

## Terms and Conditions - Options

### Declaration

By completing and returning the Election Form(s) you:

### General

- (a) confirm that you have received and read the letter (the **Letter**) from Betfair and Paddy Power dated 27 November 2015 and accompanying Appendix or Appendices relating to the Betfair Employee Share Plans in which you participate and have read, understood and agree to these Terms and Conditions and that you are aware of the terms of the Scheme Document.
- (b) confirm that each of the Options in respect of which you make a choice is valid and has not lapsed and is free from all mortgages and any third party interests and acknowledge that if any of the Options have lapsed or lapse before the Court Sanction, the completion of this Election Form will be of no effect in relation to those Options.
- (c) confirm that the decisions which you have made on the Election Form cannot be withdrawn or altered except with the agreement of Betfair and that you have signed the Election Form as a deed.
- (d) accept that documents sent by, to or from you in connection with your Options will be sent at your own risk to the postal address and/or email address shown on the Election Form.
- (e) acknowledge that neither Betfair, Paddy Power, Equiniti nor Computershare will be responsible for any consequential loss in the event that the Election Form is incorrectly completed or where it has not been possible to obtain clarification of your instructions or where the Election Form is delayed or fails to arrive.
- (f) appoint Betfair, or any person nominated by Betfair, as your attorney and authorise such attorney to execute, complete and sign and submit any document and to do anything on your behalf as necessary or desirable to give effect to the choices you have made in the Election Form and confirm that all powers of attorney and authorities given by you under the terms of the Letter and the Election Form are given by way of security for the performance of your obligations and cannot be withdrawn or altered in accordance with section 4 of the Powers of Attorney Act 1971 and you undertake to ratify and confirm any action properly taken on your behalf by any such attorney.
- (g) agree that the delivery of the Election Form duly signed may, if Betfair determines it appropriate, be treated as being as effective as if it were duly completed and received by any deadline specified in the Letter, notwithstanding that it is not completed or received strictly in accordance with the Election Form, and these terms and conditions, or by the deadline specified.
- (h) acknowledge that, subject to paragraphs (i) and (j) below, in the event of any differences between the Letter or any of the other documents enclosed with the Letter and the rules of the relevant Betfair Employee Share Plan or applicable legislation, the rules of the relevant Betfair Employee Share Plan rules or applicable legislation (as appropriate) will prevail.

### **Nominee arrangements**

- (i) agree that the Betfair Shares acquired on any exercise of your Options (other than 2013 BETSAVE Options) and any Paddy Power Shares acquired by you as a result of the exchange of those Betfair Shares under the Scheme or pursuant to the amended articles of association of Betfair (together, the **Nominee Shares**) will be held on your behalf in the Share Plan Account (as defined in the enclosed Terms and Conditions of the Share Plan Account) and/or subject to the Exercise and Dealing Terms and Conditions of the Sharesave Plan (as applicable) (together, the **Computershare Ts&Cs**). You acknowledge and agree that the Nominee Shares shall be held subject to the Computershare Ts&Cs except that, in the event of any difference between the Computershare Ts&Cs and these Terms and Conditions, these Terms and Conditions shall prevail.

### **Settlement arrangements – BETSAVE 2013**

- (j) agree that the Betfair Shares acquired on any exercise of your 2013 BETSAVE Options in respect of which you elect a 'sell to cover' (if applicable) or 'sell all' transaction and any Paddy Power Shares acquired by you as a result of the exchange of those Betfair Shares under the Scheme or pursuant to the amended articles of association of Betfair (together, the **BETSAVE 2013 Sale Shares**) will be sold on your behalf by Equiniti. You acknowledge and agree that the BETSAVE 2013 Sale Shares shall be held subject to the enclosed Equiniti Share Sale Service Terms and Conditions or the Betfair International BETsave Plan Dealing Service Terms & Conditions (as applicable) (the **Equiniti Ts&Cs**) except that, in the event of any difference between the Equiniti Ts&Cs and these Terms and Conditions, these Terms and Conditions shall prevail.
- (k) acknowledge that if you elect a 'sell to cover' (if applicable) or 'hold all' transaction in respect of the Betfair Shares acquired on exercise of your 2013 BETSAVE Options, the Betfair Shares you acquire and do not elect to have sold on your behalf will be registered in your own name. As the Merger will take place shortly after the exercise of your BETSAVE Options, you agree that you will not be sent a share certificate in relation to your Betfair Shares. Instead, Computershare will despatch a share certificate in relation to the Paddy Power Betfair Shares you acquire under the Scheme in exchange for the Betfair Shares you have retained no later than 14 days after the Effective Date.

### **Exercise of Options**

- (l) acknowledge that if you have ticked any of Box 2A, Box 2B or Box 2C (in relation to a BETSAVE Option) or Box 1A, Box 1B and/or Box 1C in relation to any other Option, you have decided to exercise the relevant Option conditionally upon the Scheme being sanctioned by the Court and you irrevocably agree to exercise each such Option to the maximum extent possible immediately following the Court making an order sanctioning the Scheme on the date of Court Sanction.
- (m) acknowledge that if you exercise an Option on the date of the Court Sanction or prior to the Scheme Record Time, the Betfair Shares that you acquire on the exercise of that Option will be subject to the Scheme and will be automatically acquired by Paddy Power Betfair for 0.4254 Paddy Power Betfair Shares per Betfair Share except in relation to any such Betfair Shares that are sold on your behalf prior to the Suspension Time.

- (n) acknowledge that any Betfair Shares you acquire on the exercise of any Option following the Scheme Record Time will be acquired automatically by Paddy Power Betfair for the same consideration as was offered to all Betfair Shareholders in connection with the Scheme and in accordance with the amended Articles of Association of Betfair.
- (o) acknowledge that if you have ticked Box 3 (in relation to a BETSAVE Option) or Box 2 (in relation to any other Option), you must complete and return an Exercise Form in order to exercise your Options after the date of the Court Sanction. In respect of any Option which is not a BETSAVE Option, you acknowledge that, if a correctly completed Exercise Form is not received by Computershare on or prior to the Business Day before the applicable Lapse Date, you will be deemed to have elected to exercise the relevant Option on the last possible exercise date, and to have elected to carry out a 'sell to cover' transaction (if applicable), the consequences of which are set out in paragraph (cc) below.
- (p) irrevocably agree, if you have elected to 'sell all' or 'sell to cover' in relation to an Option, that the Betfair Shares you acquire on the exercise of that Option will be sold (either in whole if you have elected to 'sell all' or in part if you have elected to 'sell to cover') on your behalf as soon as reasonably practicable following the Court Sanction. You acknowledge that Computershare or Equiniti, as applicable will use all reasonable efforts to effect such a sale prior to the Effective Date but, if this is not possible, a sale of the resulting Paddy Power Betfair Shares which are received in exchange for your Betfair Shares will be arranged as soon as practicable on or after the Effective Date.

#### **Roll over of DSIP Options, RSP Options and vested LTIP Options**

- (q) irrevocably agree, if you decide to exchange a DSIP Option, a RSP Option or a vested LTIP Option for a New Vested Option by ticking Box 3 in respect of that Option and subject to the Scheme of Arrangement being sanctioned by the Court, to release that Option in consideration for the grant to you of a New Vested Option on the terms described in the relevant Appendix.

#### **BETSAVE participants**

##### **Roll over of BETSAVE Options**

- (r) irrevocably agree, if you decide to exchange any BETSAVE Option for a New Option by ticking Box 1 in respect of that BETSAVE Option and subject to the Scheme of Arrangement being sanctioned by the Court, to release that BETSAVE Option in consideration for the grant to you of a New Option on the terms described in the relevant Appendix.

##### **Exercise of BETSAVE Options**

- (s) if you are a BETSAVE participant in the UK or Ireland or holding the Gibraltar, Italy or Portugal BETSAVE 2013 grant and you tick Box 2A, Box 2B or Box 2C in relation to a BETSAVE Option, upon exercise of your BETSAVE Option, your savings will be used to acquire as many Betfair Shares as is possible using such savings. Any residual balance (less than the price of one Betfair Share at the time of exercise) will be returned to you under separate cover.
- (t) if you are a BETSAVE participant who is not in the UK, Ireland or holding the Gibraltar, Italy or Portugal BETSAVE 2013 grant and you tick Box 2A or Box 2B in relation to a BETSAVE Option (i.e. 'sell all' or 'sell to cover'), you do not need to make any payment to exercise your BETSAVE Option. Instead, upon the exercise of your BETSAVE Option, you confirm that, if

requested by the relevant share plans manager, you will provide a copy of your savings statement as evidence that you have made the required savings into your savings account. You authorise the use of net settlement so that the number of Betfair Shares issued to you on exercise of your BETSAVE Option (for no consideration) has a value on the date of issue equal to the gain that would have been made if you had paid the exercise price due on the exercise of your BETSAVE Option, calculated on the following terms:

- i. the gain on your BETSAVE Option is the number of Betfair Shares over which your BETSAVE Option is exercised (based on the savings you have completed at the date of exercise), multiplied by the value of a Betfair Share (calculated in accordance with sub-paragraph (ii) below) less the total exercise price you would have had to pay to acquire that number of Betfair Shares;
  - ii. the value of a Betfair Share is the mid-market quotation of a Betfair Share on the trading day immediately before the Court Sanction;
  - iii. the gain on your BETSAVE Option will be determined in Pounds Sterling regardless of the actual amount in your savings account and the exchange rate between your local currency and Pounds Sterling; and
  - iv. in order to arrive at the number of Betfair Shares that represent your gain, the gain on your BETSAVE Option is divided by the value of a Betfair Share on the date of issue (calculated in accordance with sub-paragraph (ii) above).
- (u) if you are a BETSAVE 2014 participant who is not in the UK or Ireland and you tick Box 2C in relation to a BETSAVE Option (i.e. 'hold all'), confirm that you will arrange to convert your local savings in respect of that BETSAVE Option into Pounds Sterling and pay the full option cost in Pounds Sterling (plus an amount sufficient to cover all overseas payment charges and currency conversion fees) to Computershare by electronic transfer. If Computershare does not receive sufficient cleared funds by no later than 16.00 (UK time) on the fifth working day before the Date of the Court Sanction, you will be deemed to have elected a 'sell to cover' transaction and the terms of paragraph (t) above (i.e. net settlement) shall apply.
- (v) if you are a BETSAVE 2013 participant who is not in the UK, Ireland, Gibraltar, Italy or Portugal and you tick Box 2C in relation to a BETSAVE Option (i.e. 'hold all'), confirm that you will arrange to convert your local savings in respect of that BETSAVE Option into Pounds Sterling and pay the full option cost in Pounds Sterling (plus an amount sufficient to cover all overseas payment charges and currency conversion fees) to Betfair or Equiniti (as directed by Equiniti) by electronic transfer. If Betfair or Equiniti (as applicable) does not receive sufficient cleared funds by no later than 16.00 (UK time) on the fifth working day before the Date of the Court Sanction, you will be deemed to have elected a 'sell to cover' transaction and the terms of paragraph (t) above (i.e. net settlement) shall apply.
- (w) agree that, if you elect to exercise any BETSAVE Option and the market value of a Betfair Share on the day before the Court Sanction does not exceed the per share exercise price of such BETSAVE Option, you will be deemed to have automatically elected to exchange such Option for a New Option over Paddy Power Betfair Shares (i.e. roll over) on the terms described in the relevant Appendix.

### **Phantom BETSAVE Options**

- (x) irrevocably agree, if you decide to exchange any Phantom BETSAVE Option for a New Phantom Option by ticking Box 1 in respect of that Phantom BETSAVE Option and subject to the Scheme of Arrangement being sanctioned by the Court, to release that Phantom BETSAVE Option in consideration for the grant to you of a New Phantom Option on the terms described in the relevant Appendix.
- (y) if you tick Box 2 in respect of a Phantom BETSAVE Option, upon exercise of your Phantom BETSAVE Option, you will receive a cash payment pursuant to the terms of the Phantom BETSAVE (less any applicable Tax Withholding Liabilities).
- (z) if you tick Box 3 in respect of a Phantom BETSAVE Option, upon exercise of your Phantom BETSAVE Option, you will receive a cash payment pursuant to the terms of the Phantom BETSAVE (less any applicable Tax Withholding Liabilities), except that the value of a Betfair Share shall be determined by reference to 0.4254 of the mid-market quotation of a Paddy Power Betfair Share on the trading day immediately before the date on which you exercise your Phantom Option.

### **Phantom Options (Stakeholder Plan)**

- (aa) if you are a holder of a Phantom Option under the Stakeholder Plan and tick Box 1A in respect of that Phantom Option, you acknowledge that you will receive a cash payment equal to the number of notional Betfair Shares over which your Phantom Option is granted multiplied by the mid-market quotation of a Betfair Share on the trading day immediately before the Court Sanction (less deductions for applicable Tax Withholding Liabilities).
- (bb) if you are a holder of a Phantom Option under the Stakeholder Plan and tick Box 2 in respect of that Phantom Option, you acknowledge that you will receive a cash payment equal to the number of notional Betfair Shares over which your Phantom Option is granted multiplied by 0.4254 of the mid-market quotation of a Paddy Power Betfair Share on the trading day immediately before the date on which you exercise your Phantom Option (less deductions for any applicable Tax Withholding Liabilities).

### **Tax and social security contributions and exercise prices**

- (cc) where you have elected a 'sell to cover' or a 'sell all' transaction in respect of an Option, agree and authorise Computershare or Equiniti (as applicable) to sell sufficient of the Betfair Shares which you acquire from the exercise of that Option and/or, if necessary, the resulting Paddy Power Betfair Shares to provide proceeds which, after deducting dealing costs and SDRT, shall be used to satisfy: (X) any aggregate withholding obligations in respect of income tax and/or social security contributions or other amounts payable by Computershare or Equiniti (as applicable) or by your employer or former employer to the appropriate authorities in relation to the exercise of your Option (**Tax Withholding Liabilities**); and (Y) other than in relation to a BETSAVE Option, the aggregate exercise price due in respect of any such Option and to account for the same to Betfair.
- (dd) acknowledge that a best estimate as to the number of Betfair Shares or Paddy Power Betfair Shares (as the case may be) required to be sold to satisfy the amounts under (cc)(X) and (Y) above shall be made and that such number of shares may be increased by not more than 2% in order to reduce the risk of insufficient funds being realised.

- (ee) acknowledge that if you have elected a 'sell to cover' transaction in respect of an Option and if, due to share price movements or other external factors, sufficient funds are not realised on the sale of your Betfair Shares or Paddy Power Betfair Shares (as the case may be) to satisfy the amounts under (X) and (Y) above, your employer may make a deduction of an amount equal to any shortfall from other sums owed to you by your employer via payroll.
- (ff) where you have elected a 'sell to cover' or a 'sell all' transaction in respect of an Option, agree and acknowledge that Computershare or Equiniti (as applicable) may aggregate your sale with sales on behalf of other participants who have elected a 'sell to cover' or 'sell all' transaction. The third party broker or dealer used to execute your transaction (the **Broker**) may also aggregate your sale with sales it receives from its other clients. This may result in a more or less favourable price than if your instruction had been executed separately. If the Broker executes a number of sales for Computershare or Equiniti (as applicable) on a particular day then it may average the price obtained for all the shares sold if different shares were sold at different prices.
- (gg) where you have elected a 'hold all' transaction in respect of an Option, you confirm that you will make arrangements to ensure you have paid an amount at least sufficient to meet any Tax Withholding Liabilities and, if applicable, any exercise price due in respect of the relevant Option to Computershare, Equiniti or Betfair (as applicable to that Option) by electronic transfer. If Computershare, Equiniti or Betfair (as applicable to that Option) does not receive sufficient cleared funds by no later than 16.00 UK time on the fifth working day before the date of the Court Sanction, you will be deemed to have elected a 'sell to cover' transaction in respect of that Option and the terms of paragraphs (cc), (dd), (ee) and (ff) above shall apply.
- (hh) agree that you will be responsible for payment direct to the tax authorities of any income tax, social security and/or capital gains tax liability arising in connection with your Options that is not subject to Tax Withholding Liabilities through your employer.
- (ii) agree that the information provided to you by Betfair and/or Paddy Power does not constitute tax advice and the tax treatment applicable to you will depend on your own particular individual circumstances. You acknowledge that you have been advised to take independent tax and/or financial advice if you are in any doubt about your individual circumstances.
- (jj) agree that where you have elected a 'sell to cover' transaction in respect of an Option and no Tax Withholding Liabilities are applicable or exercise price is due in relation to that Option, you will be deemed to have elected to 'hold all' in respect of that Option instead, and no shares will be sold on your behalf.

**Cash proceeds – 'sell all' and 'sell to cover' and Phantom Options only**

- (kk) you authorise and request Betfair or Computershare or Equiniti (as applicable) to remit any cash proceeds from the sale of the Betfair Shares acquired by you on the exercise of your Options or the resulting Paddy Power Betfair Shares (as the case may be) either (as Betfair may determine):
  - i. to Betfair or to your employer in the Betfair Group and you authorise any arrangements necessary for any such cash proceeds (less, where applicable, an amount in respect of Tax Withholding Liabilities and/or any dealing costs, SDRT or

aggregate exercise prices due in respect of such Option) to be paid to you through payroll or otherwise as Betfair may determine; or

- ii. less, where applicable, an amount in respect of Tax Withholding Liabilities and/or any dealing costs, SDRT or aggregate exercise prices due in respect of such Option directly to your bank account.

- (II) agree that any cash proceeds that are remitted to your bank account by Computershare or Equiniti (as applicable) pursuant to paragraph (kk)ii above shall be remitted to (i) the bank account in respect of which you have provided details on the enclosed Election Form(s); or (ii) (in respect of cash proceeds arising as a result of the exercise of BETSAVE 2013 Options only) the bank account details of which are held on file in respect of you by Betfair for payroll purposes and by signing the Election Form you consent to Betfair sharing your bank account details with Equiniti for the purposes of remitting any such cash proceeds to you, as Betfair may determine.

The distribution of the Letter and its enclosures in or into jurisdictions other than the United Kingdom or the United States 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.

Goldman Sachs, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, 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.

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The Betfair Directors, whose names are set out in the Scheme Document, each accept responsibility for the information contained in the Letter and its enclosures other than that for which responsibility is accepted by the Paddy Power Directors. 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 letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Paddy Power Directors, whose names are set out in the Scheme Document, each accept responsibility for the information contained in the Letter and its enclosures relating to the Paddy Power Group and the Paddy Power Directors. 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 letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.