

From: Michael Cawley
To: Paddy Power plc ("**Paddy Power**")

and

Betfair Group plc ("**Betfair**")

Date: 7 September 2015

Dear Sirs

PROPOSED MERGER BETWEEN PADDY POWER AND BETFAIR

1. Merger

In this undertaking (the "**Undertaking**"), the "**Merger**" means the proposed acquisition by or on behalf of Paddy Power of all the issued and to be issued ordinary share capital of Betfair, to be implemented by way of a court sanctioned scheme of arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006 (or, with the consent of the Panel on Takeovers and Mergers (the "**Panel**"), by way of a takeover offer within the meaning of section 974 of the Companies Act 2006 (the "**Takeover Offer**")) between Betfair and the holders of its ordinary shares, and substantially on the terms set out in the draft announcement in Schedule 2 (subject to the inclusion of any alternative or additional terms and conditions as may be required to comply with the requirements of the Takeover Panel (the "**Panel**"), the Court, any applicable law or regulation and, in any case, as agreed between Paddy Power and Betfair) (the "**Announcement**").

2. Condition of Undertaking

The terms of this Undertaking are conditional on the Announcement being released not later than 9 a.m. (London time) on 8 September 2015 or such later time or date as Betfair and Paddy Power may agree.

3. Ownership of shares

I irrevocably and unconditionally undertake, represent and warrant to Paddy Power and Betfair that:

- 3.1 I am the registered holder and/or beneficial owner of the number of ordinary shares of €0.09 cent in the capital of Paddy Power (the "**Paddy Power Shares**") specified in Part A of Schedule 1 (the "**Existing Paddy Power Shares**"), free and clear of any lien, security interest or other interest which imposes any restriction;
- 3.2 I am also the holder of the number of options and awards in respect of Paddy Power Shares as are specified in Part B of Schedule 1;
- 3.3 save as set out in Schedule 1, I am not interested in any other securities of Paddy Power and do not have any rights to subscribe, purchase or otherwise acquire any securities of Paddy Power; and
- 3.4 I have full power and authority and the right (free from any legal or other restrictions), and will at all times continue to have all relevant power and authority

and the right, to enter into this Undertaking and to perform the obligations in this Undertaking in accordance with its terms.

4. **Approval of Merger**

I irrevocably and unconditionally undertake, represent and warrant to Paddy Power and Betfair that I shall vote in favour of all resolutions (whether or not amended) to approve or give effect to the Merger (including a special resolution to change the name of Paddy Power to “**Paddy Power Betfair plc**”) and any related matters at a meeting of the shareholders of Paddy Power to be held in connection with the Merger.

5. **Dealings and undertakings**

I further irrevocably undertake to Paddy Power and Betfair that (other than in connection with the Merger) before the Merger has been implemented or this Undertaking has lapsed in accordance with paragraph 9.1 below, I shall not (and, to the extent relevant, shall procure that the registered holder shall not):

- 5.1 create or grant any encumbrance, charge, option or lien over (or permit any such action to occur in respect of) any interest in, or fetter any of the voting rights attached to:
 - (a) any Existing Paddy Power Shares; or
 - (b) any other Paddy Power Shares issued or unconditionally allotted to, or otherwise acquired by, me or any other securities in the capital of Paddy Power in respect of which I become the registered holder or the holder of a beneficial interest, before then (“**Further Paddy Power Shares**”);
- 5.2 in my capacity as a shareholder of Paddy Power, cast the votes attaching to any Existing Paddy Power Shares or Further Paddy Power Shares in favour of any resolution to approve an acquisition or any other transaction or corporate action which would frustrate, delay or impede the implementation of the Merger;
- 5.3 in my capacity as a shareholder of Paddy Power, convene, requisition or join in the requisition of any general or class meeting of Paddy Power shareholders for the purpose of considering any resolution referred to in paragraph 5.2 above;
- 5.4 subject to my directors’ duties to Paddy Power under the Irish Companies Act 2014 and general law, accept, or give any undertaking (whether conditional or unconditional) to accept or agree to (as applicable) any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of securities in Paddy Power by any person other than Betfair (or persons acting on behalf of Betfair);
- 5.5 except with the prior written consent of Betfair (not to be unreasonably withheld), acquire, dispose of, transfer or otherwise deal in any relevant securities of Betfair or Paddy Power (or any interest therein) (other than: (i) any Paddy Power Shares acquired by or issued to me on the vesting of awards or exercise of options (including the Options and the sale of any such Paddy Power Shares required to meet the tax liability arising from the exercise of such options) under any of Paddy Power’s employee share plans; and (ii) any award or option over Paddy Power Shares granted to me under any of Paddy Power’s employee share plans after the date of this Undertaking); or

5.6 enter into any agreement or arrangement or incur any obligation or permit any obligation to arise, to do all or any of the acts referred to in paragraphs 5.1, 5.2, 5.3, 5.4 and 5.5 above, and for the avoidance of doubt, references in this paragraph 5.6 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not legally binding or subject to any condition, or which is to take effect upon or following the Scheme or Merger completing, or upon or following this Undertaking ceasing to be binding pursuant to paragraph 9, or upon or following any other event.

6. Power of Attorney

6.1 In order to secure the performance of my obligations under this Undertaking, if I fail to comply with any of the undertakings in paragraphs 4 and 7, I irrevocably appoint any director of Betfair jointly and severally to be my attorney in my name and on my behalf to sign or execute forms of proxy and/or such other deeds or documents and to do such other acts and things as may be necessary or desirable for the purpose of giving effect to my obligations under this Undertaking in respect of the Shares.

6.2 I acknowledge that this power of attorney is given by way of security and is irrevocable until this Undertaking lapses in accordance with paragraph 9.1.

7. Voting Rights and Prejudicial Action

I hereby irrevocably undertake that I shall, and (where applicable) I shall procure that the registered holder will:

7.1 not exercise (or procure the exercise of) any of the voting rights attached to the Shares at any general or class meeting (“GM”) other than in accordance with this Undertaking;

7.2 otherwise exercise (or procure the exercise of) the voting rights attached to the Shares in my capacity as a holder of Shares on any resolution which may be necessary or desirable for the implementation of the Merger at a general, class or other meeting of Betfair shareholders (a “Resolution”) only in accordance with Betfair’s directions;

7.3 in my capacity as a holder of the Shares, convene, requisition and join in the requisition of any general or class meeting of Paddy Power shareholders for the purpose of considering any such Resolution and require Paddy Power to give notice of such Resolution only in accordance with Paddy Power’s directions;

7.4 exercise (or procure the exercise of) the voting rights attached to the Shares against any resolution which: (i) could reasonably be expected to prevent or delay implementation of the Merger; or (ii) approves or gives effect to (and agrees not to be bound by) an offer by a person other than Betfair (or persons acting on behalf of Betfair), to acquire (or have issued to it) any relevant securities of Paddy Power (whether by way of scheme of arrangement or otherwise) or any assets of Paddy Power;

7.5 not, either alone or in concert with other person(s), make any offer to acquire the whole or any part of the issued share capital of Paddy Power nor permit any entity in which I, directly or indirectly, have any interest to make such an offer; and

7.6 not, in my capacity as a holder of the Shares, enter into any agreement or arrangement with any person, whether or not conditionally, to do or omit to do (as applicable) any of the acts referred to in this paragraph 7.

8. Consents

I agree to:

- 8.1 this Undertaking being disclosed to the Panel, Goldman Sachs International and Morgan Stanley;
- 8.2 promptly, upon request, provide such information as Paddy Power or Betfair (as applicable) may reasonably require in order to comply with the requirements of the Code, the Panel, the London Stock Exchange plc, the Irish Stock Exchange plc, the Financial Conduct Authority, the Central Bank of Ireland or of any other applicable regulatory authority, law or regulation and as soon as reasonably possible notify Paddy Power or Betfair (as applicable) in writing of any material change in the accuracy or import of any such information and consent to the public disclosure of such information;
- 8.3 the issue of the Announcement with the references to me and the registered holder of any of the Shares in respect of which I have (or will have as the case may be) a beneficial interest and to particulars of this Undertaking;
- 8.4 particulars of this Undertaking being set out in any other announcement or document issued in connection with the Merger and in the Scheme Document; and
- 8.5 this Undertaking being available for inspection during the offer in accordance with Rule 26.2 of the Code or the Listing Rules of the Financial Conduct Authority or its successor from time to time.

9. Lapse of Undertaking

- 9.1 All of my obligations pursuant to this Undertaking will lapse and cease to have effect on and from the earliest 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 Takeover Offer or otherwise or, if Paddy Power exercises its right to implement the Merger by way of an Offer, the 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 Offer has not become or been declared unconditional in all respects) on or before 30 June 2016 (or such later time or date as agreed between Paddy Power and Betfair with the approval of the Court and/or the Panel if required); and
 - (c) on or before 8 September 2015 or such later date as Betfair and Paddy Power may agree, if Paddy Power has not announced pursuant to Rule 2.7 of the Code a firm intention to proceed with the Merger by such date and on the terms and conditions set out or referred to in the Announcement.
- 9.2 If my obligations in this Undertaking lapse, I shall have no claim against Paddy Power or Betfair and neither Paddy Power nor Betfair shall have any claim against me, other than in respect of any prior breach of any of the terms of this Undertaking.

10. Scheme of Arrangement or Offer

- 10.1 I note that Paddy Power reserves the right to implement the Merger by way of an Offer. In the event that it is so implemented, I confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares and all references to the Scheme shall, where the context permits, be read as references to the Offer (or to both the Scheme and the Offer, as appropriate).
- 10.2 References in this Undertaking:
- (a) to the Scheme becoming effective shall be read as references to the Offer becoming unconditional in all respects; and references to the Scheme lapsing or being withdrawn shall be read as references to the lapsing or withdrawal of the Offer; and
 - (b) to the Scheme Document shall be read as references to the Offer Document.

11. Other

- 11.1 For the avoidance of any doubt, nothing in this Undertaking shall require me to take any action which would conflict with my fiduciary duties under the Companies Act 2014 or cause me to be in breach of such duties.
- 11.2 Any time, date or period referred to in this Undertaking may be extended by mutual agreement but as regards any time, date and period originally fixed or as extended, time shall be of the essence.
- 11.3 I have been given a realistic opportunity to consider whether or not I should give this Undertaking and I have received appropriate advice about the nature of this Undertaking.
- 11.4 I acknowledge that damages may not be an adequate remedy for breach of this Undertaking and, accordingly, Paddy Power and Betfair may be entitled to the remedies of specific performance, injunction or other equitable remedies.
- 11.5 This Undertaking shall bind my estate and personal representatives.
- 11.6 The *eiusdem generis* principle of construction shall not apply to this Undertaking. Any phrase introduced by the terms *other*, *including*, *include* and *in particular* or any similar expression shall be construed as illustrative and shall not limit the sense of the words following or preceding those terms.
- 11.7 In this Undertaking, references to:
- (a) *business day*, *dealing* and *offer period* shall be interpreted in accordance with the Code as from time to time amended and interpreted by the Panel;
 - (b) *Code* means the UK Takeover Code as amended from time to time;
 - (c) being *interested in* or having *interests in* shares or securities shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel and Part 22 of the Companies Act 2006;
 - (d) *Merger*, *Offer* and *Scheme* shall include any new, increased, renewed or revised proposals made by or on behalf of Paddy Power, provided that such new, increased, renewed or revised proposals do not represent a reduction in value of the original proposal as set out in the Announcement (together with

any alternative or additional terms and conditions as may be required to comply with the requirements of the Panel, the Court, any applicable law or regulation and, in any case, as agreed between Paddy Power and Betfair);

- (e) *relevant securities* and *securities* shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel.

12. **Governing Law**

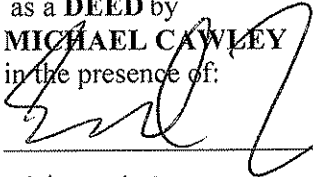
This Undertaking and any non-contractual obligations arising from or in connection with this Undertaking shall be governed by and construed in accordance with Irish law. I submit to the exclusive jurisdiction of the Irish courts to settle any dispute arising from or connected with this Undertaking (a “**Dispute**”) (including a dispute regarding the existence, validity or termination of this Undertaking or relating to any non-contractual or other obligation arising out of or in connection with this Undertaking or its formation). I agree that the Irish courts are the most appropriate and convenient courts to settle any Dispute and accordingly, will not argue to the contrary.

I understand and confirm that:

- 12.1 this Undertaking is legally binding; and
- 12.2 until the Announcement is released, certain terms and conditions of the Merger may constitute inside information and I shall keep such information secret. Disclosure of such information or any dealing in securities of Paddy Power or Betfair before the Announcement is released, could constitute a criminal offence under Irish market abuse law or the insider dealing provisions of the Criminal Justice Act 1993 and/or behaviour amounting to market abuse under s.118 of the Financial Services and Markets Act 2000 liable to sanction by the Financial Conduct Authority, for example, the imposition of financial penalties. The obligations in this paragraph shall survive termination of this Undertaking.

EXECUTED and DELIVERED

as a **DEED** by
MICHAEL CAWLEY
in the presence of:



Signature of witness

Edward Traynor

Name of witness

Paddy Bowen, Bellfield Office

Address of witness

Park, Beechill Road, Clonsilla Dublin 4

Group General Counsel

Occupation of witness

Schedule 1

Part A Existing Paddy Power Shares

1	2	3
No. of ordinary shares of €0.09 in Paddy Power	Name(s) and address(es) of registered holder	Beneficial owner*
3,600	Creeslough House, Upper Kindlestown, Delgan, Co. Wicklow, Ireland	Michael Cawley

*Where more than one, indicate number of shares attributable to each.

Part B Options

None

Schedule 2

Announcement