

APPENDIX - PHANTOM BETSAVE¹

This Appendix relates to the outstanding Options over notional Betfair Shares under the Phantom BETSAVE (the *Phantom BETSAVE Options*) you may hold under the following Phantom BETSAVE grants:

Grant	Normal Maturity Date	Notional Option Price
Phantom BETSAVE 2013	1 November 2016	£8.1667
Phantom BETSAVE 2014	1 December 2017	£9.0810

How does the Merger affect my Phantom BETSAVE Options?

Ordinarily, Phantom BETSAVE Options mature after three years, at which point you can decide if you want to exercise the option and receive a cash payment.

However, as a result of the Merger, Betfair will become a wholly owned subsidiary of Paddy Power Betfair, the effect of which is that certain action needs to be taken by you in accordance with the rules of the Phantom BETSAVE plan. If you do not take any action, your Phantom BETSAVE Options will lapse. You have three choices for your Phantom BETSAVE Options. You need to complete the enclosed Election Form(s) to make a choice in respect of each BETsave Option you hold.

Choice 1: Elect to roll over your Phantom BETSAVE Options in full and exchange them for options over an equivalent number of notional Paddy Power Betfair Shares which you can exercise at the normal Maturity Date (the *New Phantom Options*).

Choice 2: Elect to exercise a portion of your Phantom BETSAVE Options on the Court Sanction date although you will only be able to exercise your options and receive a pro-rata payment based on the number of whole months completed since the date of grant.

Choice 3: Elect to exercise a portion of your Phantom BETSAVE Options on or after the Effective date (and within six months after the Court Sanction date) although you will only be able to exercise your options and receive a pro-rata payment based on the number of whole months completed since the date of grant.

Further details of each Choice are set out below. It is important that you read this information and choose which course of action you wish to take. If you do nothing, your Phantom BETSAVE Options will lapse on a date falling six months after the Court Sanction date (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.

¹ *The Betfair Group plc Phantom SAYE Option Scheme dated June 2013.*

How do I know how many Phantom BETsave Options I have?

Your 2014 Options are 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.

Your 2013 Options are administered by Equiniti. These are detailed on the enclosed Election Form. If you have any queries in relation to your 2013 Options please contact shareplans@betfair.com.

Choice 1: What happens if I elect to roll over my Phantom BETSAVE Options in full (Choice 1)?

If you choose to roll over your Phantom BETSAVE Options by ticking Box 1 on the enclosed Election Form, you will receive New Phantom Options of equivalent economic value (by reference to the Merger Ratio) as your existing Phantom BETSAVE Options.

- Your New Phantom Options will be granted over 0.4254 notional Paddy Power Betfair Shares for every notional Betfair Share under your existing Phantom BETSAVE Options (rounded down to the nearest whole number of notional Paddy Power Betfair Shares). For example, this means that if you hold a Phantom BETSAVE Option over 100 notional Betfair Shares, it will be replaced with a New Phantom Option over 42 notional Paddy Power Betfair Shares.
- The notional option price of your New Phantom Options will be calculated on a proportionate basis by dividing the notional option price of your existing Phantom BETSAVE Options by 0.4254 so that the total notional option price under your New Phantom Options will be equivalent to the notional option price under your existing Phantom BETSAVE Options. The notional option prices for your New Phantom Options will be £19.1976 for the 2013 Phantom BETSAVE Options and £21.3469 for the 2014 Phantom BETSAVE Options.
- Your New Phantom Options will have the same Maturity Date as your existing Phantom BETSAVE Options.
- At the Normal Maturity Date, you will be able to exercise your New Phantom Option in full.
- Your New Phantom Options will be subject to the same terms as your existing Phantom BETSAVE Options.

What if I leave employment after the Merger?

If you choose to roll over your Phantom BETSAVE Options the current leaver rules will be retained.

Choice 2: What happens if I elect to exercise my Phantom BETSAVE Options on the Court Sanction date?

- You will be able to exercise your Phantom BETSAVE Options and shortly after exercise, you will receive a pro-rata cash payment pursuant to the terms of the

Phantom BETSAVE plan (less deductions for any tax and social security withholding obligations that arise on exercise).

- Although the date of the Court Sanction is not yet fixed, it is currently expected to occur in the first half of 2016. This would be before the normal Maturity Dates for the 2013 and the 2014 Phantom BETSAVE Options. Accordingly, you will not be able to receive the full value of your Phantom BETSAVE Option.

Choice 3: What happens if I elect to exercise my Phantom BETSAVE Options on or after the Effective Date?

- You will be able to exercise your Phantom BETSAVE Options, but only until the Lapse Date, after which they will lapse (the *Exercise Period*).
- You will be able to exercise your Phantom BETSAVE Options and shortly after exercise you will receive a pro-rata cash payment pursuant to the terms of the Phantom BETSAVE plan (less deductions for any tax and social security withholding obligations that arise on exercise), 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 BETSAVE Option.
- By electing to exercise at a later date (within the Exercise Period) you can increase the number of notional Betfair Shares that become exercisable under your Phantom BETSAVE Options by 1/36th in respect of each additional whole month completed since the date of grant (subject to a cap equal to the maximum number of notional Betfair Shares over which your Phantom BETSAVE Options were granted).
- Although the date of the Court Sanction is not yet fixed, it is currently expected to occur in the first half of 2016. This would be before the normal Maturity Dates for the 2013 and the 2014 Phantom BETSAVE Options. Accordingly, you will not be able to receive the full value of your Phantom BETSAVE Option.

How do I roll over or exercise my Phantom BETSAVE Options?

In order to roll over or exercise your Phantom BETSAVE Options, you will need to instruct Computershare offline directly by completing the relevant paperwork explained below.

What happens if I take no action?

If you take no action, your Phantom BETSAVE Options will lapse on the Lapse Date.

Election Form(s)

You must complete the relevant enclosed Election Form in respect of each BETsave Option you hold.

Exercise Form

If you elect Choice 3 then you will also need to complete and submit the Exercise Form to Computershare offline prior to the date on which you wish to exercise. The Exercise Form can be downloaded from your Computershare account or Betfair Today.

Settlement

If you elect Choice 1 – roll over of Phantom BETSAVE Options for New Phantom Options - option certificates for the New Phantom Options you have elected will be provided to you as soon as possible after completion of the Merger.

Leaving employment

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

What if the Merger does not complete?

If the Merger does not happen, for whatever reason, your Phantom BETSAVE Options will continue just as they are currently and you will be able to keep saving until the Normal Maturity Date applicable to your Phantom BETSAVE Options, subject to the rules of Phantom BETSAVE.