

This document and the accompanying Election Form are important and require your immediate attention.

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 a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.



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27 November 2015

Computershare SRN: [SRN]

Dear [Name]

Betfair Employee Share Plans

Recommended All Share Merger of Paddy Power plc and Betfair Group plc

As a participant in a Betfair Employee Share Plan, the information in this pack is very important. Please read it carefully and ensure that you take appropriate action.

If you take no action your Options/Awards will lapse and the value that they have will be lost.

As you know, Paddy Power plc (**Paddy Power**) and Betfair Group plc (**Betfair**) announced on 8 September 2015 that they intend to undertake an all-share merger (the **Merger**). The merged group will be called Paddy Power Betfair.

We are writing to explain how the Merger will affect the Options and/or Awards that you hold under the Betfair Employee Share Plans and the action you need to take.

You need to complete the enclosed election form(s) and return to Computershare by no later than the deadline specified on Betfair Today and/or in a separate communication. If you are based in a Betfair office in the UK, please return your election form(s) directly to Computershare using the pre-paid envelope enclosed. If you are based in a Betfair office outside of the UK, you may return your election form(s) to Computershare using the envelope enclosed via your local Betfair office post room but please allow adequate time for onward posting (by recorded mail) to Computershare.

We will be holding internal briefing sessions during December to provide employees who are share plan participants with some guidance on the steps they need to take in connection with the Merger. Details of these sessions will be circulated in due course.

The Merger

The Merger will take place using a "scheme of arrangement" (the **Scheme**). This is a procedure that requires the approval of Betfair shareholders, which will be sought at a shareholder meeting on 21 December 2015. It also requires the approval of the Court and of Paddy Power's shareholders. If approved, the effect is that all of the shares in Betfair will be acquired by Paddy Power Betfair, in return for which Betfair shareholders will receive shares in Paddy Power Betfair. The full terms of the Merger (and the Scheme) are set out in the Scheme Document dated 27 November 2015. The Scheme Document is available on the Betfair website at <http://corporate.betfair.com>.

The exact timing of completion will depend on the timing of the approvals being sought from various competition authorities and we will confirm the timetable in due course. We currently expect this to be during the first half of 2016.

The Merger Ratio

Pursuant to the Merger, Betfair shareholders will be entitled to receive 0.4254 New Paddy Power Betfair Shares for each Betfair Share they hold.

How does the Merger affect your Options/Awards?

You should receive with this pack an Appendix for each Betfair Employee Share Plan in which you participate. If you have not received this then please contact shareplans@betfair.com. Each Appendix explains how the Merger affects your Options/Awards under that plan and the action that you need to take.



You can check which Betfair Employee Share Plan(s) you participate in by logging on to www.computershare.com/Betfair or by emailing shareplans@betfair.com.

You should read each relevant Appendix carefully as the treatment of Options and Awards varies under each Betfair Employee Share Plan.

You should use the enclosed Election Form to indicate the action that you would like to take.

If you take no action your Options/Awards will lapse and the value that they have will be lost.

Enclosures to this Letter

The following are provided with this Letter:

- an Appendix for each of the Betfair Employee Share Plans in which you participate;
- blue Election Form(s) for each of the Betfair Employee Share Plans in which you participate, which you will need to complete and return to Computershare in the envelope provided;
- if you are an Insider, an Insider information sheet;
- terms and conditions in relation to the services provided by Computershare
- terms and conditions in relation to the services provided by Equiniti, if applicable; and
- an index of defined terms.

Which Betfair Employee Share Plans does this apply to?

We are writing to participants in all Betfair Employee Share Plans.

What about tax?

Where applicable, some general tax information is enclosed with the Appendices to this Letter. Where tax information is included, please note that this does not constitute tax advice and the tax treatment will depend on particular individual circumstances. If you are in any doubt about your taxation position you are strongly advised to take independent financial and/or tax advice.

Recommendation

The Betfair Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Merger (in its capacity as independent adviser to Betfair for the purposes of Rule 3 of the Takeover Code), confirm (as they are required to do so) that they consider the terms of the proposals for each of the Betfair Employee Share Plans as described in this Letter and the enclosed documents (including the Appendices) to be fair and reasonable in the context of the Merger. In providing its advice to the Betfair Directors, Goldman Sachs International has taken into account the commercial assessments of the Betfair Directors.

What if you have questions?

If you have any questions on how to complete your Election Form, please contact Computershare by email to Betfair@Computershare.co.uk or call +44 (0) 370 707 4010 to speak to an agent between 08:30 GMT and 17:30 GMT Monday to Friday (except on UK Public Holidays). Please note that Computershare will not be able to provide any legal, tax or financial advice on the action you need to take. If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent legal or financial adviser, who (where relevant) is authorised and appropriately regulated under the Financial Services and Markets Act 2000, or an appropriately authorised financial adviser if you are in a territory outside the UK.

Yours faithfully



For and on behalf of Betfair Group plc

Yours faithfully



For and on behalf of Paddy Power plc