

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser immediately (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments) Regulations (Nos. 1 to 3) 2007 or, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the United Kingdom).**

This document (the “**Supplementary Prospectus**”), which has been prepared pursuant to regulation 51 of the Irish Prospectus Regulations, is supplemental to, and should be read in conjunction with, the prospectus published by Paddy Power on 30 November 2015 (the “**Original Prospectus**”). This Supplementary Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive, as amended. The Central Bank only approves this Supplementary Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the New Paddy Power Betfair Shares to be issued in connection with the Merger and admitted to trading on the regulated market of the Irish Stock Exchange and the regulated market of the London Stock Exchange. This Supplementary Prospectus has been made available to the public in Ireland in accordance with Part 8 of the Irish Prospectus Regulations by the same being made available, free of charge, in electronic form on Paddy Power’s corporate website (*www.paddypowerplc.com*). Paddy Power has requested that the Central Bank provides a certificate of approval and a copy of this Supplementary Prospectus to the competent authority in the United Kingdom.

Paddy Power and the Paddy Power Directors and the Proposed Directors accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge and belief of Paddy Power and the Paddy Power Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

You should read the whole of this Supplementary Prospectus, the Original Prospectus and the documents incorporated by reference into the Original Prospectus (a list of which is set out in the Section “*Documents Incorporated by Reference*” of the Original Prospectus) in their entirety. Your attention is specifically drawn to the risk factors set out in the Section “*Risk Factors*” of the Original Prospectus.

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**PADDY POWER PLC**

**(Proposed to be re-named Paddy Power Betfair plc)**

*(incorporated and registered in Ireland under the Companies Acts with registered number 16956)*

**SUPPLEMENTARY PROSPECTUS**

**Recommended all-share merger of  
Paddy Power plc and Betfair Group plc  
Proposed issue of up to 41,114,931 Ordinary Shares in  
Paddy Power Betfair in connection with the Merger  
Application for Admission of the New Paddy Power Betfair Shares**

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Prospective investors should rely only on the information contained in this Supplementary Prospectus, the Original Prospectus and the documents incorporated by reference into the Original Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Supplementary Prospectus and the Original Prospectus, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Supplementary Prospectus nor the Original Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of Paddy Power and Betfair taken as a whole since, or that the information contained in either this Supplementary Prospectus or the Original Prospectus is correct at any time subsequent to the date of this

Supplementary Prospectus (in the case of information in this Supplementary Prospectus) or the date of the Original Prospectus (in the case of information in the Original Prospectus, save as amended or updated by this Supplementary Prospectus), or that the information in them or incorporated by reference (in the case of the Original Prospectus) is correct as of any date subsequent to the date of this Supplementary Prospectus (in the case of information in this Supplementary Prospectus) or subject to the date of the Original Prospectus (in the case of information in the Original Prospectus, save as amended or updated by this Supplementary Prospectus). Paddy Power will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information. Neither the contents of this Supplementary Prospectus nor the Original Prospectus are to be construed as legal, financial or tax advice. Each recipient of this Supplementary Prospectus or the Original Prospectus should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice. None of Paddy Power, Morgan Stanley or any of their respective representatives, is making any representation to any prospective investor in the New Paddy Power Betfair Shares regarding the legality of an investment in the New Paddy Power Betfair Shares by such prospective investor under the laws applicable to such prospective investor.

This Supplementary Prospectus and the Original Prospectus have been prepared as a requirement of admission to trading on (i) the Main Securities Market of the Irish Stock Exchange (as required by Regulation 13 of the Irish Prospectus Regulations) and (ii) the main market of the London Stock Exchange (as required by Section 85(2) of FSMA), of the New Paddy Power Betfair Shares to be issued and allotted pursuant to the Merger. For the avoidance of doubt, the allotment of the New Paddy Power Betfair Shares will, if the Merger becomes effective, occur as a consequence of an order of the High Court of Justice in England and Wales and not in pursuance of any offer to sell or exchange or invitation to purchase, or the solicitation of an offer or invitation to purchase or subscribe for any securities or to become a member of Paddy Power.

Neither this Supplementary Prospectus nor the Original Prospectus constitutes an offer of, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this Supplementary Prospectus or the Original Prospectus in certain jurisdictions may be restricted by law. Other than in Ireland and the United Kingdom, no action has been or will be taken by Paddy Power to permit an issue of the Ordinary Shares or to permit the possession or distribution of this Supplementary Prospectus or the Original Prospectus (or any other issuing or publicity materials relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required. Neither this Supplementary Prospectus, the Original Prospectus, any advertisement nor any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplementary Prospectus or the Original Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violations of any such restrictions by any person.

Morgan Stanley, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom is acting as financial adviser and sponsor to Paddy Power and no one else in connection with the Merger. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Merger, the contents of this Supplementary Prospectus and/or the Original Prospectus or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Morgan Stanley by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Morgan Stanley and its affiliates, directors, officers, employees and advisers, accept no responsibility or liability whatsoever for, and do not make any representation or warranty, express or implied, as to the contents of this Supplementary Prospectus and/or the Original Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection with Paddy Power, Betfair, the Combined Group or the Merger (including, without limitation, under section 1349 of the Companies Act 2014, or Regulation 31 of the Irish Prospectus Regulations), and nothing in this Supplementary Prospectus and/or the Original Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Morgan Stanley accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplementary Prospectus and/or the Original Prospectus or any such statement.

IBI Corporate Finance, which is regulated by the Central Bank, is acting as financial adviser to Paddy Power and no one else in connection with the Merger. In connection with such matters, IBI Corporate Finance, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Merger, the contents of this Supplementary Prospectus and/or the Original Prospectus or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed by the Central Bank, IBI Corporate Finance and its affiliates, directors, officers, employees and advisers, accept no responsibility or liability whatsoever for, and do not make any representation or warranty, express or implied, as to the contents of this Supplementary Prospectus and/or the Original Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection with Paddy Power, Betfair, the Combined Group or the Merger (including, without limitation, under section 1349 of the Companies Act 2014, or Regulation 31 of the Irish Prospectus Regulations), and nothing in this Supplementary Prospectus and/or the Original Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. IBI Corporate Finance accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplementary Prospectus and/or the Original Prospectus or any such statement.

## **US Investors**

The Merger relates to the acquisition of shares of a UK company and is proposed to be effected 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 proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Merger is subject to the disclosure and other procedural requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules including with respect to withdrawal rights, offer timetable and settlement procedures. However, if Paddy Power were to elect to implement the Merger by means of a Merger Offer, such Merger Offer will be made in compliance with all applicable laws and regulations, including section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such a Merger Offer would be made in the United States by Paddy Power and no one else. In addition to any such Merger Offer, Paddy Power, certain affiliated companies and the 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 to be made they would be made outside the United States and would comply with applicable law, 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 and will be available on the London Stock Exchange website: [www.londonstockexchange.com](http://www.londonstockexchange.com).

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 United States. Accordingly, the New Paddy Power Betfair Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into or from the United States 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. Betfair Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of Paddy Power or Betfair prior to, or Paddy Power after, the Effective Date will be subject to certain US transfer restrictions relating to the New Paddy Power Betfair Shares received pursuant to the Merger. For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by section 3(a)(10), 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.

The receipt of New Paddy Power Betfair Shares pursuant to the Merger by a US Betfair Shareholder may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other, tax laws. Each Betfair Shareholder is urged to consult his independent professional adviser 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 United States, and some or all of their officers and directors may be residents of countries other than the United States. 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 judgement. US Betfair Shareholders should note that the New Paddy Power Betfair Shares will not be listed on a US securities exchange and Paddy Power Betfair will not be subject to the periodic reporting requirements of the US Exchange Act and will not be required to file any reports with the US Securities and Exchange Commission thereunder.

None of the securities referred to in this Supplementary Prospectus and/or the Original Prospectus have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Supplementary Prospectus and/or the Original Prospectus. Any representation to the contrary is a criminal offence in the United States.

Unless otherwise determined by Paddy Power or required by the Code, and permitted by applicable law and regulation, no person will be able to participate in the Merger, in, or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Supplementary Prospectus and/or the Original Prospectus and all documents relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Supplementary Prospectus and/or the Original Prospectus and all documents relating to the Merger (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of New Paddy Power Betfair Shares under the Merger to Betfair Shareholders who are not resident in Ireland or the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in Ireland or the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements.

Your attention is drawn to the Section "*Important Information*" of the Original Prospectus and, in particular, the sub-section "*Forward-looking Statements*" which should be read as applying to any "forward-looking statements" regarding the belief or current expectations of Paddy Power, Betfair, the Combined Group, the Paddy Power Directors and the Proposed Directors regarding the financial condition, results of operations and business and the transactions of Paddy Power, Betfair and the Combined Group described in this Supplementary Prospectus.

This Supplementary Prospectus is dated 18 December 2015.

## SUPPLEMENTARY INFORMATION TO THE ORIGINAL PROSPECTUS

### 1. Introduction

This document (the “**Supplementary Prospectus**”), which has been prepared pursuant to regulation 51 of the Irish Prospectus Regulations, is supplemental to, and should be read in conjunction with, the prospectus published by Paddy Power on 30 November 2015 (the “**Original Prospectus**”). Any statement contained in the Original Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in this Supplementary Prospectus modifies or supersedes such statement. Unless otherwise specified, capitalised terms in this Supplementary Prospectus have the meanings ascribed to them in the Original Prospectus.

### 2. Background to this Supplementary Prospectus

The Merger will result in Paddy Power Shareholders owning 52 per cent. of Paddy Power Betfair and Betfair Shareholders owning 48 per cent. of Paddy Power Betfair on a fully diluted basis taking into account existing share options and award schemes for both companies.

Under the terms of the Merger, Betfair Shareholders will be entitled to receive 0.4254 New Paddy Power Betfair Shares in exchange for each Betfair Share they hold.

The Original Prospectus provided for up to 39,542,456 New Paddy Power Betfair Shares to be issued to Betfair Shareholders as consideration for the Merger. Since the date of the Original Prospectus, there have been changes to the issued share capital of Betfair resulting from the exercise of share options in accordance with the Betfair Share Schemes, which would require an additional 7,705 New Paddy Power Betfair Shares to be issued and allotted to Betfair Shareholders on Completion (over and above the figure of 39,542,456 referred to in the Original Prospectus). Between the date of this Supplementary Prospectus and Completion, additional Betfair Shares may (subject to performance and other conditions being satisfied) be issued by Betfair under the terms of the Betfair Share Schemes.

Therefore, in aggregate, taking account of the Betfair Shares in issue at the date of the Supplementary Prospectus, and the maximum number of Betfair Shares that may be issued pursuant to the Betfair Share Schemes prior to Completion, up to 41,114,931 New Paddy Power Betfair Shares may be issued and allotted to satisfy the consideration due to Betfair Shareholders upon Completion. In order to meet the regulatory requirements for Admission of the New Paddy Power Betfair Shares to be issued to Betfair Shareholders on Completion, this Supplementary Prospectus has been published to supplement and update the Original Prospectus.

**For the avoidance of doubt, on Completion and in accordance with the terms of the Merger, Paddy Power Shareholders will own 52 per cent. of Paddy Power Betfair and Betfair Shareholders will own 48 per cent. of Paddy Power Betfair on a fully diluted basis. This takes into account all shares that have been or could be issued under the existing share options and award schemes for both companies. Accordingly, notwithstanding the issue of some or all of these further shares, the Exchange Ratio and economic terms of the Merger remain unchanged. The increase in the number of shares to be issued to Betfair Shareholders will not reduce Paddy Power Shareholders’ ownership of Paddy Power Betfair below 52 per cent.**

### 3. Amendments to the Original Prospectus

This Supplementary Prospectus modifies the Original Prospectus as follows:

- by the deletion of “up to 39,542,456 Ordinary Shares” from the cover page of the Original Prospectus and the insertion of “up to 41,114,931 Ordinary Shares” in its place;
- by the deletion of “IE00BWT64894” from section C.1 (*Type and class of securities*) of the Summary on page 12 of the Original Prospectus and the insertion of “IE00BWT6H894” in its place;
- by the deletion of “up to 39,542,456 New Paddy Power Betfair Shares” from section C.3 (*Number and nominal value of securities to be issued*) of the Summary on page 12 of the Original Prospectus and the insertion of “up to 41,114,931 New Paddy Power Betfair Shares” in its place;

- by the deletion of “83,597,053 Ordinary Shares” from section C.3 (*Number and nominal value of securities to be issued*) of the Summary on page 12 of the Original Prospectus and the insertion of “up to 85,169,528 Ordinary Shares” in its place;
- by the deletion of “up to 39,542,456 New Paddy Power Betfair Shares” from section E.6 (*Dilution*) of the Summary on page 21 of the Original Prospectus and the insertion of “up to 41,114,931 New Paddy Power Betfair Shares” in its place;
- by the deletion of “up to 39,542,456 New Paddy Power Betfair Shares” from paragraph 3.7 (*Dilution*) of Part I (*Information on the Merger*) on page 55 of the Original Prospectus and the insertion of “up to 41,114,931 New Paddy Power Betfair Shares” in its place;
- by the deletion of “IE00BWT64894” from the fifth sub-paragraph in paragraph 4 (*Structure of the Merger*) of Part I (*Information on the Merger*) on page 55 of the Original Prospectus and the insertion of “IE00BWT6H894” in its place;
- by the deletion of “39,542,456 Ordinary Shares” from the paragraph under the heading “*Share Capital After the Merger*” in Part IX (*Additional Information*) on page 166 of the Original Prospectus and the insertion of “up to 41,114,931 Ordinary Shares” in its place;
- by the deletion of “83,597,053” from the table under the heading “*Share Capital After the Merger*” in Part IX (*Additional Information*) on page 166 of the Original Prospectus and the insertion of “up to 85,169,528” in its place; and
- by the deletion of “IE00BWT64894” from the fourth sub-paragraph in paragraph 19 (*General*) of Part IX (*Additional Information*) on page 189 of the Original Prospectus and the insertion of “IE00BWT6H894” in its place.

Save for the new factors disclosed in this Supplementary Prospectus, there have been no significant new factors, material mistakes or inaccuracies relating to the information included in the Original Prospectus.

#### 4. **Responsibility Statement**

Paddy Power and the Paddy Power Directors and the Proposed Directors accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge and belief of Paddy Power and the Paddy Power Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 5. **Quantified Financial Benefit Statements and Profit Forecast**

The statements of estimated cost synergies contained in the Original Prospectus relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost synergies referred to in the Original Prospectus may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. For the purposes of Rule 28 of the Code, the statements of estimated cost synergies contained in the Original Prospectus are the responsibility of the Paddy Power Directors, in Paddy Power’s capacity as offeror under the terms of the Merger. Those statements are not intended as a profit forecast and should not be interpreted as such.

The Paddy Power Directors and the Proposed Directors have confirmed that there have been no material changes to the 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 the statements of quantified financial benefit set out in Part I (*Information on the Merger*) of the Original Prospectus and the reports they produced in connection with the profit forecast set out in Part II (*Overview of Business of the Combined Group*) of the Original Prospectus continue to apply.

#### 6. **Consents**

Morgan Stanley has given and has not withdrawn its written consent to the publication of this Supplementary Prospectus with the inclusion of its name and its confirmation of the continued application of its report on the

statements of quantified financial benefit set out in Part I (*Information on the Merger*) of the Original Prospectus and its report on the profit forecast set out in Part II (*Overview of Business of the Combined Group*) of the Original Prospectus in the form and context in which they appear.

IBI Corporate Finance has given and has not withdrawn its written consent to the publication of this Supplementary Prospectus with the inclusion herein of the references to its name in the form and context in which they appear.

KPMG is a member firm of Chartered Accountants Ireland and has given and not withdrawn its written consent to the publication of this Supplementary Prospectus with the inclusion of its name and its confirmation of the continued application of its report on the statements of quantified financial benefit set out in Part I (*Information on the Merger*) of the Original Prospectus and its report on the profit forecast set out in Part II (*Overview of Business of the Combined Group*) of the Original Prospectus in the form and context in which they are included for the purposes of section 1353 of the Companies Act 2014. KPMG has authorised the contents of that part of this Supplementary Prospectus which comprises its report for the purposes of paragraph 2(2)(f) of Schedule 1 of the Irish Prospectus Regulations and has confirmed that the information contained in that report is in accordance with the facts and contains no omission likely to affect its import.

#### **7. Documents available for inspection**

In addition to those documents set out in paragraph 20 (*Documents available for inspection*) of Part IX (*Additional Information*) of the Original Prospectus, printed copies of this Supplementary Prospectus and the consent letters referred to in paragraph 6 (*Consents*) above will be available for inspection at the following addresses during normal business hours on each Business Day for a period of 12 months from the date of publication of this Supplementary Prospectus:

- the registered office of Paddy Power at Power Tower, Belfield Office Park, Beech Hill Road, Clonskeagh Dublin 4 D04 V972, Ireland; and
- the offices of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, D02 CK83, Ireland and 12 Gough Square, London, EC4A 3DW, United Kingdom.

They will also be available for inspection at Power Tower, Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, D04 V972, Ireland from at least 15 minutes prior to the Paddy Power EGM until the conclusion of that meeting.

Dated: 18 December 2015

**Merrill Corporation Ltd, London**

15-25230-1