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THIS ANNOUNCEMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") OR RULE 2.5 OF THE IRISH TAKEOVER RULES AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE.

FOR IMMEDIATE RELEASE

Paddy Power plc and Betfair Group plc

Possible Merger of Paddy Power plc ("Paddy Power") and
Betfair Group plc ("Betfair") (the "Possible Merger")

The Boards of Paddy Power and Betfair are pleased to announce that they have reached an agreement in principle on the key terms of a Possible Merger of Paddy Power and Betfair to create Paddy Power Betfair plc (the "Combined Group").

The Possible Merger would create one of the world's largest public online betting and gaming companies by revenue with enlarged scale, capability and distinctive and complementary brands. The combination has compelling strategic logic and represents an attractive opportunity for both companies to enhance their position in online betting and gaming and to deliver synergies, customer benefits and shareholder value.

Key Terms

- Paddy Power shareholders would own 52 per cent. and Betfair shareholders would own 48 per cent. of the issued and to be issued share capital of the Combined Group;
- Immediately prior to completion, Paddy Power shareholders would receive a special dividend of €80 million;
- Gary McGann, Chairman of Paddy Power, would become Chairman of the Board of the Combined Group;
- Breon Corcoran, CEO of Betfair, would become CEO of the Combined Group. Andy McCue, CEO of Paddy Power would become COO and an Executive Director of the Combined Group. Alex Gersh, CFO of Betfair, would become CFO and an Executive Director of the Combined Group;
- The Board of Directors of the Combined Group would also comprise other non-executive directors nominated equally from each of Paddy Power and Betfair; and
- The structure of the Possible Merger is being finalised with a view to maximising benefits to shareholders and other stakeholders, and it is expected that the Combined Group will maintain a significant presence in Ireland and in the UK.

Compelling Strategic Rationale

- Creation of one of the world's largest public online betting and gaming companies with revenues of over £1.1 billion (€1.5 billion¹) in their last financial years;
- The Combined Group's scale and capabilities would leave it better placed to compete in existing and new markets;
- Dual brand strategy in Europe utilising the distinctive and complementary brands of Betfair and Paddy Power;
- Complementary online business and geographic mix;
- Diversified group with strong platforms across online and retail in the UK and Ireland, and attractive international growth opportunities in Continental Europe, the US and Australia; and
- Cost and revenue synergies from efficiencies which reflect the complementary nature of the businesses and through leveraging of the Combined Group's enlarged scale.

Next Steps

Discussions remain ongoing regarding the other terms of the Possible Merger. The terms of the Possible Merger remain conditional on, inter alia, completion of due diligence and the parties reserve the right to waive these conditions and, with the agreement of the other party, to vary the form of consideration and/or make an offer on different terms. While there can be no certainty that any transaction will occur, Paddy Power and Betfair expect to provide a further update over the coming weeks.

The structure of the Possible Merger remains under consideration. Accordingly until further notice, both the Code and the Irish Takeover Rules apply including the disclosure rules under Rule 8 of the Code and Rule 8 of the Irish Takeover Rules. For the purposes of the Code, Paddy Power is the offeror and Betfair is the offeree. For the purposes of the Irish Takeover Rules, Betfair is the offeror and Paddy Power is the offeree.

In accordance with Rule 2.6(a) of the Code, Paddy Power has until 5.00pm on 23 September 2015 (or such later time and/or date to which this date may be extended by the UK Takeover Panel in accordance with Rule 2.6(c) of the Code and Note 1 on Rule 2.6) to announce either a firm intention to make an offer for Betfair in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. If the Possible Merger is structured with Betfair as the offeror, this deadline will not apply.

This announcement has been made with the consent of Paddy Power and Betfair.

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¹ Based on GBP/EUR exchange rate of 0.7378

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A copy of this announcement will be available at both www.paddypowerplc.com and <http://corporate.betfair.com>. The content of the websites referred to in this announcement are not incorporated into and do not form part of this announcement.

The directors of Paddy Power accept responsibility for the information contained in this announcement relating to Paddy Power, the Paddy Power Group, the directors of Paddy Power and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the directors of Paddy Power (who have taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Betfair accept responsibility for the information contained in this announcement relating to Betfair, the Betfair Group, the directors of Betfair and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the directors of Betfair (who have taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The release, publication or distribution of this announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this announcement and all other announcements relating to the combination are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any restricted jurisdiction. Persons receiving such announcements (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the combination disclaim any responsibility or liability for the violations of any such restrictions by any person.

Morgan Stanley & Co. International plc ("Morgan Stanley") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser to Paddy Power and no one else in connection with the Possible Merger. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Possible Merger, the contents of this announcement or any other matter referred to herein.

IBI Corporate Finance Limited, which is regulated in Ireland by the Central Bank of Ireland, is acting exclusively for Paddy Power and for no one else in connection with the Possible Merger and will not be responsible to anyone other than Paddy Power for providing the protections afforded to customers of IBI Corporate Finance Limited or for providing advice in relation to the Possible Merger, the contents of this announcement or any transaction or arrangement referred to herein.

Goldman Sachs International, 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 matters referred to in this announcement and will not be responsible to anyone other than Betfair for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the matters referred to in this announcement.

Rule 2.10

As at the date of this announcement, Paddy Power plc has 44,042,727 ordinary shares of €0.09 each ("Paddy Power Ordinary Shares") in issue and admitted to trading on the Irish Stock Exchange and the main market of the London Stock Exchange. The International Securities Identification Number for the Paddy Power plc Ordinary Shares is ISIN: IE00BWT6H894. Paddy Power holds 1,965,600 shares in treasury. In addition, there are 305,577 outstanding share options that have been granted by Paddy

Power plc under Paddy Power's Share Option and Sharesave Schemes with the exercise prices ranging from of €14.40 to £40.79. A further 865,859 ordinary shares have been conditionally awarded under Paddy Power plc's Long Term Incentive Plan, 747,886 of which are currently held in Trust. These are exercisable at no cost provided certain performance criteria have been met. As at the date of this announcement these criteria have not been met.

As at the date of this announcement, Betfair has 92,705,190 ordinary shares of 0.095 pence each in issue and admitted to trading on the main market of the London Stock Exchange. The International Securities Identification Number for the ordinary shares is ISIN: GB00BSPL1J93. Betfair holds no shares in treasury. In addition, there are 602,850 outstanding share options that have been granted by Betfair under Betfair's Share Option and Save-As-You-Earn plans with exercise prices ranging from £4.50 to £9.08. A further 3,711,281 ordinary shares have been conditionally awarded under Betfair's Long Term Incentive Plan, Deferred Share Incentive Plan, Restricted Share Plan, Management Incentive Plan, Short Term Incentive Plan and Stakeholder Plan, 393,715 of which are currently held in an employee benefit trust. These are exercisable at no cost subject to ongoing employment and provided, in some cases, that certain performance criteria have been met.

Dealing Disclosure Requirements in the UK

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Dealing Disclosure Requirements in Ireland

Under the provisions of Rule 8.3 of the Irish Takeover Rules, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Betfair or Paddy Power, all "dealings" in any "relevant securities" of Betfair or Paddy Power (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by not later than 3:30 p.m. (Irish time) on the "business day" following the date of the relevant transaction. This requirement will continue until the date on which the Possible Merger becomes unconditional or on which the "offer period" otherwise ends. If two or more persons co-operate on the basis of any agreement either express or tacit, either oral or written, to acquire an "interest" in "relevant securities" of Betfair or Paddy Power, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules. Under the provisions of Rule 8.1 of the Irish Takeover Rules, all "dealings" in "relevant securities" of Betfair by Paddy Power or "relevant securities" of Paddy Power by Betfair, or by any person "acting in concert" with either of them must also be disclosed by no later than 12 noon (Irish time) on the "business day" following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed can be found on the Irish Takeover Panel's website at www.irishtakeoverpanel.ie. "Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities. Terms in quotation marks are defined in the Irish Takeover Rules, which can be found on the Irish Takeover Panel's website.

If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, please consult the Irish Takeover Panel's website at www.irishtakeoverpanel.ie or contact the Irish Takeover Panel on telephone number +353 1 678 9020; fax number +353 1 678 9289.