE MERGER

Part A Conditions of the Scheme and the Merger

The Merger will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Irish Stock Exchange and the FCA.

The Merger will be subject to the terms and conditions set out below.

The Scheme will be governed by English law and will be subject to the exclusive jurisdiction of the English courts.

Each Condition shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Part 1: Conditions of the Merger

- (a) The Merger will be conditional upon the Scheme becoming unconditional and effective, subject to the Code, by no later than 11.59 p.m. on the Long Stop Date.
- (b) The Scheme will be conditional upon:
 - (i) (I) the approval by a majority in number representing not less than 75% in value of the Betfair Shareholders who are on the Register of Members of Betfair at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof); and (II) such Court Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Court Meeting as set out in this document (or such later date as Paddy Power and Betfair may agree in writing and the Court may allow);
 - (ii) (I) all resolutions required to approve and implement the Scheme and to approve certain related matters being duly passed by the requisite majorities at the General Meeting (or any adjournment thereof); and (II) the General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the General Meeting as set out in this document (or such later date as Paddy Power and Betfair may agree in writing and the Court may allow); and
 - (iii) (I) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Paddy Power and Betfair) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (II) the Court Hearing being held on or before the 22nd day after the expected date of the Court sanction as set out in this document (or such later date as Paddy Power and Betfair may agree in writing and the Court may allow).

In addition, Paddy Power and Betfair have agreed that, subject to the requirements of the Panel in accordance with the Code, the Merger will also be conditional upon, and accordingly the necessary actions to make the Scheme Effective will only be taken on, the satisfaction or, where relevant, waiver of the following Conditions:

Paddy Power shareholder authorities

- (c) the passing at the Paddy Power Extraordinary General Meeting (or any adjournment thereof) of such resolution or resolutions as are necessary to approve, implement and give effect to the Merger and the acquisition of Betfair Shares pursuant to the Merger or otherwise (as such resolutions may be set out in the Paddy Power Circular, including a resolution or resolutions to authorise the creation and allotment of the New Paddy Power Betfair Shares);

Admission of New Paddy Power Betfair Shares

- (d) (i) the FCA having acknowledged to Paddy Power or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Paddy Power Betfair Shares to the Official List of the FCA with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (*UK listing*

conditions)) admission will become effective as soon as a dealing notice has been issued by the FCA and any UK listing conditions have been satisfied;

- (ii) the London Stock Exchange having acknowledged to Paddy Power or its agent (and such acknowledgement not having been withdrawn) that the New Paddy Power Betfair Shares will be admitted to trading on the main market of the London Stock Exchange;
- (iii) the Irish Stock Exchange having acknowledged to Paddy Power or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Paddy Power Betfair Shares to the secondary listing segment of the Official List of the Irish Stock Exchange as an overseas company has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (*Irish listing conditions*)) admission will become effective as soon as a dealing notice has been issued by the Irish Stock Exchange and any Irish listing conditions have been satisfied; and
- (iv) the Irish Stock Exchange having acknowledged to Paddy Power or its agent (and such acknowledgement not having been withdrawn) that the New Paddy Power Betfair Shares will be admitted to trading on the Main Securities Market of the Irish Stock Exchange;

Regulatory conditions

- (e) Betfair making an application to the UKGC pursuant to section 102(2)(b) of the UK Gambling Act for a determination that all operating licences (as defined in the UK Gambling Act) held by members of the Betfair Group shall continue to have effect following completion of the Merger and the UKGC making such a determination in relation to such application pursuant to section 102(4)(a) of the UK Gambling Act;

Merger control

- (f) any of the following events having occurred:
 - (i) confirmation having been received in writing from the CMA, in terms satisfactory to both Paddy Power and Betfair, that the CMA does not intend to refer the Merger or any matters arising therefrom for a Phase 2 CMA Reference or to seek undertakings in lieu of a Phase 2 CMA Reference under section 73 of the Enterprise Act 2002 except on terms satisfactory to both Paddy Power and Betfair; or
 - (ii) the period within which the CMA is required by section 34ZA of the Enterprise Act 2002 to decide whether the duty to make a Phase 2 CMA Reference applies has expired without such a decision having been made; or
 - (iii) following a Phase 2 CMA Reference of the Merger or any matters arising therefrom, confirmation having been received from the CMA that:
 - I. the Merger may proceed without any undertakings, conditions or orders; or
 - II. the Merger may proceed subject to the giving of such undertakings by, or the imposition of such conditions or orders on, any of Betfair, Paddy Power or the Combined Group as shall be satisfactory to both Paddy Power and Betfair;
- (g) any of the following events having occurred:
 - (i) receipt by any of Betfair or Paddy Power of a written notice under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (*FATA*) from the Australian Commonwealth Treasurer (or his delegate) stating that, or to the effect that, the Australian Commonwealth Government does not object to the Merger either without condition or on terms acceptable to both Paddy Power and Betfair; or
 - (ii) expiry of the applicable statutory waiting period under FATA;
- (h) all applicable filings having been made under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 as amended, and the rules and regulations made thereunder and the expiration or early termination of any applicable waiting periods (including any extensions thereof) required pursuant to that Act, as amended and those rules and regulations;

- (i) any of the following events having occurred:
 - (i) the CCPC having informed Paddy Power and Betfair of its determination pursuant to either section 21(2)(a) or section 22(3)(a) of the ICA that the Merger may be put into effect;
 - (ii) the CCPC having informed Paddy Power and Betfair of its determination pursuant to section 22(3)(c) of the ICA that the Merger may be put into effect subject to conditions specified by the CCPC being complied with and the conditions being acceptable to both Paddy Power and Betfair;
 - (iii) the period specified in section 21(2) of the ICA (as may be extended under section 21(4) of the ICA) having elapsed without the CCPC having informed Paddy Power and Betfair of its determination (if any) under section 21(2) of the ICA; or
 - (iv) where applicable, 120 working days (or 135 working days if section 22(4B) of the ICA applies), and any period of suspension that applies pursuant to section 22(4A) of the ICA, after the “appropriate date” (as defined by section 19(6) of the ICA) having elapsed without the CCPC having informed Paddy Power and Betfair of its determination (if any) under section 22(3) of the ICA;

Other Third Party clearances

- (j) without prejudice to any of the Conditions set out above, no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a ***Third Party***) having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
 - (i) make the Merger, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Betfair Group by any member of the Wider Paddy Power Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or materially restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, the Merger or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Betfair Group by any member of the Wider Paddy Power Group;
 - (ii) require, prevent or delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Paddy Power Group or by any member of the Wider Betfair Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Betfair Group or the Wider Paddy Power Group or in the context of the Merger (as the case may be);
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Paddy Power Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Betfair (or any member of the Wider Betfair Group) or on the ability of any member of the Wider Betfair Group or any member of the Wider Paddy Power Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Betfair Group to an extent which is material in the context of the Wider Betfair Group or the Wider Paddy Power Group or in the context of the Merger (as the case may be);
 - (iv) other than pursuant to the implementation of the Merger, require any member of the Wider Paddy Power Group or the Wider Betfair Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Betfair Group or any asset

- owned by any third party which is material in the context of the Wider Betfair Group or the Wider Paddy Power Group or in the context of the Merger (as the case may be);
- (v) require, prevent or materially delay a divestiture by any member of the Wider Paddy Power Group of any shares or other securities (or the equivalent) in any member of the Wider Betfair Group;
 - (vi) result in any member of the Wider Betfair Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Betfair Group or in the context of the Merger;
 - (vii) impose any limitation on the ability of any member of the Wider Paddy Power Group or any member of the Wider Betfair Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Paddy Power Group and/or the Wider Betfair Group in a manner which is materially adverse to the Wider Paddy Power Group or the Wider Betfair Group or material in the context of the Merger;
or
 - (viii) except as Fairly Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Betfair Group or any member of the Wider Paddy Power Group in each case in a manner which is materially adverse in the context of the Wider Betfair Group or the Wider Paddy Power Group or material in the context of the Merger;
- (k) all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Merger or proposed acquisition of any Betfair Shares by Paddy Power or otherwise intervene having expired, lapsed, or been terminated;
 - (l) no material undertakings or assurances being sought from Paddy Power, any member of the Wider Paddy Power Group or any member of the Wider Betfair Group by any Third Party, except on terms reasonably satisfactory to Paddy Power;
 - (m) all material notifications, filings or applications which are deemed by Paddy Power (acting reasonably) to be necessary or appropriate having been made in connection with the Merger and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all material statutory and regulatory obligations in any jurisdiction having been complied with and all material Authorisations which are deemed by Paddy Power (acting reasonably) to be necessary or appropriate in any jurisdiction for or in respect of the Merger or the proposed acquisition of any shares or other securities in, or control of, Betfair by any member of the Wider Paddy Power Group having been obtained in terms and in a form reasonably satisfactory to Paddy Power from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Betfair Group or the Wider Paddy Power Group has entered into contractual arrangements and all such material Authorisations which are deemed by Paddy Power (acting reasonably) to be necessary or appropriate to carry on the business of any member of the Wider Betfair Group in any jurisdiction having been obtained in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such material Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Betfair Group, the Wider Paddy Power Group or the ability of Paddy Power to implement the Merger and all such material Authorisations remaining in full force and effect at the time at which the Merger becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such material Authorisations;
 - (n) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order threatened or issued and being in effect by a court or other Third Party which has the effect of making the Merger or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider Betfair Group by any member of the Wider Paddy Power Group, or the implementation of either of them, void, voidable, illegal and/or enforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the

consummation or the approval of the Merger or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Betfair Group by any member of the Wider Paddy Power Group;

Confirmation of absence of adverse circumstances

- (o) except as Fairly Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Betfair Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Merger or the proposed acquisition by any member of the Wider Paddy Power Group of any shares or other securities in Betfair or because of a change in the control or management of any member of the Wider Betfair Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Betfair Group or in the context of the Merger:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Betfair Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Betfair Group or any member of the Wider Paddy Power Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Betfair Group or any member of the Wider Paddy Power Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
 - (iii) any member of the Wider Betfair Group ceasing to be able to carry on business under any name under which it presently carries on business;
 - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Betfair Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Betfair Group otherwise than in the ordinary course of business;
 - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Betfair Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
 - (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Betfair Group being materially prejudiced or adversely affected;
 - (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Betfair Group; or
 - (viii) any liability of any member of the Wider Betfair Group to make any severance, termination, bonus or other payment to any of its directors or other officers;

No material transactions, claims or changes in the conduct of the business of the Betfair Group

- (p) except as Fairly Disclosed, no member of the Wider Betfair Group having since 30 April 2015:
 - (i) save as set out in paragraphs 2 and 7 of Part I (*Letter from the Chairman of Betfair*) and save as between Betfair and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue of Betfair Shares on the exercise of options or vesting of awards granted in the ordinary course, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for

- or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Betfair Shares out of treasury;
- (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to Betfair or one of its wholly-owned subsidiaries;
 - (iii) save as between Betfair and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired by any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so;
 - (iv) save as between Betfair and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital;
 - (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Betfair and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Betfair Group or in the context of the Merger;
 - (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is, in any such case, material in the context of the Wider Betfair Group or in the context of the Merger, or which is or is reasonably likely to be restrictive on the business of any member of the Wider Paddy Power Group or the Wider Betfair Group to an extent which is or is likely to be material to the Wider Paddy Power Group or the Wider Betfair Group or in the context of the Merger;
 - (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Betfair Group which is outside the normal course of business;
 - (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Betfair Group to an extent which is material in the context of the Merger, save for salary increases, bonuses or variations of terms in the ordinary course and consistent with past practice;
 - (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Betfair Group which are material in the context of the Wider Betfair Group or in the context of the Merger;
 - (x) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Merger) which is material in the context of the Wider Betfair Group or in the context of the Merger;
 - (xi) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in paragraph (p) above, made any other change to any part of its share capital;
 - (xii) waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Betfair Group or in the context of the Merger;
 - (xiii) made any material alteration to its articles of association or other constitutional documents;

- (xiv) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xvi) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;
- (xvii) terminated or varied the terms of any agreement or arrangement between any member of the Wider Betfair Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Betfair Group; or
- (xviii) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Betfair Shareholders in a general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;

No material adverse change

- (q) since 30 April 2015 and except as Fairly Disclosed:
 - (i) there having been no adverse change and no circumstance having arisen that would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Betfair Group to an extent which is material to the Wider Betfair Group or in the context of the Merger;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Betfair Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Betfair Group or to which any member of the Wider Betfair Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Betfair Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Betfair Group which, in any such case, might reasonably be expected to have a material adverse effect on the Wider Betfair Group or material in the context of the Merger;
 - (iii) no contingent or other liability having arisen, increased or become apparent which might be likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Betfair Group to an extent which is material to the Wider Betfair Group or in the context of the Merger; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Betfair Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely to have an adverse effect on the Wider Betfair Group or be material in the context of the Merger;
- (r) since 30 April 2015, and except as Fairly Disclosed, Paddy Power not having discovered:
 - (i) that any financial, business or other information concerning the Wider Betfair Group publicly announced or disclosed to any member of the Wider Paddy Power Group at any time by or on behalf of any member of the Wider Betfair Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information

not misleading and which is, in any case, material in the context of the Wider Betfair Group or in the context of the Merger;

- (ii) that any member of the Wider Betfair Group is subject to any liability, contingent or otherwise which is material in the context of the Wider Betfair Group or in the context of the Merger; or
- (iii) any information which affects the import of any information disclosed to Paddy Power at any time by or on behalf of any member of the Wider Betfair Group which is material in the context of the Wider Betfair Group or in the context of the Merger;

Intellectual Property

- (s) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Betfair Group which would have a material adverse effect on the Wider Betfair Group or which is otherwise material in the context of the Merger, including:
 - (i) any member of the Wider Betfair Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Betfair Group and material to its business being revoked, cancelled or declared invalid;
 - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Betfair Group to, or the validity or effectiveness of, any of its intellectual property; or
 - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Betfair Group being terminated or varied;

Anti-corruption and sanctions

- (t) except as Fairly Disclosed, Paddy Power not having discovered that:
 - (i) any past or present member, director, officer or employee of the Wider Betfair Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption legislation;
 - (ii) any past or present member, director, officer or employee of the Wider Betfair Group or any person that performs or has performed services for or on behalf of any such company has engaged in any activity or business with, or made any investments in, or made any funds or assets available to, or received any funds or assets from, any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the US Office of Foreign Assets Control; and

No criminal property

- (u) except as Fairly Disclosed, Paddy Power not having discovered that any asset of any member of the Wider Betfair Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part 2: Waiver and invocation of the Conditions

Subject to the requirements of the Panel, Paddy Power reserves the right to waive, in whole or in part, all or any of the Conditions except for Conditions (b) to (f) (inclusive), (h) and (i) which cannot be waived. Conditions (b) to (f) (inclusive), (h) and (i) must be fulfilled by, and Conditions (g) and (j) to (u) (inclusive) must be fulfilled or waived by, no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing, failing which the Scheme will lapse.

The Merger will lapse if the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date or such later date (if any) as Paddy Power and Betfair may agree and (if required) the Panel and the Court may allow.

If Paddy Power is required by the Panel to make an offer for Betfair Shares under the provisions of Rule 9 of the Code, Paddy Power may make such alterations to the Conditions and further terms of the Merger as are necessary to comply with the provisions of that Rule.

Part 3: Implementation by way of a Merger Offer

Subject to the terms of the Co-operation Agreement, Paddy Power may implement the Merger by making, directly or indirectly through a subsidiary or nominee of Paddy Power, a Merger Offer as an alternative to the Scheme. In such event, the Merger will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme.

In the event that the Merger is implemented by way of a Merger Offer, the Betfair Shares acquired shall be acquired with full title guarantee, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them.

Part 4: Certain further terms of the Merger

The Scheme and the Merger will lapse if there is a Phase 2 CMA Reference before the later of the Court Meeting and the General Meeting. In such event, Betfair will not be bound by the terms of the Scheme.

In so far as a distribution is declared, made, paid or payable by Betfair or Paddy Power in respect of the Betfair Shares or Paddy Power Shares (as applicable) on or after the date of the Announcement save as set out in paragraphs 2 and 8 of Part I (*Letter from the Chairman of Betfair*), the Exchange Ratio will be adjusted accordingly by reference to the aggregate amount of the distribution that has been declared, made, paid or is payable. To the extent that a distribution that has been declared, made, paid or is payable is or will be transferred or cancelled pursuant to the Merger on a basis which entitles Paddy Power Shareholders alone to receive the distribution and to retain it, the Exchange Ratio will not be subject to change in accordance with this paragraph.

The Betfair Shares will be acquired pursuant to the Merger fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of the Announcement, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

The New Paddy Power Betfair Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Paddy Power Shares, including the right to receive and retain in full all dividends and other distributions (if any) made, paid or declared after Completion save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend.

Fractions of New Paddy Power Betfair Shares will not be allotted or issued to Betfair Shareholders and entitlements will be rounded down to the nearest whole number of Paddy Power Shares and all fractions of New Paddy Power Betfair Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be paid by Paddy Power in due proportions to Betfair Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.

The availability of the Merger to Betfair Shareholders who are not resident in the UK or the US may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the UK or the US and any Betfair Shareholders who are not resident in the UK or the US will need to inform themselves about, and observe, any applicable requirements.

Applications will be made to the UK Listing Authority, the London Stock Exchange and the Irish Stock Exchange for the New Paddy Power Betfair Shares to be admitted to: (i) listing on the premium listing segment of the Official List of the FCA and to the secondary listing segment of the Official List of the Irish Stock Exchange as an overseas company; and (ii) trading on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market.

The New Paddy Power Betfair Shares to be issued pursuant to the Merger have not been, and will not be, listed on any stock exchange other than the London Stock Exchange and the Irish Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction, of the US, nor have clearances been, nor will they be, obtained from the securities commission or similar authority of any province or territory of Canada and no prospectus has been, or will be, filed, or registration made, under any securities law of any province or territory of Canada, nor has a prospectus in relation to the New Paddy Power Betfair Shares been, nor will one be, lodged with,

or registered by, the Australian Securities and Investments Commission, nor have any steps been taken, nor will any steps be taken, to enable the New Paddy Power Betfair Shares to be offered in compliance with applicable securities laws of Japan and no regulatory clearances in respect of the New Paddy Power Betfair Shares have been, or will be, applied for in any other jurisdiction. Accordingly, unless an exemption under relevant securities laws is available, the New Paddy Power Betfair Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from the US or any Restricted Jurisdiction or to, or for the account or benefit of, any resident of any Restricted Jurisdiction. Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Paddy Power Betfair Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the US.

The New Paddy Power Betfair Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. For the purposes of qualifying for such exemption, Betfair will advise the Court that its sanctioning of the Scheme will be relied upon by Paddy Power as an approval of the Scheme following a hearing on its fairness to Betfair Shareholders.

Betfair Shareholders who will be affiliates of Paddy Power after the Merger becomes Effective will be subject to certain US transfer restrictions relating to the New Paddy Power Betfair Shares received pursuant to the Merger.

**PART IV
THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. CR-2015-8907

IN THE MATTER OF BETFAIR GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

BETFAIR GROUP PLC

and

THE HOLDERS OF THE BETFAIR SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<i>£, GBP, pence or p</i>	the lawful currency of the UK;
<i>Betfair</i>	Betfair Group plc, incorporated in England and Wales with registered number 06489716;
<i>Betfair Closing Dividend</i>	a closing dividend which will be an amount which is equal to the anticipated dividend per Betfair Share for the financial year ending 30 April 2016 (excluding the effects of the Merger) pro-rated for the number of days elapsed in the period from 1 May 2015 to Completion (inclusive), less the Betfair Interim Dividend;
<i>Betfair Group</i>	Betfair and its subsidiary undertakings and associated undertakings and, where the context permits, each of them;
<i>Betfair Interim Dividend</i>	a dividend in respect of the six months ended 31 October 2015 of 15.0 pence per Betfair Share;
<i>Betfair Shareholders</i>	holders of Betfair Shares from time to time;
<i>Betfair Shares</i>	ordinary shares of 0.095 pence each in the capital of Betfair: (a) in issue at the date of this document; (b) (if any) issued after the date of this document and on or prior to the Voting Record Time; and (c) (if any) issued after the Voting Record Time and on or prior to the Scheme Record Time;
<i>Business Day</i>	a day (other than Saturdays, Sundays and public holidays in the UK), on which banks are open for business in the City of London;

<i>certificated form or in certificated form</i> .	a share or other security which is not in uncertificated form (that is, not in CREST);
<i>Code</i>	the City Code on Takeovers and Mergers in the UK;
<i>Combined Group</i>	the enlarged group following the Merger, comprising the Paddy Power Group and the Betfair Group;
<i>Companies Act</i>	the Companies Act 2006, as amended;
<i>Court</i>	the High Court of Justice in England and Wales;
<i>Court Hearing</i>	the hearing by the Court to sanction the Scheme;
<i>Court Order</i>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<i>CREST</i>	the relevant system (as defined in the Uncertificated Securities Regulations in respect of which Euroclear UK & Ireland Limited is the operator (as defined in such Regulations)) in accordance with which securities may be held and transferred in uncertificated form;
<i>Effective Date</i>	the date on which this Scheme becomes effective in accordance with its terms;
<i>Effective Time</i>	8.00 a.m. on the Effective Date;
<i>Euroclear</i>	Euroclear UK & Ireland Limited, a limited company incorporated in England and Wales with registered number 02878738;
<i>holder</i>	a registered holder and any person(s) entitled by transmission;
<i>Irish Stock Exchange</i>	Irish Stock Exchange plc;
<i>London Stock Exchange</i>	London Stock Exchange plc;
<i>Long Stop Date</i>	30 June 2016;
<i>Merger</i>	the proposed acquisition of the entire issued and to be issued share capital of Betfair by Paddy Power;
<i>New Paddy Power Betfair Shares</i>	the new ordinary shares of €0.09 each in the capital of Paddy Power Betfair to be issued credited as fully paid to Betfair Shareholders pursuant to the Merger;
<i>Paddy Power</i>	Paddy Power plc, incorporated in Ireland with registered number 16956;
<i>Paddy Power 2015 Dividend</i>	a dividend in respect of the financial year ending 31 December 2015 the amount of which will be announced in early 2016;
<i>Paddy Power Betfair</i>	the parent company of the Combined Group from the Effective Date (being Paddy Power plc, proposed to be re-named <i>Paddy Power Betfair plc</i>);
<i>Paddy Power Closing Dividend</i>	a closing dividend which will be an amount which is equal to the anticipated dividend per Paddy Power Share for the financial year ending 31 December 2016 (excluding the effects of the Merger) pro-rated for the number of days elapsed in the period from 1 January 2016 to Completion (inclusive);
<i>Paddy Power Group</i>	Paddy Power and its subsidiary undertakings and, where the context permits, each of them;
<i>Paddy Power Shares</i>	fully paid-up ordinary shares of €0.09 each in the capital of Paddy Power;
<i>Panel</i>	the Panel on Takeovers and Mergers;

<i>Registrar of Companies</i>	the Registrar of Companies in England and Wales;
<i>Scheme</i>	the proposed scheme of arrangement under Part 26 of the Companies Act between Betfair and the Betfair Shareholders in connection with the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Paddy Power and Betfair;
<i>Scheme Record Time</i>	6.00 p.m. on the Business Day immediately before the Effective Date;
<i>Special Dividend</i>	the special dividend of €80 million to be paid to Paddy Power Shareholders;
<i>subsidiary undertaking</i>	has the meaning given in section 1162 of the Companies Act;
<i>uncertificated or in uncertificated form</i>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST;
<i>Uncertificated Securities Regulations</i>	Uncertificated Securities Regulations 2001 (SI 2001/3755); and
<i>Voting Record Time</i>	6.00 p.m. on the date which is two Business Days immediately prior to the date of the Meetings or, if either meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting.

- (B) Betfair was incorporated and registered in England and Wales on 31 January 2008 as a private company limited by shares under the name Betfair Group Limited, under the Companies Act 1985 with registered number 06489716 and was re-registered under the Companies Act as a public limited company under the name Betfair Group plc on 7 October 2010. The issued share capital of Betfair as at the close of business on 25 November 2015 (being the latest practicable date prior to the publication of this document) was £88,308, divided into 92,955,412 Betfair Shares, all of which were credited as fully paid. Betfair does not hold any Betfair Shares in treasury at the date of this document.
- (C) As at 25 November 2015 (being the latest practicable date prior to publication of this document), no member of the Paddy Power Group is the registered holder of or beneficially owns any Betfair Shares.
- (D) Paddy Power has agreed to appear by counsel at the Court Hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

SCHEME OF ARRANGEMENT

1. Interpretation

In this Scheme, unless the context otherwise requires or otherwise expressly provides:

- (a) references to Recitals, Parts, clauses and sub-clauses are references to the Recitals, Parts, clauses and sub-clauses respectively of this Scheme;
- (b) references to a *person* include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute, statutory provision, enactment or subordinate legislation include the same as subsequently modified, amended or re-enacted from time to time;
- (d) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (e) the singular includes the plural and vice-versa and words importing one gender shall include all genders;
- (f) headings to Recitals, Parts, clauses and sub-clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and
- (g) all references to time are references to London time.

2. Share exchange

- 2.1 On the Effective Date, all Betfair Shares shall be transferred from the Betfair Shareholders to Paddy Power Betfair in accordance with the provisions of clause 2.2 of this Scheme, and, as soon as practicable thereafter, the name of each Betfair Shareholder shall be removed from the Register of Members of Betfair and Paddy Power Betfair shall be recorded on the register as the sole member of Betfair, who shall be the legal and beneficial owner of all Betfair Shares, free and clear of any liens, equities, charges, encumbrances and all other interests of any nature whatsoever, and the Betfair Shareholders shall cease to have any rights with respect to the Betfair Shares, except their rights under this Scheme.
- 2.2 The Betfair Shares shall be transferred to Paddy Power Betfair (or such of its nominee(s) as are agreed between Paddy Power and Betfair) by means of a form of transfer or other instrument of transfer or, if applicable, by means of CREST and for such purposes any person may be appointed by Paddy Power Betfair as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the holders of Betfair Shares to execute and deliver as transferor a form of transfer or other instrument or instruction to CREST, of the Betfair Shares and every form, instrument or instruction so executed shall be as effective as if it had been executed by the holders of the Betfair Shares to which such form, instrument or instruction relates.
- 2.3 Subject to and in consideration for the transfer of the Betfair Shares pursuant to clause 2 of this Scheme, on the Effective Date or as soon as practicable thereafter, but in any case within 14 days of the Effective Time, Paddy Power Betfair shall, subject to clause 2.4, allot and issue New Paddy Power Betfair Shares to the Betfair Shareholders, credited as fully paid and free from all liens, equities, charges, encumbrances and all other interests of any nature whatsoever, on the following basis:

for each Betfair Share, 0.4254 New Paddy Power Betfair Shares.

- 2.4 Fractions of New Paddy Power Betfair Shares will not be allotted or issued to Betfair Shareholders and entitlements will be rounded down to the nearest whole number of New Paddy Power Betfair Shares and all fractions of New Paddy Power Betfair Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be paid by Paddy Power Betfair in due proportions to Betfair Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.
- 2.5 As from the Effective Time, the Betfair Shareholders shall in accordance with this Scheme cease to have any rights with respect to the Betfair Shares, except the right to receive the consideration

determined as set out in clauses 2.1 and 2.4 of this Scheme, provided, however, that nothing in this Scheme shall in any way affect the right of a Betfair Shareholder to receive any dividend declared by Betfair prior to the Effective Time but which has not been paid prior to the Effective Time including, for the avoidance of doubt, the Betfair Closing Dividend.

2.6 On or before the Effective Date, Betfair Shares in uncertificated form will be removed from CREST and entitlements to such shares will be cancelled and rematerialised.

2.7 As from the Effective Time:

- (a) all right, title and interest in the Betfair Shares shall transfer to Paddy Power Betfair in accordance with clause 2.2 of this Scheme;
- (b) all certificates representing Betfair Shares shall cease to have effect as documents of title to the Betfair Shares comprised therein and every holder thereof shall be bound at the request of Betfair to deliver up the same to Betfair for the cancellation thereof, or as it may direct, or to destroy the same; and
- (c) as soon as practicable thereafter, appropriate entries will be made in Betfair's Register of Members to reflect the transfer of the Betfair Shares to Paddy Power Betfair.

3. Allotment and issue of New Paddy Power Betfair Shares

3.1 The New Paddy Power Betfair Shares to be issued in accordance with clause 2 shall rank *pari passu* in all respects with the Paddy Power Shares in issue immediately prior to the Effective Time and shall rank in full for all dividends or distributions made, paid or declared after the Effective Time on the ordinary share capital of Paddy Power Betfair, save for the Special Dividend, the Paddy Power Closing Dividend and the Paddy Power 2015 Dividend, and shall be admitted to trading on the London Stock Exchange and on the Irish Stock Exchange.

3.2 Settlement of the consideration shall be effected as follows:

- (a) in the case of Betfair Shares which were, at the Scheme Record Time, held in certificated form, the New Paddy Power Betfair Shares to which the relevant Betfair Shareholder is entitled shall be issued to such shareholder in certificated form; and
- (b) in the case of Betfair Shares which were, at the Scheme Record Time, held in CREST, the New Paddy Power Betfair Shares to which the relevant Betfair Shareholder is entitled shall be issued to such shareholder in uncertificated form. Paddy Power Betfair will procure that Euroclear is instructed to credit the appropriate stock account of CREST of the relevant Betfair Shareholder concerned with such relevant Betfair Shareholder's entitlement to New Paddy Power Betfair Shares.

3.3 Paddy Power Betfair's obligations to issue the New Paddy Power Betfair Shares pursuant to clause 3.2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if any Betfair Shareholder has a registered address in a jurisdiction outside the UK and Paddy Power Betfair is advised that the allotment and/or issue of New Paddy Power Betfair Shares to that Betfair Shareholder in accordance with this Scheme would or may infringe the laws of such jurisdiction or would or may require Paddy Power Betfair to observe any governmental or other consent or any registration, filing or other formality with which Paddy Power Betfair is unable to comply or which Paddy Power Betfair believes is unduly onerous to comply with, Paddy Power Betfair may, in its sole discretion, either:

- (a) determine that the New Paddy Power Betfair Shares shall not be allotted and/or issued to such Betfair Shareholder but shall instead be allotted and issued to a nominee appointed by Paddy Power Betfair as bare trustee for such Betfair Shareholder on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Paddy Power Betfair Shares so allotted and issued at the best price which can reasonably be obtained at the time of sale and account for the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) to such Betfair Shareholder by the fourteenth day following the Effective Date. In the absence of bad faith or wilful default, neither Paddy Power Betfair nor the nominee shall have any liability for any loss or damage arising as a result of the timing or terms of such sale; or

- (b) determine that the New Paddy Power Betfair Shares shall be sold, in which event the New Paddy Power Betfair Shares shall be issued to such Betfair Shareholder and Paddy Power Betfair shall appoint a person to act (and such person shall be authorised) on behalf of such Betfair Shareholder to procure that any shares in respect of which Paddy Power Betfair has made such a determination shall as soon as practicable following the Effective Date be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) shall be paid to such Betfair Shareholder within 14 days of the Effective Date. To give effect to any such sale, the person so appointed shall be authorised on behalf of such Betfair Shareholder to execute and deliver a form of transfer and to give such instructions and to do all other things that he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, neither Paddy Power Betfair nor the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

3.4 The provisions of this clause 3 shall be subject to any condition or prohibition imposed by law.

4. Dividend mandates and communication preferences

All mandates relating to the monetary payment of dividends on the Betfair Shares and other instructions, including in respect of shareholder communications (e.g. Annual Reports), given to Betfair by Betfair Shareholders in force at the Scheme Record Time relating to their holdings of Betfair Shares will, unless amended or revoked, be deemed from the Effective Date to be an effective mandate or instruction to Paddy Power Betfair in respect of the corresponding Paddy Power Betfair Shares.

5. Operation of this Scheme

- (a) This Scheme shall become effective upon a copy of the Court Order being delivered to the Registrar of Companies in England and Wales.
- (b) Unless this Scheme has become effective on or before the Long Stop Date, or such later date, if any, as Paddy Power and Betfair may agree and the Court and the Panel may allow, this Scheme shall never become effective.
- (c) Each Betfair Shareholder irrevocably appoints Paddy Power Betfair and/or its nominee(s) as their attorney and/or agent and/or otherwise to exercise (in place of and to the exclusion of the relevant Betfair Shareholder) any voting rights attached to the Betfair Shares and any or all rights and privileges attaching to the Betfair Shares, to sign any consent to short notice of a general or separate class meeting and on their behalf to execute a form of proxy in respect of such shares appointing any person nominated by Paddy Power Betfair to attend general and separate class meetings of Betfair and authorises Betfair to send to Paddy Power Betfair any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of Betfair, such that from the Effective Date, no Betfair Shareholder shall be entitled to exercise any voting rights attached to the Betfair Shares or any other rights or privileges attaching to the Betfair Shares.

6. Modification

Paddy Power and Betfair may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose. Any such modification or addition may require the consent of the Panel.

7. Governing Law

This Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the Code will apply to this Scheme.

Dated 27 November 2015

**PART V
FINANCIAL INFORMATION**

1. Betfair Financial Information

The following sets out financial information in respect of Betfair as required by Rule 24.3 of the Code. The documents (or parts thereof) referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Code.

<u>Information incorporated by reference into this document</u>	<u>Page numbers in reference document</u>
For the six month period ended 31 October 2015	
Betfair's interim financial information announcement for the period ended 31 October 2015—unaudited	N/A
For the financial year ended 30 April 2015	
Betfair's Annual Report and Accounts for the financial year ended 30 April 2015—audited consolidated financial statements	78–122
For the financial year ended 30 April 2014	
Betfair's Annual Report and Accounts for the financial year ended 30 April 2014—audited consolidated financial statements	73–119

These documents are available free of charge on Betfair's website at <http://corporate.betfair.com>. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting Betfair's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or by telephone, between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0370 707 4010 from within the UK or on +44 370 707 4010 if calling from outside the UK, with your full name and the full address to which the hard copy may be sent. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

2. Paddy Power Financial Information

The following sets out financial information in respect of Paddy Power as required by Rule 24.3 of the Code. The documents (or parts thereof) referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Code.

<u>Information incorporated by reference into this document</u>	<u>Page numbers in reference document</u>
For the six month period ended 30 June 2015	
Paddy Power's interim financial information announcement for the period ended 30 June 2015—unaudited	N/A
For the financial year ended 31 December 2014	
Paddy Power's Annual Report and Accounts for the financial year ended 31 December 2014—audited consolidated financial statements	67–131
For the financial year ended 31 December 2013	
Paddy Power's Annual Report and Accounts for the financial year ended 31 December 2014—audited consolidated financial statements	60–119

These documents are available free of charge on Paddy Power's website at www.paddypowerplc.com. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting Ed Traynor, Group General Counsel at Paddy Power, Power Tower, Belfield Office Park, Beechill Road, Clonskeagh, Dublin 4, tel: +353 1 9021544.

3. No incorporation of website information

Save as expressly referred to herein, neither the content of the Paddy Power nor the Betfair website, nor the content of any website accessible from hyperlinks on Paddy Power's or Betfair's website, is incorporated into, or forms part of, this document.

PART VI
ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Betfair Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraph 1.2 below. To the best of the knowledge and belief of the Betfair Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Paddy Power Directors, whose names are set out in paragraph 2.3 below, accept responsibility for the information contained in this document relating to the Paddy Power Group, the Paddy Power Directors and their respective immediate families and the related trusts of and persons connected with the Paddy Power Directors, and persons deemed to be acting in concert with Paddy Power (as such term is defined in the Code). To the best of the knowledge and belief of the Paddy Power Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Betfair Directors and their respective positions are:

<u>Name</u>	<u>Position</u>
Gerald Corbett	<i>Chairman</i>
Breon Corcoran	<i>Chief Executive Officer</i>
Alex Gersh	<i>Chief Financial Officer</i>
Mark Brooker	<i>Chief Operating Officer</i>
Zillah Byng-Maddick	<i>Independent Non-Executive Director</i>
Ian Dyson	<i>Senior Independent Director</i>
Peter Jackson	<i>Independent Non-Executive Director</i>
Leo Quinn	<i>Independent Non-Executive Director</i>
Peter Rigby	<i>Independent Non-Executive Director</i>

- 2.2 Betfair is a public company limited by shares and incorporated in England and Wales with registered number 06489716. The registered office of Betfair is Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP.

- 2.3 The Directors of Paddy Power and their respective positions are:

<u>Name</u>	<u>Position</u>
Gary McGann	<i>Chairman</i>
Andy McCue	<i>Chief Executive Officer</i>
Cormac McCarthy	<i>Chief Financial Officer</i>
Michael Cawley	<i>Independent Non-Executive Director</i>
Tom Grace	<i>Senior Independent Director</i>
Danuta Gray	<i>Independent Non-Executive Director</i>
Ulric Jerome	<i>Independent Non-Executive Director</i>
Stewart Kenny	<i>Non-Executive Director</i>
Pádraig Ó Ríordáin	<i>Independent Non-Executive Director</i>

- 2.4 Paddy Power is a public company limited by shares and incorporated in Ireland with registered number 16956. The registered office of Paddy Power is Power Tower, Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin D04 V972.

3. Persons acting in concert

- 3.1 In addition to the Betfair Directors (together with their close relatives and related trusts) and members of the Betfair Group (and their related pension schemes), the persons who, for the purposes

of the Code, are acting in concert with Betfair in respect of the Merger and which are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Betfair</u>
Goldman Sachs International	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB England	Connected adviser
Jefferies International Limited	Vintners Place 68 Upper Thames Street London EC4V 3BJ England	Connected adviser

3.2 In addition to the Paddy Power Directors (together with their close relatives and related trusts) and members of the Paddy Power Group (and their related pension schemes), the persons who, for the purposes of the Code, are acting in concert with Paddy Power in respect of the Merger and which are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Paddy Power</u>
Morgan Stanley & Co. International plc	25 Cabot Square Canary Wharf London E14 4QA England	Connected adviser
IBI Corporate Finance Limited	2 Burlington Plaza Burlington Road Dublin 4 Ireland	Connected adviser
Bank of Ireland Private Banking Limited	Bank of Ireland Head Office 40 Mespil Road Dublin 4 Ireland	Connected fund manager (under the same control as IBI Corporate Finance Limited)
Goodbody Stockbrokers	Ballsbridge Park Ballsbridge Dublin 4 Ireland	Connected adviser

4. Market quotations

The following table shows the closing middle market prices for Paddy Power Shares and Betfair Shares as derived from the Official List for:

- (a) the first dealing day in each of the six months immediately prior to the date of this document (i.e. from May 2015 to October 2015 inclusive);
- (b) 25 August 2015 (being the last Business Day prior to the commencement of the Offer Period); and

(c) 25 November 2015 (being the last practicable date prior to the publication of this document).

<u>Date</u>	<u>Betfair Share price (£)</u>
1 May 2015	23.29
1 June 2015	26.87
1 July 2015	24.94
3 August 2015	27.81
25 August 2015	26.03
1 September 2015	31.60
1 October 2015	33.60
2 November 2015	31.90
25 November 2015	36.25

<u>Date</u>	<u>Paddy Power Share price (€)</u>
1 May 2015	78.73
2 June 2015	80.00
1 July 2015	78.70
3 August 2015	82.32
25 August 2015	77.81
1 September 2015	98.50
1 October 2015	102.80
2 November 2015	105.15
25 November 2015	119.75

5. Interests and dealings

5.1 For the purposes of this paragraph 5:

- (a) *acting in concert* has the meaning given to it in the Code;
- (b) *arrangement* includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (c) *dealing* has the meaning given to it in the Code;
- (d) *derivative* has the meaning given to it in the Code;
- (e) *disclosure date* means the close of business on 25 November 2015, being the latest practicable date prior to publication of this document;
- (f) *disclosure period* means the period beginning on 26 August 2014 and ending on the disclosure date;
- (g) *interest* or *interests* in relevant securities shall have the meaning given to it in the Code and references to interests of Paddy Power Directors or interests of Betfair Directors in relevant securities shall include all interests of any other person whose interests in shares the Paddy Power Directors or, as the case may be, the Betfair Directors, are taken to be interested in pursuant to Part 22 of the Companies Act;
- (h) *offer period* means the period commencing on 26 August 2015 and ending on the disclosure date;
- (i) *relevant Betfair securities* mean relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Betfair including equity share capital of Betfair (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (j) *relevant Paddy Power securities* mean relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Paddy Power including equity share capital in Paddy Power (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

5.2 Interests in relevant securities of Betfair

- (a) As at the disclosure date, the interests of the Betfair Directors and their connected persons, in relevant securities of Betfair were as follows:

<u>Name</u>	<u>Number of Betfair Shares</u>	<u>Percentage of Betfair issued share capital</u>	<u>Number of Betfair Shares under Betfair Share Schemes</u>
Gerald Corbett	17,500	0.019	—
Breon Corcoran	342,708	0.369	971,493
Alex Gersh	—	—	359,730
Mark Brooker	—	—	278,037
Zillah Byng-Maddick	2,187	0.002	—
Ian Dyson	7,437	0.008	—
Peter Jackson	2,187	0.002	—
Leo Quinn	869	0.001	—
Peter Rigby	—	—	—
TOTAL	372,888	0.401	1,609,260

- (c) As at the disclosure date, the interest of Paddy Power and persons acting in concert with Paddy Power in relevant securities of Betfair were as follows:

<u>Name</u>	<u>Number of Betfair Shares</u>	<u>Percentage of Betfair issued share capital</u>
Discretionary Retail Clients of Goodbody Stockbrokers	1,962	0.002

5.3 Dealings in relevant securities of Betfair

- (a) During the offer period, the following dealings in relevant securities of Betfair by Betfair Directors, their connected persons and persons acting in concert with Betfair have taken place:

<u>Name</u>	<u>Number of Betfair Shares</u>	<u>Dealing Date</u>
Breon Corcoran	116,667	8 September 2015

- (b) During the disclosure period, the following dealings in relevant securities of Betfair by Paddy Power Directors, their connected persons and Paddy Power and persons acting in concert with Paddy Power have taken place:

<u>Name</u>	<u>Purchase/Sale</u>	<u>Number of Betfair Shares</u>	<u>Dealing Date</u>
Discretionary Retail Clients of Goodbody Stockbrokers	Purchases	2,000	8 January 2015
Discretionary Retail Clients of Goodbody Stockbrokers	Sales	750	18 February 2015

5.4 Interests in relevant securities of Paddy Power

- (a) As at the disclosure date, the interests of Paddy Power Directors and their connected persons in relevant securities of Paddy Power were as follows:

<u>Name</u>	<u>Number of Paddy Power Shares</u>	<u>Percentage of Paddy Power issued share capital</u>	<u>Number of Paddy Power Shares under Paddy Power Share Schemes</u>
Gary McGann	610	0.001	—
Andy McCue	21,938	0.050	74,402
Cormac McCarthy	16,443	0.037	51,660
Michael Cawley	3,600	0.008	—
Tom Grace	—	—	—
Danuta Gray	—	—	—
Ulric Jerome	—	—	—
Stewart Kenny	357,432	0.811	—
Pádraig Ó Riordáin	7,200	0.016	—
TOTAL	407,223	0.924	126,062

- (b) As at the disclosure date, the interests of Paddy Power and persons acting in concert with Paddy Power in relevant securities of Paddy Power were as follows:

<u>Name</u>	<u>Number of Paddy Power Shares</u>	<u>Percentage of Paddy Power issued share capital</u>
Bank of Ireland Private Banking Limited	7,000	0.016%
Discretionary Retail Clients of Goodbody Stockbrokers	43,650	0.099%

- (c) As at the disclosure date, the interests of Betfair Directors and their connected persons in relevant securities of Paddy Power were as follows:

<u>Name</u>	<u>Number of Paddy Power Shares</u>	<u>Percentage of Paddy Power issued share capital</u>
Breon Corcoran	37,710	0.086

- 5.5 Dealings in relevant securities of Paddy Power during the disclosure period and save in relation to the return to shareholders of Paddy Power announced on 3 March 2015, the following dealings in relevant securities of Paddy Power by Paddy Power Directors, their connected persons and Paddy Power and persons acting in concert with Paddy Power have taken place:

<u>Name</u>	<u>Purchase/Sale/Option Exercise</u>	<u>Dealing Date</u>	<u>Number of Betfair Shares</u>
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	29/08/2014	400
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	01/09/2014	10,000
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	02/09/2014	5,395
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	03/09/2014	1,000
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	03/09/2014	1,875
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	04/09/2014	1,010
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	05/09/2014	4,260
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	08/09/2014	250
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	09/09/2014	3,765
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	10/09/2014	389
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	12/09/2014	18,801
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	15/09/2014	337
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	16/09/2014	570
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	16/09/2014	2,950
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	17/09/2014	500
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	18/09/2014	1,985
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	19/09/2014	600
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	24/09/2014	960

<u>Name</u>	<u>Purchase/ Sale/Option Exercise</u>	<u>Dealing Date</u>	<u>Number of Betfair Shares</u>
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	06/10/2014	310
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	07/10/2014	726
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	09/10/2014	1,335
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	14/10/2014	285
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	16/10/2014	910
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	16/10/2014	750
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	17/10/2014	1,347
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	29/10/2014	558
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	03/11/2014	1,005
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	04/11/2014	287
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	06/11/2014	393
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	11/11/2014	250
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	19/11/2014	440
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	20/11/2014	60
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	25/11/2014	115
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	26/11/2014	2,558
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	02/12/2014	111
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	08/12/2014	830
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	09/12/2014	1,308
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	11/12/2014	270
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	12/12/2014	120
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	12/12/2014	20
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	15/12/2014	100
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	16/12/2014	185
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	18/12/2014	682
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	06/01/2015	9,854
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	07/01/2015	125
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	26/01/2015	1,518
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	27/01/2015	933
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	29/01/2015	28,599
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	27/02/2015	400
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	03/03/2015	1,591
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	04/03/2015	210
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	10/03/2015	1,355
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	13/03/2015	1,030
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	18/03/2015	1,500
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	18/03/2015	1,500
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	20/03/2015	1,500
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	24/03/2015	175
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	26/03/2015	1,200
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	10/04/2015	250
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	14/04/2015	226
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	23/04/2015	117
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	24/04/2015	42
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	24/04/2015	236
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	29/04/2015	247
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	01/05/2015	62
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	11/05/2015	2,002
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	14/05/2015	145
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	15/05/2015	1,271
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	19/05/2015	72
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	21/05/2015	393
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	25/05/2015	487
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	25/05/2015	62
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	08/06/2015	70
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	12/06/2015	200

Name	Purchase/ Sale/Option Exercise	Dealing Date	Number of Betfair Shares
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	24/06/2015	320
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	26/06/2015	320
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	29/06/2015	150
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	29/06/2015	100
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	02/07/2015	225
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	21/07/2015	61
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	24/07/2015	135
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	28/07/2015	70
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	30/07/2015	900
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	14/08/2015	235
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	24/08/2015	435
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	25/08/2015	900
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	22/09/2015	100
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	23/09/2015	4,669
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	28/09/2015	2,388
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	30/09/2015	150
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	01/10/2015	100
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	01/10/2015	150
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	07/10/2015	200
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	20/10/2015	125
Discretionary Retail Clients of Goodbody Stockbrokers . .	Purchase	22/10/2015	150
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	27/10/2015	212
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	02/11/2015	70
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	06/11/2015	47
Discretionary Retail Clients of Goodbody Stockbrokers . .	Sale	13/11/2015	365
Andy McCue	Option Exercise	4/12/2014	346
Andy McCue	Option Exercise	3/03/2015	31,931
Andy McCue	Sale	9/03/2015	16,000
Cormac McCarthy	Share Exercise	03/03/2015	29,770
Cormac McCarthy	Sale	09/03/2015	13,500
Stewart Kenny	Sale	23/06/2015	4,000
Stewart Kenny	Purchase	30/09/2015	2,781
Michael Cawley	Purchase	04/03/2015	4,000
Gary McCann	Purchase	18/05/2015	678
Bank of Ireland Private Banking Limited	Purchase	10/11/2015	2,500

5.6 Save as disclosed in this document, as at the disclosure date:

- (a) none of (i) Betfair; (ii) any Betfair Director, or any connected person of such Betfair Director; (iii) any other person acting in concert with Betfair; or (iv) any person who has an arrangement of the kind referred to in Note 11 of the definition of *acting in concert* in the Code with Betfair or any person acting in concert with Betfair:
 - (i) has any interest in, right to subscribe in respect of, or any short position in relation to relevant Betfair securities or relevant Paddy Power securities, nor has any such person dealt for value in any relevant Betfair securities or relevant Paddy Power securities during the offer period;
 - (ii) has any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Betfair securities or relevant Paddy Power securities during the offer period; and
 - (iii) neither Betfair, nor any person acting in concert with Betfair has borrowed or lent any relevant Betfair securities; and
- (b) none of (i) Paddy Power; (ii) any Paddy Power Director, or any connected person of such Paddy Power Director; (iii) any other person acting in concert with Paddy Power; or (iv) any person who

has an arrangement of the kind referred to in Note 11 of the definition of *acting in concert* in the Code with Paddy Power or any person acting in concert with Paddy Power:

- (i) has any interest in, right to subscribe in respect of or any short position in relation to relevant Betfair securities or relevant Paddy Power securities nor has any such person dealt for value in any relevant Betfair securities or relevant Paddy Power securities during the disclosure period;
- (ii) has any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Betfair securities or relevant Paddy Power securities during the disclosure period; and
- (iii) neither Paddy Power, nor any person acting in concert with Paddy Power has borrowed or lent any relevant Paddy Power securities.

5.7 Save as disclosed herein, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the Betfair Resolutions.

6. Interests in relevant securities of Paddy Power Betfair

It is expected that the following persons or groups of persons will hold 5% or more of the total issued share capital of Paddy Power Betfair at Admission:

Shareholder	Expected holding	Percentage of total Paddy Power Betfair Shares in issue
Blackrock	8,102,886	9.69%
The Capital Group Companies, Inc.	6,601,742	7.90%
MFS Investment Management	5,968,356	7.14%
Parvus Asset Management	4,930,519	5.90%

7. Irrevocable Undertakings

7.1 The following Betfair Directors have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting (or otherwise to be bound by the Scheme) and the Betfair Resolutions to be proposed at the General Meeting in relation to the following Betfair Shares:

Name	Number of Betfair Shares	Percentage of Betfair Shares in issue	Number of Betfair Shares under Betfair Share Schemes
Gerald Corbett	17,500	0.019	—
Breon Corcoran	342,708	0.369	971,493
Alex Gersh	—	—	359,730
Mark Brooker	—	—	278,037
Zillah Byng-Maddick	2,187	0.002	—
Ian Dyson	7,437	0.008	—
Peter Jackson	2,187	0.002	—
Leo Quinn	869	0.001	—
Peter Rigby	—	—	—
TOTAL	372,888	0.401	1,609,260

7.2 Each irrevocable undertaking includes undertakings to, amongst other things, vote (or procure the vote) in favour of all resolutions to approve or give effect to the Scheme and any related matters proposed at the General Meeting.

7.3 The obligations of the Betfair Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) the Scheme lapses, or is withdrawn in accordance with its terms, and Paddy Power publicly confirms that it does not intend to proceed with the Merger, or to implement the Merger by way of a Merger Offer or otherwise, or if Paddy Power exercises its right to implement the Merger by way of a Merger Offer, the Merger Offer lapses or is withdrawn in accordance with its terms, and Paddy Power subsequently confirms that it does not intend to proceed with the Merger;

- (b) the Scheme has not become effective (or, if applicable, the Merger Offer has not become or been declared unconditional in all respects) by 30 June 2016 (or such later date as agreed between Paddy Power and Betfair with the approval of the Court and/or the Panel, if required); or
- (c) Paddy Power announces, with the consent of the Panel, that it does not intend to make or proceed with the Merger and no new, revised or replacement Scheme or Merger Offer on substantially the same or better terms is announced in accordance with Rule 2.7 of the Code at the same time.

7.4 Under the terms of the irrevocable undertakings, the Betfair Directors may dispose of, transfer or otherwise deal in Betfair Shares where the purpose of such disposal, transfer or dealing is to meet any liability in respect of income tax or national insurance contributions arising from the exercise or vesting of options and/or awards over Betfair Shares.

8. Betfair Directors' service agreements and emoluments

8.1 The Betfair Directors commenced their appointment as a Betfair Director on the following dates:

- (a) Gerald Corbett: initial appointment on 3 January 2012 and commencement of current term on 3 January 2015
- (b) Breon Corcoran: 1 August 2012
- (c) Alex Gersh: 3 December 2012
- (d) Mark Brooker: 1 June 2015
- (e) Zillah Byng-Maddick: 5 September 2013
- (f) Ian Dyson: initial appointment on 1 February 2010 and commencement of current term on 6 October 2013
- (g) Peter Jackson: 24 April 2013
- (h) Leo Quinn: 5 March 2014
- (i) Peter Rigby: 1 April 2014.

Save as set out in paragraphs 8.2 and 8.3 below, there are no existing or proposed service agreements or letters of appointment between the Betfair Directors and any member of the Betfair Group, and no such contract has been entered into or amended in the six months prior to the date of this document.

8.2 Executive Directors

- (a) Breon Corcoran was appointed Chief Executive Officer on 1 August 2012 pursuant to a service agreement entered into with Betfair and receives a salary of £530,450 per annum. Alex Gersh was appointed Chief Financial Officer on 3 December 2012 pursuant to a service agreement entered into with Betfair and receives a salary of £400,000 per annum. Mark Brooker was appointed Chief Operating Officer on 1 June 2015 pursuant to a service agreement entered into with TSE Data Processing Limited (*TSE*). He receives a salary of £350,000 per annum. He is also entitled to tax equalisation benefits if the total amount of taxation payable by him in connection with his employment and/or its termination exceeds that which would have been payable if such payments were subject to tax only in the UK. Mark Brooker does not receive any additional salary, fee or other remuneration in his capacity as a Betfair Director under the appointment agreement he has entered into with Betfair.
- (b) Each of Breon Corcoran, Alex Gersh and Mark Brooker are also eligible to participate in the Betfair Deferred Share Incentive Plan, the Betfair Long Term Incentive Plan and the Betfair Sharesave Plan or the Betfair Irish Sharesave Plan (as applicable).
- (c) Breon Corcoran receives an amount equal to 15% of his salary in lieu of pension contributions. Alex Gersh has a contribution equal to 10% of his salary paid into the Betfair Group's pension scheme. Mark Brooker receives an amount equal to 10% of his salary in lieu of pension contributions.
- (d) Each Executive Director also receives life assurance, private medical insurance, income protection and critical illness cover.

- (e) Each Executive Director’s service agreement is terminable on 12 months’ notice given by either party. Each Executive Director’s service agreement contains a provision entitling Betfair as the employer in the case of Breon Corcoran and Alex Gersh, and TSE as the employer in the case of Mark Brooker, to terminate the Executive Director’s employment by payment of a cash sum in lieu of notice equal to the base salary that would have been payable during the notice period or any expired part of the notice period. The payment in lieu of notice can be paid, at Betfair’s or TSE’s discretion (as applicable), as a lump sum or in monthly instalments over the notice period or any expired part of the notice period. There is a mechanism in each Executive Director’s service agreement to reduce the payment in lieu of notice if the director commences alternative employment while any instalments remain payable from which he receives an annual salary of more than £50,000. In addition, all of the Betfair Share Schemes contain provisions relating to termination of employment and any share awards held by a director on termination will be governed by the rules of the relevant plan.
- (f) Each Executive Director is eligible for an annual bonus (with a maximum bonus opportunity of 180% of his annual salary). Any bonus is discretionary and subject to the achievement of a combination of financial and strategic performance measures and personal measures. Any such bonus will be paid two thirds in cash and one third on a deferred basis in the form of a share award under the Betfair Deferred Share Incentive Plan which will vest as to 50% of the underlying Betfair Shares after one year from the date of grant, and as to 50% after two years.
- (g) Each Executive Director is entitled to 25 working days’ paid holiday per calendar year in addition to bank and public holidays. Mark Brooker is entitled to an additional 7 working days’ paid holiday per calendar year for so long as his employment is based in Ireland.
- (h) Each Executive Director is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation and non-hiring restrictive covenants for a period of 12 months after the termination of his employment.
- (i) Each Executive Director has the benefit of a qualifying third party indemnity from Betfair (the terms of which are in accordance with the Companies Act).
- (j) Breon Corcoran and Alex Gersh have entered into new service agreements with Betfair Limited in relation to their appointments as Chief Executive Officer and Chief Financial Officer, respectively, of the Combined Group, and separate letters of appointment with Paddy Power Betfair in relation to their appointments as directors of the Combined Group. The new service agreements and letters of appointment will take effect on and from the Effective Date, conditional on Completion occurring. Details of these arrangements are set out at paragraph 8 of Part II (*Explanatory Statement*) above.

8.3 Non-Executive Directors

- (a) Gerald Corbett is entitled to receive an annual fee of £250,000 as Chairman. He was first appointed as Chairman on 6 March 2012. His current appointment as Chairman commenced on 3 January 2015 and continues for an initial period of three years from the date of the annual general meeting following 3 January 2015, subject to annual re-election. His appointment is terminable by either party giving to the other three months’ prior written notice or at any time in accordance with Betfair’s articles of association or the Companies Act.
- (b) The appointment of each of the other Non-Executive Directors begins on their date of appointment and then continues for an initial period of three years from the date of the annual general meeting following the commencement date of the appointment, subject to annual re-election. The details of the current terms of appointment of the other Non-Executive Directors are as follows:

<u>Non-Executive Director</u>	<u>Start of current term</u>	<u>Expiry of current term</u>
Zillah Byng-Maddick	5 September 2013	4 September 2016
Ian Dyson	6 October 2013	5 October 2016
Peter Jackson	24 April 2013	23 April 2016
Leo Quinn	5 March 2014	4 March 2017
Peter Rigby	1 April 2014	31 March 2017

- (c) Each Non-Executive Director (other than the Chairman) is entitled to receive an annual fee as follows:
- Zillah Byng-Maddick: £50,000
 - Ian Dyson: £75,000 (which includes additional fees of £10,000 as Senior Independent Director and £15,000 as Chairman of the Audit Committee)
 - Peter Jackson: £50,000
 - Leo Quinn: £60,000 (which includes an additional fee of £10,000 as Chairman of the Remuneration Committee)
 - Peter Rigby: £50,000
- (d) The appointment of each Non-Executive Director may be terminated on one month's prior written notice or at any time in accordance with Betfair's articles of association or the Companies Act.
- (e) The Chairman and the Non-Executive Directors are entitled to reimbursement of reasonable expenses.
- (f) The Chairman and Non-Executive Directors are not entitled to receive any compensation on termination of their appointment (other than accrued fees and expenses), nor are they entitled to participate in the Betfair Group's share, bonus or pension schemes.
- (g) Each of the Chairman and the Non-Executive Directors has the benefit of a qualifying third party indemnity from Betfair (the terms of which are in accordance with the Companies Act).
- (h) The Chairman and the Non-Executive Directors are subject to confidentiality undertakings without limitation in time after the termination of his / her appointment.
- (i) The Chairman and the Non-Executive Directors are subject to confidentiality undertakings without limitation in time after the termination of his / her employment.
- (j) The board of Paddy Power Betfair will include Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby as non-executive directors appointed from Betfair. Each of Zillah Byng-Maddick, Ian Dyson, Peter Jackson and Peter Rigby have entered into new appointment letters with Paddy Power Betfair in relation to their appointments in relation to the Combined Group. The new letters of appointment will take effect on and from the Effective Date, conditional on Completion occurring. Details of these arrangements are set out at paragraph 8 of Part II (*Explanatory Statement*) above.

9. Material contracts

9.1 Betfair

Bank Guarantee Agreement

The Sporting Exchange Limited (*TSEL*) and National Westminster Bank plc (acting through The Royal Bank of Scotland plc (the *Bank*)), entered into a guarantee agreement (the ***Bank Guarantee Agreement***) dated 18 November 2014, under which TSEL may request the Bank to issue guarantees on behalf of itself or any of its subsidiaries as listed in Schedule 1 of the Bank Guarantee Agreement for general business purposes, up to a limit of £20 million.

Acquisition agreement in relation to acquisition of HRTV (now known as TVG2)

TSE US Holdings LLC entered into an acquisition agreement dated 17 February 2015 pursuant to which it acquired the HRTV horseracing television network from the Stronach Group. The television operations of HRTV have been combined with Betfair's TVG network. TSE US Holdings LLC owns 100% of the equity in the unified television platform. As part of the acquisition, TVG acquired broadcast rights to all races from Santa Anita, Gulfstream Park, Pimlico, Golden Gate Fields and Laurel Park for a term of seven years.

TSE US Holdings LLC made an initial payment of \$25.6 million and estimates that it will pay further consideration with a fair value totalling \$30.9 million over the seven-year period, although the total consideration is dependent upon TVG's future performance.

9.2 Paddy Power

Revolving Credit Facility Agreement

Paddy Power and certain of its subsidiaries entered into a €300 million revolving credit facility agreement dated 18 May 2015 with Barclays Bank PLC as co-ordinating arranger, Barclays Bank PLC and Lloyds Bank PLC as mandated lead arrangers, Lloyds Bank plc as agent and the financial institutions specified therein as original lenders (the ***Facility Agreement***). The revolving credit facility was made available for a term of five years to fund general corporate purposes of the Paddy Power Group.

The Facility Agreement contains customary representations, undertakings, events of default and prepayment events. Financial covenants apply and are tested twice yearly. Interest is payable at the end of each interest period in respect of the amounts then drawn under the Facility Agreement and is calculated as the aggregate of a margin plus EURIBOR (in the case of a loan in euro), BBSY Bid (in the case of a loan in Australian dollars) or LIBOR. The margin is subject to a margin ratchet based on the ratio of consolidated net borrowings of the Paddy Power Group to consolidated EBITDA of the Paddy Power Group. Commitment fees are chargeable in respect of undrawn commitments and the fee is based on a percentage of the applicable margin. Default interest is chargeable in respect of amounts due but unpaid, as is customary.

10. Offer-related arrangements

10.1 Confidentiality Agreement

Paddy Power and Betfair have entered into a mutual Confidentiality Agreement dated 18 August 2015 pursuant to which each of Paddy Power and Betfair has undertaken to keep certain information relating to the Merger and the other party confidential and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation. These confidentiality obligations will remain in force until Completion.

10.2 Co-operation Agreement

Paddy Power and Betfair have entered into a Co-operation Agreement dated 8 September 2015 in connection with the Merger.

Pursuant to the Co-operation Agreement, Paddy Power and Betfair have agreed to co-operate with each other and to each use reasonable endeavours to secure the regulatory clearances and authorisations necessary to satisfy certain of the Conditions, including by accepting the imposition of, or offering, undertakings or commitments by or to the relevant authorities that are acceptable to both Paddy Power and Betfair.

Paddy Power and Betfair have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to such regulatory clearances and authorisations.

Paddy Power or Betfair may terminate the Co-operation Agreement if the Scheme has not become effective by 30 June 2016, the consummation of the Merger becomes illegal or otherwise prohibited, the Betfair Resolutions which are necessary to implement the Merger are not approved at the General Meeting, the Paddy Power Resolutions which are necessary to implement the Merger are not approved at the Paddy Power Extraordinary General Meeting or the Scheme or Merger Offer, as the case may be, is withdrawn or lapses before the specified date.

Paddy Power has the right to terminate the Co-operation Agreement if the Betfair Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Paddy Power or fails to publicly reaffirm, its recommendation of the Merger until such time as the Betfair Resolutions which are necessary to implement the Merger have been approved or if the Betfair Board or a committee thereof approves or recommends a disposal of certain assets or shares or certain other transactions. Betfair has the right to terminate the Co-operation Agreement if the Paddy Power Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Betfair or fails to publicly reaffirm, its recommendation of the Merger until such time as the Paddy Power Resolutions which are necessary to implement the Merger have been approved or if the Paddy Power Board or a committee thereof approves or recommends a disposal of certain assets or shares or certain other transactions.

11. Significant change

11.1 There has been no significant change in the financial or trading position of the Betfair Group since 31 October 2015, being the date to which Betfair's last published interim accounts were prepared.

11.2 There has been no significant change in the financial or trading position of the Paddy Power Group since 30 June 2015, being the date to which Paddy Power's last published interim accounts were prepared.

12. Sources of information and bases of calculation

In this document, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- (a) the value of the Merger is calculated on the basis of the issued share capital of Betfair as set out in paragraph 12(c) below;
- (b) historical Paddy Power and Betfair share prices are sourced from the Daily Official List of the London Stock Exchange and the Irish Stock Exchange (as the case may be) and represent closing middle market prices for Betfair Shares and Paddy Power Shares on the relevant date(s);
- (c) as at the close of business (London time) on 25 November 2015, being the latest practicable date prior to the date of this document, Betfair had 92,955,412 ordinary shares of 0.095 pence each in issue and Paddy Power had 44,054,597 ordinary shares of €0.09 each in issue;
- (d) references to a percentage of Betfair Shares are based on the number of Betfair Shares in issue as set out at paragraph 12(c) above;
- (e) financial information on Betfair is extracted from Betfair's audited consolidated financial statements for the year ended 30 April 2015 and from Betfair's internal records;
- (f) the percentage of the Combined Group that Betfair Shareholders will hold upon completion of the Merger is calculated on the basis of:
 - (i) the issued ordinary share capital of Betfair referred to in paragraph 12(c) above; and
 - (ii) the issued ordinary share capital of Paddy Power referred to in paragraph 12(c) above;
- (g) other information relating to the Betfair Group has been extracted from published sources and provided by persons duly authorised by Betfair;
- (h) information relating to Paddy Power and its subsidiary undertakings has been provided by Paddy Power; and
- (i) as at 25 November 2015 (being the latest practicable date prior to the date of this document) Betfair did not hold any Betfair Shares in treasury.

13. Other information

13.1 The aggregate fees and expenses expected to be incurred by Betfair in connection with the Merger and during the Offer Period (excluding any applicable VAT) are expected to be:

<u>Category</u>	<u>Amount (excluding applicable VAT)</u>
Financial and corporate broking advice	approximately £11.5 million
Legal advice	approximately £3.35 million
Accounting advice	approximately £250,000
Public relations advice	approximately £20,000
Other professional services	approximately £70,000
Other costs and expenses	approximately £170,000
Total	approximately £15,360,000

13.2 The aggregate fees and expenses expected to be incurred by Paddy Power in connection with the Merger and during the Offer Period (excluding any applicable VAT) are expected to be:

<u>Category</u>	<u>Amount (excluding applicable VAT)</u>
Financial and corporate broking advice	approximately €13.0 million
Legal advice	approximately €3.2 million
Accounting advice	approximately €300,000
Public relations advice	approximately €100,000
Other professional services	approximately €500,000
Other costs and expenses	approximately €100,000
Total	approximately €17.2 million

13.3 Save as disclosed in this document, the emoluments of the Paddy Power Directors and the Betfair Directors will not be affected by the Merger or any other associated transaction.

13.4 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between Paddy Power or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Betfair, or any person interested or recently interested in Betfair Shares, having any connection with or dependence on or which is conditional upon the outcome of the Merger.

13.5 Save for the irrevocable undertakings described in paragraph 6 above of this Part VI (*Additional Information*), there are no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the Code which exist between Paddy Power, or any person acting in concert with Paddy Power, and any other person or between Betfair, or any person acting in concert with Betfair, and any other person.

13.6 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Betfair Shares to be acquired by Paddy Power will be transferred to any other person, save that Paddy Power reserves the right to transfer any such shares to any member of the Paddy Power Group.

14. Consents

Goldman Sachs has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

Morgan Stanley has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

KPMG has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

IBI Corporate Finance has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

Goodbody has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

15. Documents published on a website

Copies of the following documents will be available for viewing on Betfair’s website at <http://corporate.betfair.com>, on Paddy Power’s website at www.paddypowerplc.com and also available for inspection at the offices of Betfair during usual business hours on Monday to Friday of each week (UK public holidays excepted) in each case, up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- (a) this document;
- (b) the Announcement;
- (c) the memorandum and articles of association of each of Paddy Power and Betfair;
- (d) the proposed amended articles of association by Betfair;

- (e) Betfair's Annual Report and Accounts for the financial years ended 30 April 2013, 30 April 2014 and 30 April 2015;
- (f) Paddy Power's Annual Report and Accounts for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014;
- (g) the irrevocable undertakings referred to in paragraph 7 above;
- (h) the Rule 15 Letters;
- (i) the offer-related arrangements referred to in paragraph 10 above;
- (j) the written consents referred to in paragraph 14 above; and
- (k) the Paddy Power Circular and Paddy Power Betfair Prospectus.

**PART VII
DEFINITIONS**

<i>£, GBP, pence or p</i>	the lawful currency of the UK
<i>€ or Euro</i>	the lawful currency of the European Union
<i>Admission</i>	the New Paddy Power Betfair Shares being admitted to: (i) listing on the premium listing segment of the Official List of the FCA and to the secondary listing segment of the Official List of the Irish Stock Exchange as an overseas company; and (ii) trading on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market
<i>Announcement</i>	the announcement made on 8 September 2015 pursuant to Rule 2.7 of the Code
<i>Authorisations</i>	authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals
<i>Betfair</i>	Betfair Group plc, incorporated in England and Wales with registered number 06489716
<i>Betfair Annual Report and Accounts</i>	the annual report and audited financial statements of Betfair for the year ended 30 April 2015
<i>Betfair Approved Company Share Option Plan</i>	means the approved company share option plan approved by HMRC under reference X102736 and amended by way of resolution of the Betfair Board on 6 October 2010 and subsequently amended by resolution of the Betfair Remuneration Committee
<i>Betfair's Betting Exchange</i>	the Betfair betting exchange, which is based on the concepts and systems underpinning an order-based stock exchange model and which enables Betfair customers to bet at odds sought by themselves or offered by other customers instead of against a traditional bookmaker
<i>Betfair Closing Dividend</i>	has the meaning given in paragraph 7 of Part I (<i>Letter from the Chairman of Betfair</i>)
<i>Betfair Deferred Share Incentive Plan</i>	the deferred share incentive plan adopted on 12 November 2012 by the Betfair Board subsequent to a resolution of the Betfair Shareholders on 11 September 2012, including the 2010 Equity US Subplan to the DSIP for US employees
<i>Betfair Directors or Betfair Board or Board of Betfair</i>	the board of directors of Betfair at the date of this document
<i>Betfair Group</i>	Betfair and its subsidiary undertakings and associated undertakings and, where the context permits, each of them
<i>Betfair Interim Dividend</i>	has the meaning given in paragraph 7 of Part I (<i>Letter from the Chairman of Betfair</i>)
<i>Betfair Irish Sharesave Plan</i>	the BETsave Ireland Savings-Related Share Option Scheme approved by the Revenue Commissioner on 17 July 2013 and 15 October 2014
<i>Betfair Long Term Incentive Plan</i>	means the 2009 long term incentive plan approved by resolution of the Betfair Board on 6 October 2010 and amended on 11 September 2012 and 6 March 2013, including the 2010 Equity US Subplan to the Long Term Incentive Plan for US employees

<i>Betfair Management Incentive Plan</i> . . .	means the management incentive plan approved by resolution of the Betfair Board on 12 August 2009 and amended by way of resolution of the Betfair Board on 6 October 2010
<i>Betfair Option Agreement</i>	means the option agreement entered into between Betfair and Breon Corcoran dated 9 January 2015
<i>Betfair Remuneration Committee</i>	the current remuneration committee of Betfair
<i>Betfair Resolutions</i>	the resolutions to be proposed by Betfair at the General Meeting in connection with, amongst other things, the approval of the Scheme and the amendment of Betfair's articles of association
<i>Betfair Restricted Share Awards Plan</i> . .	the Betfair Group 2011 restricted share awards plan
<i>Betfair Shareholders</i>	holders of Betfair Shares from time to time
<i>Betfair Shares or Scheme Shares</i>	ordinary shares of 0.095 pence each in the capital of Betfair: <ul style="list-style-type: none"> (a) in issue at the date of this document; (b) (if any) issued after the date of this document and on or prior to the Voting Record Time; and (c) (if any) issued after the Voting Record Time and on or prior to the Scheme Record Time in respect of which the original or any subsequent holders thereof shall by such time have agreed in writing to be bound by the Scheme
<i>Betfair Sharesave Plan</i>	means the sharesave plan approved by HMRC under reference SRS102735, as amended on 8 October 2014, including the schedules relating to option holders in each of Gibraltar, Italy, Malta, Portugal and Romania
<i>Betfair Share Schemes</i>	the share option and incentive schemes operated by the Betfair Group
<i>Betfair Stakeholder Plan</i>	means the stakeholder plan approved by the Betfair Board in July 2010
<i>Betfair Unapproved Share Option Plan</i> .	means the unapproved share option plan as amended by way of resolution of the Betfair Board on 6 October 2010, including the 2010 Equity US Subplan to the Betfair Group Limited Unapproved Share Option Plan 2009 for US employees
<i>Boards</i>	the Board of Directors of Paddy Power, Betfair or Paddy Power Betfair (as appropriate)
<i>Business Day</i>	a day (other than Saturdays, Sundays and public holidays in the UK), on which banks are open for business in the City of London
<i>CCPC</i>	the Competition and Consumer Protection Commission, an Irish statutory body established under the Competition and Consumer Protection Act 2014
<i>CMA</i>	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013
<i>Code</i>	the City Code on Takeovers and Mergers in the UK
<i>Combined Group</i>	the enlarged group following the Merger, comprising the Paddy Power Group and the Betfair Group
<i>Companies Act</i>	the Companies Act 2006, as amended
<i>Completion</i>	the date upon which the Merger becomes Effective
<i>Computershare</i>	Computershare Investor Services PLC

Conditions	the conditions of the Merger as set out in Part III (<i>Conditions to and certain further terms of the Scheme and to the Merger</i>) to this document
Confidentiality Agreement	the mutual confidentiality agreement entered into by Paddy Power and Betfair dated 18 August 2015
Co-operation Agreement	the co-operation agreement entered into by Paddy Power and Betfair dated 8 September 2015 in connection with the Merger
Court	the High Court of Justice in England and Wales
Court Hearing	the hearing by the Court to sanction the Scheme
Court Meeting	the meeting or meetings of the Betfair Shareholders as may be convened pursuant to an order of the Court under section 896 of the Companies Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment approved or imposed by the Court and agreed to by Paddy Power and Betfair) including any adjournment, postponement or reconvention of any such meeting, notice of which is contained in this document
Court Order	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
Daily Official List	the daily official list of the London Stock Exchange or the Irish Stock Exchange (as appropriate)
Dealing Disclosure	as defined in Rule 8 of the Code
Disclosure and Transparency Rules	the Disclosure and Transparency Rules of the FCA in its capacity as the UK Listing Authority under FSMA and contained in the UK Listing Authority's publication of the same name
Effective	the Scheme having become effective pursuant to its terms or, if the Merger is implemented by way of a Merger Offer, the Merger Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Code
Effective Date	the date upon which the Scheme becomes Effective in accordance with its terms
Effective Time	8.00 a.m. on the Effective Date
Exchange Ratio	0.4254 New Paddy Power Betfair Shares for each Betfair Share held
Executive Director	a Betfair Director that is an executive director
Fairly Disclosed	the information which has been fairly disclosed by or on behalf of Betfair: (i) in writing prior to the date of this document by or on behalf of Betfair to Paddy Power or Paddy Power's financial, accounting, tax or legal advisers (specifically as Paddy Power's advisers in relation to the Merger); (ii) in the Betfair Annual Report and Accounts; (iii) in a public announcement made in accordance with the Disclosure and Transparency Rules by Betfair after 30 April 2015 and prior to the date of this document; (iv) in the Announcement; or (v) in this document

<i>FCA or Financial Conduct Authority</i> . . .	the UK Financial Conduct Authority or its successor from time to time
<i>Forms of Proxy</i>	the form of proxy in connection with each of the Court Meeting and the General Meeting, which accompany this document
<i>FSMA</i>	Financial Services and Markets Act 2000
<i>General Meeting</i>	the general meeting of Betfair Shareholders to be convened in connection with the Scheme to consider, and if thought fit pass, <i>inter alia</i> , the Betfair Resolutions, including any adjournment thereof
<i>Goldman Sachs</i>	Goldman Sachs International
<i>Goodbody</i>	Goodbody Stockbrokers
<i>HMRC</i>	HM Revenue and Customs
<i>HRTV</i>	the US horseracing television network now known as TVG2
<i>IBI Corporate Finance</i>	IBI Corporate Finance Limited
<i>ICA</i>	the Irish Competition Act 2002
<i>Irish Stock Exchange</i>	Irish Stock Exchange plc
<i>KPMG</i>	KPMG LLP
<i>Listing Rules</i>	the rules and regulations made by the FCA under Part VI of the FSMA, and contained in the UK Listing Authority's publication of the same name and/or the Listing Rules of the Irish Stock Exchange, as the case may be
<i>London Stock Exchange</i>	London Stock Exchange plc
<i>Long Stop Date</i>	30 June 2016 or such later date as Paddy Power and Betfair may agree in writing, with the Panel's consent and the Court may approve (if such consent and/or approval is required)
<i>Meetings</i>	the Court Meeting and the General Meeting
<i>Merger</i>	the proposed acquisition of the entire issued and to be issued share capital of Betfair by Paddy Power
<i>Merger Offer</i>	in the event that the Merger is to be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the takeover offer to be made by or on behalf of Paddy Power to acquire the entire issued and to be issued share capital of Betfair and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<i>Morgan Stanley</i>	Morgan Stanley & Co. International plc
<i>New Paddy Power Betfair Shares</i>	the new ordinary shares of €0.09 each in the capital of Paddy Power Betfair to be issued credited as fully paid to Betfair Shareholders pursuant to the Merger
<i>Non-Executive Director</i>	a Betfair Director that is a non-executive director
<i>Non-US Accounting Standards</i>	international financial reporting standards, UK generally accepted accounting practice and/or generally accepted accounting practice in Ireland
<i>Offer Period</i>	as defined in the Code
<i>Official List</i>	the Official List of the FCA or the Official List of the Irish Stock Exchange (as applicable)
<i>Opening Position Disclosure</i>	as defined in Rule 8 of the Code

Ordinary Shares	the ordinary shares of €0.09 each in the capital of Paddy Power which, following Admission, will comprise the Paddy Power Shares and the New Paddy Power Betfair Shares;
Overseas Shareholders	Betfair Shareholders whose registered addresses are outside of the UK or US or who are citizens, nationals or residents of countries other than the UK or US
Paddy Power	Paddy Power plc, incorporated in Ireland with registered number 16956
Paddy Power 2015 Dividend	has the meaning given in paragraph 7 of Part I (<i>Letter from the Chairman of Betfair</i>)
Paddy Power Betfair	the parent company of the Combined Group from the Effective Date (being Paddy Power plc, proposed to be re-named Paddy Power Betfair plc)
Paddy Power Betfair Board	the proposed board of directors of Paddy Power Betfair, further details of which are set out in this document
Paddy Power Betfair Deferred Share Incentive Plan	the deferred share incentive plan proposed to be adopted by Paddy Power subject to Paddy Power Shareholder approval at the Paddy Power Extraordinary General Meeting, as further described in the Paddy Power Circular
Paddy Power Betfair Directors	the board of directors of Paddy Power Betfair following Completion
Paddy Power Betfair Long Term Incentive Plan	the long term incentive plan proposed to be adopted by Paddy Power subject to Paddy Power Shareholder approval at the Paddy Power Extraordinary General Meeting, as further described in the Paddy Power Circular
Paddy Power Betfair Prospectus	the prospectus published with this Scheme Document by Paddy Power in connection with the issue of the New Paddy Power Betfair Shares
Paddy Power Betfair Remuneration Committee	the proposed remuneration committee of Paddy Power Betfair
Paddy Power Betfair Shareholders	holders of shares in Paddy Power Betfair from time to time
Paddy Power Circular	the circular to be sent by Paddy Power to Paddy Power Shareholders summarising the background to and reasons for the Merger, which will include a notice convening the Paddy Power Extraordinary General Meeting
Paddy Power Closing Dividend	has the meaning given in paragraph 7 of Part I (<i>Letter from the Chairman of Betfair</i>)
Paddy Power Directors or Directors of Paddy Power or Paddy Power Board	the board of directors of Paddy Power at the date of this document
Paddy Power Extraordinary General Meeting	the extraordinary general meeting of Paddy Power Shareholders to be convened in connection with the Merger to consider and if thought fit pass, amongst other things, the Paddy Power Resolutions, including any adjournment thereof
Paddy Power Group	Paddy Power and its subsidiary undertakings and associated undertakings and, where the context permits, each of them

<i>Paddy Power Resolutions</i>	the resolutions to be proposed at the Paddy Power Extraordinary General Meeting in connection with the Merger, including, <i>inter alia</i> , resolutions to: (i) approve the Merger; and (ii) authorise the issuance of the New Paddy Power Betfair Shares as set out in the notice of meeting in the Paddy Power Circular
<i>Paddy Power Shareholders</i>	holders of Paddy Power Shares from time to time
<i>Paddy Power Shares</i>	fully paid-up ordinary shares of €0.09 each in the capital of Paddy Power
<i>Paddy Power Share Schemes</i>	the share option and incentive schemes operated by the Paddy Power Group
<i>Panel</i>	the Panel on Takeovers and Mergers
<i>Phase 2 CMA Reference</i>	a reference by the CMA to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<i>Registrar of Companies</i>	the Registrar of Companies in England and Wales
<i>Regulatory Information Service</i>	any of the services set out in Appendix III to the Listing Rules
<i>Restricted Jurisdiction</i>	any jurisdiction where local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to Betfair Shareholders in that jurisdiction (for the avoidance of doubt, the US is not a Restricted Jurisdiction)
<i>Rule 15 Letters</i>	letters to be sent to holders of options and awards under the Betfair Scheme Shares in accordance with Rule 15 of the Code
<i>Scheme</i>	the proposed scheme of arrangement under Part 26 of the Companies Act between Betfair and the Betfair Shareholders in connection with the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Paddy Power and Betfair
<i>Scheme Record Time</i>	6.00 p.m. on the Business Day immediately before the Effective Date
<i>SEC</i>	the US Securities and Exchange Commission
<i>Significant Interest</i>	in relation to an undertaking, a direct or indirect interest of 20% or more of: (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking; or (ii) the relevant partnership interest
<i>Special Dividend</i>	the special dividend of €80 million described in paragraph 2 of Part I (<i>Letter from the Chairman of Betfair</i>) of this document
<i>Third Party</i>	has the meaning given in Condition (j) in Part III (<i>Conditions to and certain further terms of the Scheme and to the Merger</i>)
<i>TSEL</i>	The Sporting Exchange Limited
<i>TVG</i>	Betfair's US online horseracing advanced deposit wagering business
<i>UK</i>	United Kingdom of Great Britain and Northern Ireland
<i>UK Gambling Act</i>	the UK Gambling Act 2005
<i>UK Listing Authority</i>	the FCA acting for the purposes of Part VI of FSMA
<i>UKGC</i>	the Gambling Commission established under the UK Gambling Act to regulate commercial gambling in the UK

<i>uncertificated or in uncertificated form</i>	. a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST
<i>Uncertificated Securities Regulations</i> Uncertificated Securities Regulations 2001 (SI 2001/3755)
<i>US</i> United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<i>US Exchange Act</i> the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
<i>US Securities Act</i> the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
<i>Voting Record Time</i> 6.00 p.m. on the date which is two Business Days immediately prior to the date of the Meetings or, if either meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting
<i>Wider Betfair Group</i> Betfair and its subsidiaries, subsidiary undertakings and any other body corporate, partnership, joint venture or person in which Betfair and all such undertakings (aggregating their interests) have a Significant Interest
<i>Wider Paddy Power Group</i> Paddy Power and its subsidiaries, subsidiary undertakings and any other body corporate, partnership, joint venture or person in which Paddy Power and all such undertakings (aggregating their interests) have a Significant Interest

For the purposes of this document, *subsidiary*, *subsidiary undertaking*, *undertaking* and *associated undertaking* have the respective meanings given by the Companies Act (but for these purposes ignoring paragraph 20(1)(b) of Schedule 4A to the Companies Act).

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom. All references to time in this document are to London time unless otherwise stated.

PART VIII
NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. CR-2015-8907

Registrar Baister

IN THE MATTER OF BETFAIR GROUP PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE

NOTICE IS HEREBY GIVEN that, by an order dated 19 November 2015 made in the above matters, the Court has granted permission for a meeting (the *Court Meeting*) to be convened of the holders of Betfair Shares (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between Betfair Group plc (the *Company*) and the holders of Betfair Shares (*Scheme of Arrangement*) and that such meeting will be held at the offices of Betfair at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, UK, on 21 December 2015 at 11.00 a.m. at which place and time all holders of Betfair Shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Betfair Shareholders (as defined in the Scheme of Arrangement) may vote in person at the Court Meeting or they may appoint another person as their proxy, to attend, speak and vote in their stead. A proxy need not be a member of the Company. A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. Alternatively, holders of Betfair Shares may appoint a proxy or proxies electronically following the instructions set out in the section, To Vote on the Merger, of this document. The Company's shareholders with Betfair Shares held through CREST may also appoint a proxy or proxies using CREST by following the instructions set out in the section, To Vote on the Merger, of this document. Completion and return of a Form of Proxy, or the appointment of proxies electronically or through CREST, will not preclude a holder of Betfair Shares from attending and voting in person at the Court Meeting, or any adjournment thereof.

Holders of Betfair Shares are entitled to appoint more than one proxy in respect of some or all of their Betfair Shares, provided each proxy is appointed to exercise rights attached to different shares. Holders of Betfair Shares may not appoint more than one proxy to exercise rights attached to one share. A space has been included in the blue Form of Proxy to allow Betfair Shareholders entitled to attend and vote at the Court Meeting to specify the number of Betfair Shares in respect of which that proxy is appointed. Betfair Shareholders who return a blue Form of Proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their holding of Betfair Shares.

Betfair Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact the Company's registrar, Computershare, for further Forms of Proxy or photocopy the Form of Proxy as required. Such Betfair Shareholders should also read the Form of Proxy in respect of the appointment of multiple proxies.

In the case of joint holders of Betfair Shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

It is requested that forms appointing proxies (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power of attorney) be lodged with the Company's registrar, Computershare, at the address stated therein, or through CREST or electronically, as soon as possible and, in any event, so as to be registered or received by no later than 11.00 a.m. on 17 December 2015 (or, if the Court Meeting is adjourned, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)). If the forms are

not so returned, they may be handed: (i) to Betfair's registrar, Computershare, on behalf of the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting; or (ii) to the Chairman of the Court Meeting at the Court Meeting.

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Court Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company as at 6.00 p.m. on the date which is two Business Days (as defined in the Scheme of Arrangement) prior to the date of the Court Meeting, or if the Court Meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting. Changes to the Register of Members after such time will be disregarded.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the Court Meeting (excluding any day that is not a Business Day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

By the said order, the Court has appointed Gerald Corbett or failing him, any director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 27 November 2015

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
(Ref: OCSL/VB/162067:0002)

Solicitors for the Company

Notes:

1. The statement of rights of Betfair Shareholders (as defined in the Scheme of Arrangement referred to above) in relation to the appointment of proxies described in this Notice of Court Meeting does not apply to nominated persons. Such rights can only be exercised by Betfair Shareholders.
2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a *nominated person*) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

PART IX
NOTICE OF GENERAL MEETING
BETFAIR GROUP PLC (the *Company*)
(Company number 06489716)
NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Company will be held at the offices of Betfair at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, UK on 21 December 2015 at 11.15 a.m. (or as soon thereafter as the Court Meeting (as defined in the Scheme as referred to in the resolution set out below) convened for 11.00 a.m. on the same day and at the same place, by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT for the purpose of giving effect to the scheme of arrangement between the Company and the holders of the Scheme Shares (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition as may be agreed between the Company and Paddy Power plc (*Paddy Power*) and approved or imposed by the Court (the *Scheme*):

- (a) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect;
- (b) the articles of association of the Company be and are hereby amended by: (i) the removal of articles 221–243 (inclusive); and (ii) the adoption and inclusion of the following new articles 48A to 48H after article 48, such amendment to take place with immediate effect:

48.A In Articles 48.A to 48.F (inclusive) (the *Scheme Articles*), references to the “Scheme” are to the scheme of arrangement dated 27 November 2015 under Part 26 of the Act between the Company and the holders of Scheme Shares and as approved by the holders of the Scheme Shares at the meeting convened by the Court and as it may be modified or amended in accordance with its terms, and expressions defined in the Scheme shall have the same meanings in the Scheme Articles.

48.B Notwithstanding either any other provision of these Articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if the Company issues any ordinary shares (other than to Paddy Power plc (to be re-named Paddy Power Betfair plc) (*Paddy Power*) or its nominee(s)) on or prior to the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.

48.C Notwithstanding either any other provision of these Articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if any ordinary shares are issued to any person (other than Paddy Power or its nominee(s)) (the *New Member*) after the Scheme Record Time, such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) will, provided the Scheme shall have become effective, be obliged to immediately transfer all the ordinary shares held by the New Member (or any subsequent holder or any nominee of such New Member or such subsequent holder) (the *Disposal Shares*) to Paddy Power (and/or its nominee, as Paddy Power may direct) who shall be obliged to acquire all of the Disposal Shares in consideration of and conditional on the issue by or on behalf of Paddy Power to the New Member of such ordinary shares in Paddy Power equal to the number of ordinary shares in Paddy Power that the New Member would have been entitled to pursuant to the Scheme had each Disposal Share been a Betfair Share (the *New Paddy Power Betfair Shares*).

48.D On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the number of New Paddy Power Betfair Shares per Disposal Share to be issued under Article 48.C above shall be adjusted by the directors in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be fair and reasonable to the New Member to reflect such

reorganisation or alteration. References in the Scheme Articles to ordinary shares shall, following such adjustment, be construed accordingly.

48.E To give effect to any transfer required by the Scheme Articles, the Company may appoint any person as attorney for the New Member to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of Paddy Power and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Disposal Shares in Paddy Power and/or its nominees and pending such vesting to exercise all such rights to the Disposal Shares as Paddy Power may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of Paddy Power) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by Paddy Power. The Company may give good receipt for the purchase price of the Disposal Shares and, subject to receipt of a proper form of transfer, may register Paddy Power and/or its nominees as the holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares. Paddy Power shall send a share certificate (or if the New Member elects to hold the New Paddy Power Betfair Shares in uncertified form, make the appropriate instructions) in relation to the New Paddy Power Betfair Shares within 14 days of the date on which the Disposal Shares are issued to the New Member.

48.F If the Scheme shall not have become effective by the date referred to in paragraph 5 of the Scheme (or such later date, if any, as Paddy Power and the Company may agree and the Court and the Panel may allow, if such consent is required), the Scheme Articles shall be of no effect.

48.G Notwithstanding any other provision of these Articles, both the Company and the directors shall refuse to register the transfer of any shares effected between the Scheme Record Time and the Effective Date (other than to Paddy Power and/or its nominee pursuant to the Scheme).

48.H Notwithstanding any other provision of these Articles, both the Company and the directors may refuse to register the transfer of any ordinary shares other than as provided by the Scheme Articles; and

- (c) pursuant to section 97 of the Companies Act 2006, the Company be re-registered as a private limited company with the name “Betfair Group Limited” with effect from the date approved by the Registrar of Companies.

Dated 27 November 2015

By Order of the board of directors

Gerald Corbett

Chairman

Registered Office: Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP

Notes:

1. Only holders of ordinary shares of 0.095 pence in the capital of the Company are entitled to attend and vote at this General Meeting and may appoint a proxy to attend, speak and vote instead of them. A Betfair Shareholder (as defined in the Scheme) may appoint more than one proxy in relation to this General Meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A white Form of Proxy is enclosed for use at this meeting. To be valid, a completed Form of Proxy (and any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or other authority) must be returned so as to arrive at the offices of the Company's registrar, Computershare, at the address stated thereon, not later than 11.15 a.m. on 17 December 2015, (or, if this General Meeting is adjourned, by no later than the 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)).
3. A space has been included in the white Form of Proxy to allow Betfair Shareholders entitled to attend and vote at this General Meeting to specify by each proxy's name the number of Betfair Shares in respect of which that proxy is appointed. Betfair Shareholders who return a white Form of Proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their holding of Betfair Shares. Betfair Shareholders may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Betfair Shareholders may not appoint more than one proxy to exercise rights attached to one share. Betfair Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact the Company's registrar, Computershare, for further Forms of Proxy or photocopy the Form of Proxy as required.
4. Betfair Shareholders may register their proxy appointments electronically using their dedicated meeting control number and PIN, via www.investorcentre.co.uk/eproxy, where full details of the procedure are given. This address is given only for the filing of proxies for the General Meeting and not for any other purpose. If you choose to appoint a proxy electronically you will need your shareholder reference number which is printed on the white Form of Proxy. In order to be valid, such appointments and directions must be registered by no later than 11.15 a.m. on 17 December 2015 (in the case of the General Meeting) or, if the General Meeting is adjourned, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day). Betfair Shareholders are advised to read the terms and conditions of use carefully.
5. Betfair Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (participant ID 3RA50) not later than 11.15 a.m. on 17 December 2015, or if the General Meeting is adjourned, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a personal CREST member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall

be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations.
9. Completion and return of a Form of Proxy, or the appointment of proxies through CREST or electronically will not preclude a shareholder from attending and voting in person.
10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the General Meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company as at 6.00 p.m. on the date which is two Business Days prior to the date of the General Meeting, or if the meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for the adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
11. As at close of business on 25 November 2015 (being the latest practicable date for preparation of this notice) the Company's issued share capital consisted of 92,955,412 ordinary shares of 0.095 pence each. No ordinary shares were held in treasury. Therefore, total voting rights in the Company as at close of business on 25 November 2015 were 92,955,412.
12. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.
13. The statement of rights of Betfair Shareholders in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by Betfair Shareholders.
14. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a *nominated person*) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
15. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative is appointed over the same share.
16. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the General Meeting put by a member attending the General Meeting. However, members should note that no answer need be given in the following circumstances: (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information; (b) if the answer has already been given on a website in the form of an answer to a question; or (c) if it is undesirable in the interests in the Company or in the good order of the meeting that the question be answered.
17. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at <http://corporate.betfair.com/investor-relations>.
18. Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections may, subject to conditions, require the Company (i) to give, to members of the Company entitled to receive notice of the General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the General Meeting, and/or (ii) to include in the business to be dealt with at the General Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved, or a matter may properly be included in the business, unless one of the following applies: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any

enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious.

19. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
20. Certain items will not be permitted in the General Meeting. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items the Chairman of the General Meeting may specify. We reserve the right to confiscate these items for the duration of the General Meeting if they are used to record or otherwise disrupt the General Meeting.

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

