

APPENDIX – Unapproved Share Option Plan¹

This Appendix relates to your vested but unexercised Options under the Unapproved Plan (the *Unapproved Options*).

How does the Merger affect my Unapproved Options?

Your Unapproved Options have already vested. Ordinarily, your Unapproved Options lapse 10 years after the grant date.

However, as a result of the Merger, Betfair will become a wholly owned subsidiary of Paddy Power Betfair. Under the rules of the Unapproved Plan, your Unapproved Options will be exercisable for up to 40 days after the Court Sanction date (the *Lapse Date*) (i.e. the exercise period will be curtailed).

You will have two choices for your Unapproved Options. You will need to complete the enclosed Election Form to make a Choice.

Choice 1: Elect to exercise your Unapproved Options on the Court Sanction date and decide whether you wish to carry out a “hold all”, “sell to cover” or “sell all” transaction in respect of the Betfair Shares you acquire; or

Choice 2: Elect to exercise your Unapproved Options on or after the Effective Date and before the Lapse Date and decide whether you wish to carry out a “hold all”, “sell to cover” or “sell all” transaction in respect of the Paddy Power Betfair Shares you acquire.

If you do nothing, the exercise period will be curtailed and any unexercised Unapproved Options will lapse on the Lapse Date.

The Court Sanction date will be shortly before completion of the Merger (the Effective Date). The exact timing of this is not yet fixed but it is currently expected to occur in the first half of 2016. We will notify you as soon as we have a clearer view of the date of expected completion and accordingly of the Lapse Date.

How do I know how many Unapproved Options I have?

Your options are all visible in your online Computershare account and are also detailed on the enclosed Election Form. You can login at www.computershare.com/Betfair. You will need your Shareholder Reference Number (SRN, which is shown at the top of the cover letter), and PIN. If you have forgotten your PIN please click on the PIN reminder or call Computershare on +44 (0) 370 707 4010 or email them at betfair@computershare.co.uk.

When can I exercise my Unapproved Options?

Your Unapproved Options remain exercisable *at any time* (subject to usual restrictions and permissions) until the Lapse Date (40 days after the Court Sanction date).

¹ *The Unapproved Share Option Plan as amended by way of resolution of the Betfair Board on 6 October 2010.*

Any unexercised Unapproved Options will lapse on the Lapse Date (40 days after the Court Sanction date).

How do I exercise my Unapproved Options?

You can log on to your Computershare account any time between now and shortly before the Court Sanction date to exercise your Unapproved Options as they have already vested. We will let you know the exact deadline for online exercising of vested Unapproved Options in due course.

Choice 1: In order to exercise your Unapproved Options on the Court Sanction date you need to tick Box 1A, Box 1B or Box 1C on the enclosed Election Form and return it to Computershare offline.

Should you choose to exercise your Unapproved Options on the Court Sanction date and choose to 'hold all' (Box 1C) then the Betfair Shares that you acquire will be transferred to Paddy Power Betfair under the Scheme and you will then receive the same consideration for your Betfair Shares as other Betfair Shareholders - which is 0.4254 Paddy Power Betfair Shares for each Betfair Share you hold. If you elect to 'hold all' you must ensure that you have transferred to Computershare an amount in cleared funds sufficient to meet any tax and social security withholding obligations that arise on exercise of your Unapproved Options plus the total exercise price due by no later than 5 working days before the Court Sanction date. If Computershare does not receive sufficient cleared funds by this deadline, you will be deemed to have elected a 'sell to cover' transaction. Computershare will contact you to confirm the deadline and the amount that you need to transfer and to provide details of how to make a transfer of funds to Computershare.

Should you choose to exercise your Unapproved Options on the Court Sanction date and choose either a 'sell to cover' (Box 1B) or 'sell all' (Box 1A) transaction then the following will occur:

- 'sell to cover': the Company will use all reasonable efforts to arrange a sale of a sufficient number of your Betfair Shares to meet any tax and social security withholding obligations that arise on exercise and the aggregate exercise price due. The remaining Betfair Shares will be subject to the terms of the Merger (as described above). There can be no guarantee that the sale will be possible, in which case it may be necessary for the resulting Paddy Power Betfair Shares which you receive under the Merger to be sold as soon as reasonably practicable after completion of the Merger.
- 'sell all': the Company will use all reasonable efforts to arrange a sale of all the Betfair Shares you acquire prior to completion of the Merger but there can be no guarantee that this will be possible, in which case it may be necessary for your Paddy Power Betfair Shares to be sold as soon as reasonably practicable after completion of the Merger.

If you choose to 'sell to cover' or 'sell all', then sufficient funds to meet any tax and social security withholding obligations that arise on exercise of your Unapproved Options will be deducted from the sale proceeds due to you as a result of the sale of your Betfair Shares or, if necessary, your Paddy Power Betfair Shares. In addition, a cashless exercise facility shall apply in respect of your Unapproved Option. This means that you authorise Betfair or its agents to sell sufficient Betfair Shares (and/or, if necessary Paddy Power Betfair Shares) to provide proceeds which are equal to the aggregate exercise price due in respect of such Option and to account for the same to Betfair.

Choice 2: If you wish to exercise your Unapproved Options on or after the Merger becomes effective and before the Lapse Date, you need to tick Box 2 on the Election Form and return it to Computershare [offline](#). At the time you choose to exercise your Unapproved Options, you will need to instruct Computershare [offline](#) directly by completing an Exercise Form and, if relevant, following the insider process (see below).

The effect of exercising during this period is the same as described above save that, if you elect 'sell to cover' or 'sell all' then this instruction will be carried out in relation to the Paddy Power Betfair Shares which you will receive automatically in exchange for your Betfair Shares.

What happens if I take no action?

If you do not take any action, your Unapproved Options will lapse on the Lapse Date.

Election Form

The Election Form which is enclosed in this pack must be completed in order for Computershare to be able to complete the exercise transaction at the time that you specify.

Exercise Form

If you choose to exercise your Unapproved Options on or after the Effective Date and before the Lapse Date, then you will also need to complete and submit the Exercise Form to Computershare prior to the date on which you wish to exercise. The Exercise Form can be downloaded from your Computershare account or Betfair Today. If you complete the Election Form to indicate that you intend to exercise your Unapproved Options on or after the Effective Date and before the Lapse Date and Computershare does not receive your Exercise Form, you will be deemed to have elected to exercise your Unapproved Options on the last possible exercise date before the Lapse Date and to have elected a 'sell to cover' transaction.

Insiders

If you are an Insider please refer to the separate Insiders Appendix in this pack for important information that may impact your choices.

Settlement

Should you have chosen to retain some or all of your shares (i.e. carried out a 'sell to cover' or 'hold all' transaction in relation to your Unapproved Options) then the resulting Paddy Power Betfair Shares will be automatically transferred to your Computershare nominee account.

Leaving Betfair employment

Please note that the choices described above do not apply to any Unapproved Options that have already lapsed or would otherwise lapse (for example on leaving employment) before you have exercised your Unapproved Options.

What if the Merger does not complete?

If the Merger does not happen, for whatever reason, your Unapproved Options will continue just as they are currently and you will be able to exercise them subject to the rules of the Unapproved Plan.