

PADDYPOWER.

18 August 2015

Betfair Group plc
Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP

Attention: Breon Corcoran

STRICTLY PRIVATE & CONFIDENTIAL

Dear Sirs

Paddy Power plc (“**Paddy Power**”) and Betfair Group plc (“**Betfair**”) have agreed to exchange, subject to the provisions of this Agreement, confidential information concerning their subsidiaries and businesses for the purposes of evaluating a potential combination of the businesses of the Paddy Power Group and the Betfair Group (the “**Potential Transaction**”).

In consideration of the exchange of confidential information between the parties, the parties have agreed to be bound by the terms set out in this Agreement.

The meaning of certain terms used in this Agreement and not otherwise defined is set out in paragraph 8 (*Definitions and Interpretation*).

1. Confidential Information

1.1 “Confidential Information” means:

- (a) the fact that the parties are considering the Potential Transaction and the existence and contents of this Agreement;
- (b) all information in whatever form (including without limitation, written, oral, visual or electronic form) relating to the Paddy Power Group and/or the Betfair Group (including business, technical, financial, operational, administrative, marketing, economic and other information and material relating to the Paddy Power Group and/or the Betfair Group) that is directly or indirectly disclosed to the Recipient or any of its representatives by any officer, employee, agent or advisor of the Disclosing Party or which comes to the Recipient’s attention in connection with the Potential Transaction. This information and material in whatever form (including, without limitation, written, oral, visual or electronic form) relating to the Disclosing Party, including any notes, studies, analyses, records, memoranda, reports and valuations prepared by the Recipient containing, reflecting or generated from such information and material, the Potential Transaction, this Agreement, and any discussions between the Paddy Power Group and the Betfair Group (including the status thereof and the fact that they are taking place or have taken place) are confidential to the Disclosing Party;

but excludes the information in paragraph 1.2.

Paddy Power plc is a public company limited by shares

Registered Office: Power Tower, Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, Ireland

Tel: +353 1 905 1000 Fax: +353 1 905 1001 Email: info@paddypowerplc.com

www.paddypowerplc.com

Directors: G. McGann (Chairman), A. McCue (UK) (Chief Executive), M. Cawley, T. Grace, D. Gray (UK), U. Jerome (French), S. Kenny, C. McCarthy, P. Ó Riordáin.

Registered in Dublin, Ireland no. 16956

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- 1.2 Information is not Confidential Information if:
- (a) it is or subsequently becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement or any other agreement between the parties;
 - (b) the Recipient can establish from the evidence of its written records or otherwise to the reasonable satisfaction of the Disclosing Party that it obtained the information from a source not connected with the Disclosing Party or its Group and that the source is not acting unlawfully or under any obligation of confidence in respect of the information;
 - (c) the Recipient can establish from the evidence of its written records or otherwise to the reasonable satisfaction of the Disclosing Party that the information was known to the Recipient before the date of this Agreement and that the Recipient was not under any obligation of confidence in respect of the information; or
 - (d) the parties agree in writing that it is not confidential.
- 1.3 The Confidential Information may be disclosed by the Recipient on a strictly need-to-know basis to its Affiliates, respective employees, officers, directors and professional advisers engaged in evaluating the Potential Transaction (“**Team Members**”). The Recipient will be responsible for any breach of any of the terms of this Agreement by any of its Team Members or Affiliates, and will ensure that its Team Members and Affiliates are aware of the confidentiality obligations to which the Confidential Information is subject. The Recipient accepts and agrees that any action by its Team Members or Affiliates will be treated as that of the Recipient for the purposes of this Agreement, and references to the Recipient shall be construed accordingly.
- 1.4 Subject to paragraph 1.3, the Recipient will:
- (a) keep the Confidential Information secret and treat it as confidential and will not disclose the Confidential Information (whether in written, oral or in any other form) in whole or in part to any other person without the prior written consent of the Disclosing Party (which may be given, if at all, on such terms as the Disclosing Party considers appropriate);
 - (b) use the Confidential Information only for the purposes of evaluating the Potential Transaction;
 - (c) not make copies of Confidential Information (including any document, electronic file, note, extract, analysis or any other way of representing or recording and recalling information which contains, reflects or is derived from Confidential Information) (“**Copies**”) unless strictly necessary, and will ensure that any Copies are identified as Confidential Information and can be separated from its own information, and are treated as Confidential Information in compliance with the terms of this Agreement; and
 - (d) ensure that the Confidential Information (save for Confidential Information which was disclosed orally and has not been reduced into writing or stored on any disk, tape or other device) is kept in a secure place at all times and is properly protected against theft, damage, loss or unauthorised access.

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- 1.5 The Recipient will inform the Disclosing Party as soon as reasonably practicable upon becoming aware or suspecting that an unauthorised person has accessed or received disclosure of any of the Confidential Information, and take (at the Recipient's own expense) all reasonable steps to minimise the effects of such unauthorised access or disclosure.
- 1.6 Each party shall not contact or communicate with any officers, employees, consultants, landlords, bankers, customers, or suppliers of the other party in connection with the Potential Transaction without the other party's prior written consent.
- 1.7 The restrictions in this paragraph 1 do not apply to the disclosure of Confidential Information to a third party to the extent required by law, in which case the Disclosing Party shall comply with paragraph 3 (*Forced Disclosure*).

2. Return of Confidential Information

- 2.1 Each party will, within 5 (five) Business Days of receiving a written request from the other party:
 - (a) return all documents and other materials which are in a form capable of delivery containing or reflecting any Confidential Information and all Copies other than any analyses, compilations, studies or other documents prepared by any of its Team Members ("**Work Product**") which shall be destroyed within such time period;
 - (b) permanently erase all Confidential Information from any computer, word processor or other device containing such information; and
 - (c) procure that a director or authorised representative provides a written confirmation confirming compliance with the provisions of this paragraph.
- 2.2 The obligations in paragraph 2.1 to return or destroy the Confidential Information are subject to an exception if (a) the retention of Work Product is necessary to comply with a party's legal and/or regulatory obligations; or (b) it is not technically feasible to delete such information from a party's computer back-up systems provided that such backed-up information is not, unless required by law or regulation, used, disclosed or otherwise recovered from such backup systems; and further provided that any Confidential Information not returned to the other party or erased or destroyed pursuant to the provisions of this paragraph shall be kept in strict compliance in accordance with the terms of the Confidentiality Agreement.

3. Forced Disclosure

- 3.1 In the event that a Recipient becomes aware that it may become compelled by law or regulation, or receives a request from an applicable regulator, to disclose any Confidential Information, to the extent permitted by law and regulation, prompt notice in writing of that fact will be given to the Disclosing Party so that the Disclosing Party may seek an appropriate remedy to prevent that disclosure. The Recipient will take such steps as the Disclosing Party may reasonably require for the purpose of obtaining such remedy and will, to the extent permitted by law and regulation, keep the Disclosing Party promptly and fully informed of all developments relating to any such potential disclosure.
- 3.2 In the event that the Recipient becomes compelled by law or regulation to disclose any Confidential Information, to the extent permitted by law and regulation, full details of

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any proposed disclosure will be given in writing to the Disclosing Party in advance and any such disclosure will be limited to the minimum amount of Confidential Information required to satisfy that disclosure obligation.

4. Damages

The parties acknowledge that the unauthorised disclosure or use of Confidential Information could cause irreparable harm and/or significant loss to the Disclosing Party or its Group which may not be ascertainable or adequately remedied by damages. Accordingly, the parties agree that, should a Recipient be in actual or anticipatory breach of this Agreement, then notwithstanding any other rights or remedies available to the Disclosing Party or its Group, the Disclosing Party (or any member of its Group affected) may be entitled without proof of special damages to seek an immediate injunction, specific performance or other equitable remedy in respect of any such unauthorised disclosure or use and that the Recipient shall not oppose any application by the Disclosing Party (or any member of its Group affected) for any such remedy.

5. Continuing Obligations

5.1 The parties understand and agree that in the event of the Potential Transaction not proceeding for any reason, the accrued rights and obligations of Paddy Power and Betfair set out in this Agreement shall remain in force for the period specified in paragraph 5.2.

5.2 The parties understand and agree that the restrictions contained in this Agreement shall continue to apply for a period of two (2) years from the later of: (i) the date of termination of the discussions or negotiations relating to the Potential Transaction; or (ii) the date of completion of any transaction resulting from the Potential Transaction.

6. Restrictions

6.1 For a period of two (2) years from the date of this Agreement, each party agrees that neither it nor any of its Affiliates will, without the prior written consent of the other party:

- (a) acquire, offer to acquire, directly or indirectly, by purchase or otherwise, any:
 - (i) interest in any securities or direct or indirect rights to acquire any part of, or a “disclosable interest” (as defined in Chapter 5 of Part 5 of the Companies Act 2014 of Ireland) in, the voting rights in or share capital of the other party; or
 - (ii) rights, options or other securities convertible into or exercisable or exchangeable for securities or indebtedness or any obligations measured by the price or value of any securities, bank debt or other obligations of the other party or any of its subsidiary undertakings, including without limitation any contracts for difference, swaps or other derivative arrangements (“**Derivative Securities**”);
- (b) make any general, partial, tender or other type of offer for all or any part of the share capital of the other party; or
- (c) make, or in any way participate directly or indirectly in, any solicitation of proxy votes with respect to the voting rights of any voting securities of the other party, or seek to advise or influence any person or entity with respect to the voting of any voting securities of the other party; or

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- (d) make any public announcement with respect to, or submit a proposal for, or offer for (with or without conditions) any Extraordinary Transaction involving the other party or any of its securities or assets; or
 - (e) take or procure the taking of any step which might give rise to any obligation under the relevant Takeover Law to make an offer for all or any part of the share capital of the other party; or
 - (f) do anything which would constitute Acting in Concert with any other party in connection with any of the foregoing.
- 6.2 Each party represents and warrants to the other party that, as of the date of this Agreement, neither it nor any of its Affiliates beneficially owns any securities or Derivative Securities of the other party.
- 6.3 Each party agrees that neither it nor any member of its Group will, either while discussions or negotiations in relation to the Potential Transaction are taking place, or in the event that the Potential Transaction does not proceed for any reason during the period of twelve (12) months from the date of termination of the discussions or negotiations relating to the Potential Transaction, solicit, endeavour to entice away, employ or offer to employ any person who is at any time during those negotiations employed by the other party's Group and directly involved in such negotiations, whether or not that person would commit any breach of his or her contract of service in leaving the employment of the other party's Group.
- 6.4 Nothing in paragraph 6.2 shall, however, prevent a party or any member of its Group from:
- (a) considering and accepting an application made by any such employee in response to a recruitment advertisement published generally and not specifically directed at employees of the other party; or
 - (b) responding to an approach by any such employee of the other party's Group which the first party can establish from its written records as having been initiated by such employee.

7. General

- 7.1 Save as subsequently agreed in writing between Paddy Power and Betfair, neither party will make, or permit or procure to be made or solicit or assist any other person to make, any announcement or disclosure in relation to the Potential Transaction without the prior written consent of the other party (which may be given, if at all, on such terms as such party considers appropriate).
- 7.2 Save as subsequently agreed in writing between Paddy Power and Betfair, each party acknowledges that neither the Disclosing Party nor any other person makes or gives any representation, warranty or undertaking, express or implied, as to the accuracy, completeness or reasonableness of, and will have no liability for the use by the Recipient of, any material provided or made available by the Disclosing Party under the terms of this Agreement ("Material"). Accordingly, neither the Disclosing Party nor any other person shall be liable for any loss or damage (whether direct, indirect or consequential) suffered by any person as a result of relying on any statement contained in or omitted from the Material.

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- 7.3 Each party understands and agrees that it shall not acquire by implication or otherwise any right in or title to or licence in respect of any Confidential Information by virtue of any disclosure made pursuant to this Agreement. For the avoidance of doubt the foregoing is without prejudice to any proprietary analytical methods or any pre-existing intellectual property rights of either party.
- 7.4 Each party acknowledges that certain of the Confidential Information may be information to which legal privilege attaches and agrees that access to such Confidential Information is being provided solely for the purposes of the evaluating the Potential Transaction and is not intended, and shall not constitute, a waiver of any privilege or any right to assert or claim privilege.
- 7.5 The Confidential Information to be provided, if generally available, may be likely materially to affect the price of the Paddy Power's shares and/or Betfair's shares on the markets on which they are traded and, accordingly, legal restrictions relating to insider dealing and market abuse may apply to such information.
- 7.6 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof, so that each provision hereof is severable from each other provision hereof.
- 7.7 No failure or delay by any party in exercising any of its rights under this Agreement shall operate as a waiver of such rights nor shall any single or partial exercise preclude any further exercise of such rights.
- 7.8 Any notice, claim or demand in connection with this Agreement (each a "Notice") shall be sent by email to the following address (or such other address as the relevant party may notify to the other party at least five (5) Business Days prior to the despatch of such Notice):
- (a) Edward.Traynor@paddypower.com, with the Subject "Betfair NDA Notice",
with a hard copy to follow by hand or by courier to Paddy Power plc at Power Tower, Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, Ireland, marked for the attention of The Company Secretary; and
 - (b) Breon.Corcoran@betfair.com, with the Subject "Betfair NDA Notice",
with a hard copy to follow by hand or by courier to Betfair Group plc at Waterfront, Hammersmith Embankment, Chancellors Road, London W6 9HP, marked for the attention of Breon Corcoran.
- 7.9 Any Notice shall be in writing in English. Without prejudice to the foregoing, any Notice shall conclusively be deemed to have been received at the time of delivery of the hard copy by hand or courier.
- 7.10 This Agreement may not be supplemented, amended, varied and modified in any manner except in writing and signed by a duly authorised officer or representative of each of the parties hereto.
- 7.11 This Agreement may be executed by the parties on separate counterparts and, if so executed, will be as if all counterparts were on a single copy of this Agreement and any party may enter this Agreement by executing a counterpart.

7.12 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of Ireland, and the parties irrevocably agree that the courts of Ireland shall have exclusive jurisdiction over any disputes arising out of or in connection with this Agreement. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

8. Definitions and Interpretation

8.1 In this Agreement:

“**Acting in Concert**” has the meaning given to it in Takeover Law;

“**Affiliates**” means any person controlling, controlled by or under common control with, or associated undertakings of, either Paddy Power or Betfair (as appropriate), and “**control**” for these purposes means the power and authority to manage such person, whether the directly or indirectly, through the holding of equity interests or the exercise of voting or contractual rights or otherwise;

“**associated undertaking**” has the meaning given to it in paragraph 20 of Schedule 4 of the Companies Act 2014;

“**Betfair Group**” means Betfair Group plc and its subsidiary undertakings and associated undertakings;

“**Business Day**” means a day (other than a Saturday or a Sunday or public holiday in Ireland) on which clearing banks are open for business in Dublin;

“**Confidential Information**” has the meaning given to it in paragraph 1.1;

“**Derivative Securities**” has the meaning given to it in paragraph 6.1(a)(ii);

“**Disclosing Party**” means the party that discloses Confidential Information to the Recipient in accordance with the terms of this Agreement;

“**Extraordinary Transaction**” means a takeover, tender offer, scheme of arrangement, merger, consolidation, reorganisation, liquidation, reconstruction, share exchange or similar transaction;

“**Group**” means a party and its subsidiary undertakings and associated undertakings;

“**Paddy Power Group**” means Paddy Power plc and its subsidiary undertakings and associated undertakings;

“**Recipient**” means the party that receives Confidential Information from the Disclosing Party in accordance with the terms of this Agreement;

“**subsidiary undertaking**” has the meaning given in section 275 of the Companies Act 2014; and

“**Takeover Law**” means: in Ireland, the Irish Takeover Panel Act 1997, the European Communities (Takeover Bids (Directive 2004/25/CEC)) Regulations 2006 and the Irish Takeover Rules 2013; or in England, the City Code on Takeovers and Mergers.

8.2 In this Agreement:

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(a) a reference to:

- (i) a “**party**” means a party to this Agreement and includes its successors in title and permitted assigns;
 - (ii) a “**person**” includes any individual, firm, fund, trust, body corporate, association or partnership, government or state or agency of a state, local authority or government body or any joint venture association or partnership (whether or not having a separate legal personality and irrespective of the liability of its participants, partners or shareholders, and wherever or however incorporated or established);
 - (iii) writing or similar expressions includes, unless otherwise specified, transmission by facsimile or email;
 - (iv) the singular include the plural and vice versa and references to one gender includes all genders;
 - (v) “**day**” shall mean a period of twenty-four (24) hours running from midnight to midnight; and
 - (vi) a reference to a regulatory obligation or to a matter being required by regulation means a regulatory obligation or regulation with the force of law;
- (b) a reference to a statute or statutory provision shall be construed as a reference to the laws of Ireland unless otherwise specified and includes: (i) any subordinate legislation made under it including all regulations, by-laws, orders and codes made thereunder; (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it; and
- (c) any phrase introduced by the terms “**including**”, “**include**” and “**in particular**” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

8.3 The headings used in the Agreement are inserted for convenience only. They are to be ignored in the interpretation of this Agreement.

Please indicate your acceptance of these terms by signing the enclosed duplicate copy of this Agreement and returning it to Paddy Power.

Yours faithfully

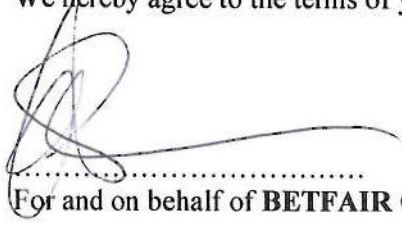


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For and on behalf of
PADDY POWER PLC

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We hereby agree to the terms of your letter dated 18 August 2015, a copy of which is set out overleaf.

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a horizontal line extending to the right.

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For and on behalf of **BETFAIR GROUP PLC**

Dated: 18/08/15.....