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If you sell or have sold or otherwise transferred all your Existing Ordinary Shares, please send this document together with the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.



Betfair Group plc

(registered in England and Wales with company number 06489716)

**Proposed Return of Cash to Shareholders
of £1.89 per Existing Ordinary Share, by way of a
B Share Scheme to be followed by a 7 for 8 Share Consolidation**

and

amendment to Breon Corcoran's Joining Award

and

Notice of General Meeting

You should read the whole of this document. In particular, your attention is drawn to the letter from the Chairman of the Company that is set out in Part I of this document and, the details of the Return of Cash set out in Part IV of this document and the details of the amendment to Breon Corcoran's Joining Award in Part VIII of this document. The letter in Part I recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

You should note that the Return of Cash is conditional upon the approval by the Shareholders of Resolutions 1 to 4 (inclusive) proposed at the General Meeting. You should also note that nothing in this document should be taken as constituting an offer of or to subscribe for or sell shares in the Company.

Notice of a General Meeting, to be held at 11.00 a.m. on 9 January 2015 at the Company's registered office at Waterfront, Hammersmith Embankment, Chancery Road (access on Winslow Road), London, W6 9HP, United Kingdom, is set out in Part XI of this document. The Form of Proxy for use at the General Meeting accompanies this document. Shareholders are requested at Part XI to complete and return the Form of Proxy whether or not they intend to be present at the General Meeting. To be valid, a Form of Proxy should be completed and returned in accordance with the instructions set out thereon to the Company's Registrar, Computershare, so as to arrive as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 7 January 2015. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish. Alternatively, you may appoint a proxy electronically by logging on to Computershare's website at www.investorcentre.co.uk/eproxy, provided that they receive details of your appointment by no later than 11.00 a.m. on 7 January 2015.

Application will be made to the UK Listing Authority and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Capital Reorganisation to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities in place of the Existing Ordinary Shares. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30 p.m. on 9 January 2015, and that Listing of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8.00 a.m. on 12 January 2015.

No application will be made to the UK Listing Authority or to the London Stock Exchange, respectively, for any of the B Shares or Deferred Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares or Deferred Shares be listed or admitted to trading on any other recognised investment exchange.

Jefferies International Limited is acting exclusively for the Company and no-one else in connection with the Return of Cash and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jefferies International Limited or for providing advice in relation to the Return of Cash or in relation to the contents of this Circular or any transaction or other matter referred to herein.

None of the B Shares, Deferred Shares or the New Ordinary Shares have been or will be registered under the United States Securities Act of 1933 or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction that has been registered under the United States Securities Act of 1933 and the relevant state securities laws or a transaction that is not subject to the registration requirements of the United States Securities Act of 1933 and the state securities laws, either due to an exemption therefrom or otherwise.

None of the B Shares, Deferred Shares, New Ordinary Shares or this document has been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The attention of Overseas Shareholders is drawn to paragraph 7 of Part IV of this document. Shareholders resident, located or with a registered address in the United States, Australia, Canada, Japan or New Zealand are only eligible for, and will automatically receive, the B Share Dividend. The Purchase Offer is not being offered to Shareholders in these jurisdictions.

This document does not constitute an invitation to participate in the Return of Cash in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer under applicable securities laws or otherwise.

This document is a Circular relating to the Return of Cash and the amendment to Breon Corcoran's Joining Award which has been prepared in accordance with the Listing Rules.

A summary of the action to be taken by Shareholders is set out in paragraph 8 of Part I of this document and in the accompanying Notice of General Meeting.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Group's operations and financial position, and the development of the markets and the industry in which the Group operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this document. In addition, even if the results of operations, financial position and the development of the markets and the industry in which the Group operates are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors. Statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue.

Forward looking statements may, and often do, differ materially from actual results. Any forward looking statements in this document speak only as of their respective dates, reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy. You should specifically consider the factors identified in this document which could cause actual results to differ before making any decision in relation to the Return of Cash. Subject to the requirements of the FCA, the London Stock Exchange, the Listing Rules and the Disclosure and Transparency Rules (and / or any regulatory requirements) or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document.

PRESENTATION OF FINANCIAL INFORMATION

References to "£", "pounds", "pounds sterling", "sterling", "p", "penny" and "pence" are to the lawful currency of the United Kingdom.

Percentages may have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded, and as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

DEFINITIONS

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part X below.

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EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Form of Proxy for General Meeting	11.00 a.m. on 7 January 2015
Entitlement to speak and vote at the General Meeting set by reference to the register of members of the Company	6.00 p.m. on 7 January 2015
General Meeting	11.00 a.m. on 9 January 2015
Latest time and date for dealings in Existing Ordinary Shares. Share register of Existing Ordinary Shares closed and Existing Ordinary Shares disabled in CREST	4.30 p.m. on 9 January 2015
Capital Reorganisation Record Date	6.00 p.m. on 9 January 2015
Admission of New Ordinary Shares to the Official List and to trading on the London Stock Exchange's market for listed securities	8.00 a.m. on 12 January 2015
Dealings in the New Ordinary Shares commence. New Ordinary Shares entered into CREST and CREST accounts credited with "interim CREST entitlements" in respect of B Shares	8.00 a.m. (or as soon as possible thereafter) on 12 January 2015
Latest time and date for receipt of Forms of Election and USE Instructions in relation to the B Share Choices	5.00 p.m. on 21 January 2015
Jefferies makes the Purchase Offer by means of a Regulatory Information Service announcement	8.00 a.m. on 22 January 2015
Purchase of B Shares by Jefferies to be completed and Jefferies to be registered as the holder of such B Shares	By 12 noon on 22 January 2015
B Share Dividend Record Time	6.00 p.m. on 22 January 2015
B Share Dividend declared and becomes payable. B Shares automatically convert into Deferred Shares	By 11.59 p.m. on 23 January 2015
Despatch of New Ordinary Share certificates. Credit CREST accounts and despatch cheques in respect of the B Shares purchased under the Purchase Offer. Make BACS payments and despatch cheques in respect of the B Share Dividend. Credit CREST accounts and despatch cheques in respect of the sale of fractional entitlements.	By 27 January 2015

Notes:

- (1) References to time in this document are to London time.
- (2) These dates are given on the basis of the Board's current expectations and are subject to change. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement by way of Regulatory Information Service.
- (3) All events in the above timetable following the General Meeting are conditional upon approval by Shareholders of Resolutions 1 to 4 (inclusive) to be proposed at the General Meeting. All events in the above timetable following Listing are conditional upon Listing becoming effective.

PART I—LETTER FROM THE CHAIRMAN OF THE COMPANY

Directors:

Gerald Corbett *Chairman*
Breon Corcoran *Chief Executive Officer*
Alex Gersh *Chief Financial Officer*
Ian Dyson *Senior Independent Director*
Peter Jackson *Non-Executive Director*
Zillah Byng-Maddick *Non-Executive Director*
Leo Quinn *Non-Executive Director*
Peter Rigby *Non-Executive Director*

Registered Office:

Waterfront
Hammersmith Embankment
Chancellors Road (access on
Winslow Road)
London W6 9HP

(Registered in England and Wales
with number 06489716)

12 December 2014

Dear Shareholder,

Proposed Return of Cash to Shareholders of £1.89 per Existing Ordinary Share and amendment to Breon Corcoran's Joining Award

1. Introduction

On 4 December 2014 the Company announced proposals, subject to the approval of the Shareholders, to return approximately £200 million to Shareholders. I am now writing to you with full details of the Return of Cash and to seek your approval for the proposals.

Since December 2012, we have made considerable progress in executing our strategy of moving the business onto a more sustainable revenue base by focusing on regulated jurisdictions and concentrating investment in our brand, product innovation and selected promising growth opportunities. In view of this progress, we have recently completed a review of the Company's capital structure and its medium term capital requirements.

This review concluded that Betfair has a strong balance sheet which has been advantageous during uncertain times in the gaming sector. The successful execution of our strategy has led to the Group's cash balance increasing to £271.4 million (as at 31 October 2014) and, consequently, the Board believes it is appropriate to make a return of capital of approximately £200 million to Shareholders. We believe this return balances certainty of capital return, prudence, and our wish to maintain financial flexibility should value enhancing investment opportunities emerge.

Recognising the strength of Betfair's cashflow characteristics, we also announced on 4 December 2014 that we were updating our dividend policy. We will continue to target a sustainable, progressive dividend, but will now target a payout ratio of approximately 50 per cent. in the medium term.

The Directors believe that Betfair will continue to enjoy healthy cash generation and has the capacity to add leverage, if necessary, to take part in any industry consolidation. In the meantime, as announced on 4 December 2014, and subject to Betfair's ongoing capital requirements and pipeline of opportunities, we will also look to make share buy backs where we believe that they would enhance Shareholder returns further.

The Return of Cash amounts to £1.89 per Existing Ordinary Share and is being made using a B Share scheme. This gives Shareholders (other than Restricted Shareholders) a choice as to the form in which they receive their proceeds from the Return of Cash—capital or income. This document describes the choices and how to make them. Your approval is being sought for certain resolutions which need to be approved to implement the Return of Cash at a General Meeting to be held at 11.00 a.m. on 9 January 2015 at the Company's registered office at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, United Kingdom.

Separately, following extensive Shareholder consultation, the Company is proposing to amend the performance conditions applicable to the Joining Award granted to Breon Corcoran in connection with his appointment as CEO in 2012. The background to and the reasons for the proposed amendment are set out below, and a resolution approving the relevant amendments will be proposed at the General Meeting.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. The Notice of the General Meeting is set out in Part XI of this document.

2. The Return of Cash

Under the Return of Cash, for every 8 Existing Ordinary Shares held on the Capital Reorganisation Record Date, Shareholders will receive:

- **8 B Shares; and**
- **7 New Ordinary Shares.**

As part of the Return of Cash, a Capital Reorganisation is required. This will comprise the Existing Ordinary Share Sub-division followed immediately by the Share Consolidation. The Existing Ordinary Share Sub-division is an intermediate step under which each Existing Ordinary Share will be split into one Intermediate Ordinary Share and one B Share. This will be followed immediately by the Share Consolidation pursuant to which the Intermediate Ordinary Shares will be consolidated and sub-divided into New Ordinary Shares on a 7-for-8 basis.

The main features of the B Shares, and the choices available to Shareholders, are summarised in paragraph 3 below.

The total amount of the Return of Cash is equivalent to approximately 12.7 per cent. of the market capitalisation of the Company at the close of business on 10 December 2014. Following the Capital Reorganisation, the number of New Ordinary Shares in issue (as against the number of Existing Ordinary Shares previously in issue) will have been reduced by approximately the same percentage. The intention is that, subject to market movements between the date of this document and the Capital Reorganisation Record Date, the share price of one New Ordinary Share immediately after Listing becoming effective should be approximately equal to the share price of one Existing Ordinary Share on the Capital Reorganisation Record Date. The Board believes it is appropriate to consolidate the Company's share capital as this will allow comparability of the Company's share price before and after the Return of Cash. The Share Consolidation is also intended to maintain the position of participants under the Betfair Employee Share Schemes.

The effect of the Capital Reorganisation will be to replace every 8 Existing Ordinary Shares with 7 New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and sold in the market on behalf of the relevant Shareholders. The proceeds of sale are expected to be sent to Shareholders on 27 January 2015. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share. Should the cash consideration for a Shareholder's fractional entitlement be less than £5.00, such Shareholder will not receive a cheque in respect of that entitlement. Instead the sale proceeds will be aggregated and donated to charity.

As all shareholdings in the Company will be consolidated, Shareholders' percentage holdings of Existing Ordinary Shares will (save in respect of fractional entitlements) remain unchanged. The New Ordinary Shares will have the same rights, including voting and dividend rights, as the Existing Ordinary Shares.

Following the Capital Reorganisation, and assuming that no further Existing Ordinary Shares are issued before the Capital Reorganisation Record Date, the Company's issued share capital will comprise 92,475,999 New Ordinary Shares.

Further details of the Capital Reorganisation are set out in Part IV of this document.

3. The B Share Choices

With the exception of Restricted Shareholders, Shareholders will have the ability to elect whether to receive their cash proceeds under the Return of Cash as income, capital or a combination of both. Each of the B Share Choices will return £1.89 of cash per Existing Ordinary Share.

If you do not properly complete and return your Form of Election or if you are a CREST holder and you do not send a valid USE Instruction, you will be deemed to have elected for Choice 1 (B Share Dividend).

Choice 1: B Share Dividend

If you choose (or are deemed to choose) this option in respect of your B Shares, you will receive a single dividend of £1.89 for each B Share you receive, which will be declared and become payable on 23 January 2015. Following the declaration of the B Share Dividend, your B Shares will automatically convert into Deferred Shares with, in practice, no economic or other rights. These Deferred Shares will

then be acquired from you (without any further action from you) for no value following the Return of Cash and will subsequently be cancelled.

Choice 2: Purchase Offer

If you choose this option in respect of your B Shares, Jefferies, acting as principal (and not as agent, nominee or trustee) will buy those B Shares for £1.89 for each B Share you receive, free of all dealing expenses and commissions, on 22 January 2015.

Other important information in relation to the B Share Choices

Neither the B Shares nor the Deferred Shares will be listed and it is highly unlikely that an active market for them will develop or, if developed, be sustained.

Details of how to complete and return your Form of Election or send a valid USE Instruction through CREST are set out in Part III of this document. Shareholders electing through CREST should not complete a Form of Election but instead should refer to paragraph 4 of Part IX of this document.

Choice 2 (Purchase Offer) is not being offered to Shareholders in any of the Restricted Territories, which comprise the United States, Australia, Canada, Japan and New Zealand, who will instead be deemed to have elected for Choice 1 (B Share Dividend).

The attention of other Overseas Shareholders is drawn to paragraph 7 of Part IV of this document. In particular, such Shareholders should note that, by making a valid election for Choice 2 (Purchase Offer), they will be deemed to represent, warrant and/or agree (as applicable) in the terms set out in paragraph 4 of Part IV of this document.

Shareholders should read Part VII of this Circular, which outlines the different UK tax consequences of the B Share Choices. It is important to note that the tax consequences for Shareholders will depend on the particular Shareholder's facts and circumstances. As such Part VII is intended for guidance only. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

Further information on each of the B Share Choices is set out in Part IV of this document.

4. Key dates

A detailed timetable is set out on page 3 of this document. However, there are three key dates in respect of the Return of Cash:

Latest time for receipt of Forms of Proxy to vote at the General Meeting	11.00 a.m. on 7 January 2015
General Meeting	11.00 a.m. on 9 January 2015
Latest time for receipt of Forms of Election or USE Instructions relating to the B Share Choices	5.00 p.m. on 21 January 2015
Despatch of new share certificates and cheques, and CREST accounts (or, if relevant, bank accounts) credited in respect of cash payments	By 27 January 2015

5. Effect of Return of Cash on the Betfair Employee Share Schemes

Separate communications are being sent to participants in the Betfair Employee Share Schemes in respect of the Return of Cash.

The effect of the Capital Reorganisation should be to preserve the prevailing value immediately before the Return of Cash of each Ordinary Share under option or award, subject to any market fluctuations. As a result, the value of each option and award under the Betfair Employee Share Schemes after the Capital Reorganisation should remain approximately the same. Accordingly, no adjustments are proposed to be made to options or awards that have been made under the Betfair Employee Share Schemes in respect of the Return of Cash. The number of Ordinary Shares over which participants have options or awards and any exercise price payable will remain unchanged.

Further details of the implications of the proposed Return of Cash on options and awards that have been made under the Betfair Employee Share Schemes are set out in paragraph 11 of Part IV of this Circular.

6. Amendment to Breon Corcoran's Joining Award

The recruitment of Breon Corcoran for the role of Chief Executive of Betfair took place in the Autumn of 2011. One of the key points of the negotiation was a share award to be granted to Mr Corcoran over 500,000 Ordinary Shares, the purpose of which, together with some other awards, was to buy out awards that he forfeited when he left Paddy Power plc. The understanding reached at that time was that this award would be performance based, that the relevant vesting criteria would comprise revenue and earnings per share ("EPS") targets only, and that any effects of regulatory change would be adjusted for—consistent with the Company's then normal practice.

Mr Corcoran and the Company subsequently entered into a service agreement in November 2011, which confirmed that his Joining Award would be on terms identical to the Company's LTIP. However the Joining Award was not formally granted at that time.

The current Chairman joined the Company in March 2012. In June 2012 the Remuneration Committee put in place the 2012 LTIP Awards for other employees and, for the first time, a total shareholder return ("TSR") component was introduced alongside the revenue and EPS targets (which had previously been the only performance conditions).

Shortly after this, the Joining Award was formally granted on 1 August 2012. As the Joining Award was to be otherwise on identical terms to the 2012 LTIP awards recently made to other employees, and due to the change to the terms of the Company's LTIP since his recruitment, the document setting out the formal terms and conditions of the Joining Award included a TSR component.

In December 2012, Mr Corcoran brought to the Remuneration Committee's attention the fact that his Joining Award included a TSR component, and that this differed from the understanding reached in November 2011 when he had decided to leave Paddy Power and join Betfair. The Remuneration Committee, upon reviewing the circumstances and details of his recruitment, concurred with Mr Corcoran.

No action was taken whilst the Board dealt with the approach to acquire the Company from a consortium led by CVC in April and May 2013. However, following the termination of discussions with CVC, the Chairman confirmed in writing to Mr Corcoran the board's acceptance of the position and undertook to revert back to the original understanding should this be possible. Since that time, the Board believes that Mr Corcoran and his team have done an outstanding job, which has been reflected in the Company's overall performance.

The Board believes it is both appropriate and necessary to honour the understanding reached with Mr Corcoran in Autumn 2011 when he decided to join the company. Therefore following extensive consultation with Shareholders, led by Leo Quinn, the Chairman of the Remuneration Committee who joined the Board in March 2014, it is proposed that the Joining Award performance conditions be amended so as to remove the TSR component.

This amendment is only permitted under the Share Option Agreement with Shareholder approval. The resolution containing the amendment will be proposed as an ordinary resolution, the approval of which requires a majority of the votes cast in respect of it.

Further information on the proposed change to the performance conditions attached to the Joining Award is set out in Part VIII of this Circular.

7. General Meeting

Certain steps required to be implemented as part of the Return of Cash and the amendment of Breon Corcoran's Joining Award require the approval of Shareholders at a general meeting of the Company. Accordingly there is set out at the end of this Circular in Part XI a notice convening the General Meeting to be held at 11.00 a.m. on 9 January 2015 at the Company's registered office at Waterfront, Hammersmith Embankment, Chancery Lane (access on Winslow Road), London, W6 9HP, United Kingdom.

A summary explanation of Resolutions 1 to 4 (inclusive) can be found at paragraph 13 of Part IV of this Circular. A summary explanation of Resolution 5 can be found at paragraph 2 of Part VIII of this Circular.

Resolutions 1 to 4 (inclusive) are inter-conditional. In the event that any of Resolutions 1 to 4 (inclusive) is not approved by the required majority, the Return of Cash will not happen and any elections made will lapse.

Resolution 5 relates to a separate matter as described in paragraph 6 above and does not have any impact on the Return of Cash

8. Action to be Taken

Action Shareholders should take in relation to the General Meeting

You will find enclosed with this Circular a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrar, Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, to arrive as soon as possible and, in any event, no later than by 11.00 a.m. on 7 January 2015. Alternatively, you may complete the proxy form electronically at www.investorcentre.co.uk/eproxy.

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of this Circular at Part XI.

Completion and return of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

Action Shareholders should take in relation to the Return of Cash

The procedure for making elections under the Return of Cash depends on whether your Existing Ordinary Shares are held in certificated or uncertificated form and is summarised below.

Shareholders (other than Restricted Shareholders) may elect for one or a combination of the B Share Choices provided that the total number of B Shares in respect of which an election is made does not exceed a Shareholder's total holding at the Election Deadline.

Shareholders need to make their own decision regarding any election(s) they make under the Return of Cash between the B Share Choices and are recommended to consult their own independent professional adviser.

(a) Existing Ordinary Shares held in certificated form

Shareholders (other than Restricted Shareholders) who hold Existing Ordinary Shares in certificated form should make any election for the B Share Choices by completing the Form of Election in accordance with the instructions printed thereon, and returning it as soon as possible and in any event so as to be received by post at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH (using the accompanying reply-paid envelope if posting from inside the United Kingdom) or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, by no later than 5.00 p.m. on 21 January 2015. **Shareholders who do not complete and return a valid Form of Election by 5.00 p.m. on 21 January 2015 will be deemed to have elected for Choice 1 (B Share Dividend) in respect of ALL of their B Shares.**

Shareholders with a registered address in a Restricted Territory will not be sent a Form of Election and will be deemed to have elected for Choice 1 (B Share Dividend) in respect of ALL of their B Shares.

(b) Existing Ordinary Shares held in uncertificated form

Shareholders (other than Restricted Shareholders) who hold their Existing Ordinary Shares in uncertificated form should refer to the applicable procedures and related timings set out in paragraph 4 of Part VIII of this Circular. The CREST Manual may also assist you in making a USE Instruction. **Any Shareholder whose USE Instruction does not settle by 5.00 p.m. on 21 January 2015 will be deemed to have elected for Choice 1 (B Share Dividend) in respect of ALL of their B Shares.**

Shareholders who do not make a valid election, and all Restricted Shareholders, will be deemed to have elected for Choice 1 (B Share Dividend) in respect of ALL of their B Shares.

9. Shareholder helpline

If you are in any doubt as to how to complete the Form of Proxy or Form of Election please contact Computershare on 0870 707 4010 (or +44 (0)870 707 4010 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Calls to 0870 707 4010 are charged at

approximately 10 pence per minute plus network extras. Calls to +44 (0)870 707 4010 from outside the United Kingdom are charged at applicable international rates. **Please note that calls may be monitored or recorded and that Computershare will not provide advice on the merits of the Return of Cash nor give any financial or tax advice.**

10. Recommendation

The Board has received advice from Jefferies in relation to the Resolutions. In providing their advice to the Board, Jefferies has taken into account the Board's commercial assessment of the Resolutions.

Your Board is of the opinion that the Resolutions to be proposed at the General Meeting are in the best interests of Shareholders as a whole. Accordingly, your Board unanimously recommends that you vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings amounting in aggregate to 292,827 Existing Ordinary Shares representing approximately 0.277 per cent. of the total issued share capital of the Company at 10 December 2014, except in relation to Resolution 5, in respect of which Breon Corcoran will abstain from voting.

Yours faithfully,

For and on behalf of Betfair Group plc

Gerald Corbett
Chairman

PART II—FREQUENTLY ASKED QUESTIONS WITH ANSWERS

These questions and answers are aimed particularly at individuals who are Shareholders in the Company. They set out some frequently asked questions and provide brief responses. Please read both the questions and answers below. Times and dates specified below are expected times and dates and are subject to change as set out in the rest of the document. The questions with answers below assume you do not hold shares through CREST unless CREST is specifically mentioned. **You should read the whole document carefully and not rely solely on the summary information below.**

If you have any other questions on the Return of Cash, you may call Computershare on 0870 707 4010 (or +44 (0)870 707 4010 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Calls to 0870 707 4010 are charged at approximately 10 pence per minute plus network extras. Calls to +44 (0)870 707 4010 from outside the United Kingdom are charged at applicable international rates. Please note that calls may be monitored or recorded and that Computershare will not provide advice on the merits of the Return of Cash nor give any financial or tax advice.

1. What is being proposed?

The Company proposes to return £1.89 in cash to you for each Existing Ordinary Share held by you at the Capital Reorganisation Record Date. Subject to certain overseas restrictions, you will be able to elect whether you receive this cash as income or capital, or a combination of the two.

For every Existing Ordinary Share that you hold at the Capital Reorganisation Record Date, you will receive one B Share. Each B Share entitles you to receive £1.89 in cash either via the B Share Dividend or the Purchase Offer, as you may elect (or be deemed to have elected).

2. Is there a meeting to approve the Return of Cash?

As certain steps which need to be implemented as part of the Return of Cash require the approval of Shareholders, a general meeting of the Company has been convened for 11.00 a.m. on 9 January 2015 at the Company's registered office at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, United Kingdom. A summary explanation of Resolutions 1 to 4 (inclusive) is set out at paragraph 13 of Part IV of this Circular. Resolutions 1 and 4 will be proposed as special resolutions and will require a majority of 75 per cent. or more of the votes cast to be in favour in order to be passed. Resolutions 2 and 3 will be proposed as ordinary resolutions and will require more than 50 per cent. of the votes cast to be in favour in order to be passed.

Resolution 5 does not relate to the Return of Cash and is further described in Part VIII of this document.

3. How do I vote at the General Meeting?

All Shareholders are entitled to attend and vote at the General Meeting, but are not obliged to do so. If you choose not to attend, we would encourage you to exercise your right to vote at the meeting by signing and returning the enclosed Form of Proxy so that it is received by the Company's Registrar, Computershare, by no later than 11.00 a.m. on 7 January 2015. Alternatively, you may complete the proxy form electronically at www.investorcentre.co.uk/eproxy.

If you hold your Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare under participant ID 3RA50 so that it is received by no later than 11.00 a.m. on 7 January 2015.

4. What choices do I have for my B Shares?

Unless you are a Restricted Shareholder you may choose between the B Share Dividend, the Purchase Offer or a combination of the two choices. Restricted Shareholders will be deemed to have elected for Choice 1 (B Share Dividend) in respect of all of their B Shares.

Choice 1: B Share Dividend

If you choose (or are deemed to choose) this option in respect of some or all of your B Shares, you will receive a single dividend of £1.89 per B Share on 23 January 2015. Following the declaration of the B Share Dividend, your B Shares will automatically convert into Deferred Shares with, in practice, no economic or other rights. These Deferred Shares will then be acquired from you (without any further action from you) for no value following the Return of Cash and will subsequently be cancelled.

Choice 2: Purchase Offer

If you choose this option in respect of your B Shares, Jefferies, acting as principal (and not as agent, nominee or trustee) will buy those B Shares for £1.89 per B Share, free of all dealing expenses and commissions, on 22 January 2015.

Before making any election or elections between the B Share Choices you should consider your tax position and you are recommended to consult your own independent professional adviser. You should refer to question 13 below.

Details of how to complete and return your Form of Election are set out in Part III of this document. Shareholders electing through CREST should not complete a Form of Election but instead should refer to paragraph 4 of Part VIII of this document.

Further information on each of the B Share Choices is set out in Part IV of this document.

5. How do I make my choice?

Information on how to make your choice is set out in Part III of this document. Shareholders electing through CREST should refer to paragraph 4 of Part VIII of this document.

6. What if I don't get my Form of Election back in time?

If you do not correctly complete and return your Form of Election or send a valid USE Instruction by the Election Deadline, you will be treated as having elected to accept Choice 1 (B Share Dividend) in respect of all of your B Shares (unless otherwise determined by the Directors).

7. What happens to my ordinary shares in the Company?

Each Existing Ordinary Share will be split into one Intermediate Ordinary Share and one B Share pursuant to the Existing Ordinary Share Sub-division. The Intermediate Ordinary Shares arising out of the share split will be then be consolidated and divided into New Ordinary Shares on the basis of 7 New Ordinary Shares for every 8 Intermediate Ordinary Shares pursuant to the Share Consolidation, which will reduce the number of Ordinary Shares that all Shareholders hold. The intention is that, subject to market movements, the share price of one New Ordinary Share immediately after Listing of the New Ordinary Shares becoming effective should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand. Therefore, to help ensure that the share price stays about the same immediately before and after the Return of Cash (apart from normal market movements), the Company intends to reduce the total number of Ordinary Shares owned by all Shareholders.

As a result, for every 8 Existing Ordinary Shares that you own at the Capital Reorganisation Record Date, you will receive 7 New Ordinary Shares to replace them (in addition to your 8 B Shares).

You will continue to own the same proportion of the Company immediately after the Capital Reorganisation as you did you before, subject to fractional entitlements arising on the Share Consolidation (see question 8 below).

8. What if the number of New Ordinary Shares to which I am entitled is not a whole number?

If your entitlement to New Ordinary Shares is not a whole number, you will be left with a fractional entitlement to a New Ordinary Share. So, for example, a Shareholder with 100 Existing Ordinary Shares would, after the Share Consolidation, as well as receiving 100 B Shares, be entitled to 87 New Ordinary Shares and an entitlement to 0.5 of a New Ordinary Share. The Company will combine all fractions and arrange to have them sold in the market. It is expected that you will be sent a cheque for your proportion of the sale proceeds, or have such amount credited to your CREST account, on 27 January 2015. Should the cash consideration for your fractional entitlement be less than £5.00, you will not receive a cheque in respect of that entitlement. Instead the sale proceeds will be aggregated and donated to charity.

9. What happens to my current share certificates?

Your Existing Ordinary Share certificate(s) will no longer be valid once the New Ordinary Shares have been listed. Therefore, you should destroy it / them upon receipt of your New Ordinary Share certificate.

New Ordinary Share certificates will be despatched on or before 27 January 2015. They are despatched at each Shareholder's own risk. To reduce this risk, please make every effort to ensure that Computershare holds your current address.

10. What if I want to sell my New Ordinary Shares before I have received my New Ordinary Share certificate?

You will be able to sell your New Ordinary Shares from 12 January 2015 even though you will not have a New Ordinary Share certificate for them on that date. The Company will not be issuing temporary documents of title. Instead the New Ordinary Shares will be certified against the register held by Computershare.

11. Will I get a B Share certificate?

No share certificates will be issued in respect of the B Shares.

12. Can I trade my B Shares and/or Deferred Shares?

Although the B Shares are transferable, they will not be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities or listed or admitted to trading on any other recognised investment exchange. There will be no formal market for the B Shares and your ability to trade or sell the B Shares is therefore likely to be very limited.

The Deferred Shares have, in practice, no value or other rights. The Deferred Shares are not transferable meaning you will not be able to trade or sell such shares. Instead they will be acquired from you (without any further action from you) for no value following the Return of Cash and will subsequently be cancelled.

13. What is my tax position?

A guide to certain UK tax consequences of the Return of Cash under current UK law and HM Revenue & Customs' published practice is set out in Part VII of this document. Please read the relevant paragraphs carefully. If you have a complicated tax position, or are otherwise in any doubt about your tax circumstances, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult an appropriate independent professional adviser.

14. Dividends on my Existing Ordinary Shares are paid directly into my bank account. Do I need to change the existing instruction in respect of my New Ordinary Shares?

Unless revoked or varied, your present mandates will be deemed to be valid for any dividends from the Company in respect of New Ordinary Shares.

15. How will the proceeds from the Return of Cash be paid?

Choice 1: B Share Dividend

It is expected that a cheque in respect of the B Share Dividend will be sent to you or that your bank account will be credited, as appropriate, with the proceeds on 27 January 2015 (or such other date as the Directors may determine).

Your present dividend mandate, where in respect of a sterling bank account, will (unless revoked or amended) be deemed to be valid for all future dividends payable by the Company, including the B Share Dividend. However, all payments under the Return of Cash will be made in sterling, notwithstanding any existing mandate instructions to the contrary.

Choice 2: Purchase Offer

It is expected that a cheque in respect of the Purchase Offer will be sent to you or that your CREST account will be credited, as appropriate, on 27 January 2015 (or such other date as the Directors may determine). Existing dividend mandates will not apply to any payments made in respect of the Purchase Offer.

16. What if I hold my Existing Ordinary Shares in an ISA?

If you hold your Existing Ordinary Shares in an ISA, you should be able to hold the New Ordinary Shares which you receive in place of your Existing Ordinary Shares in an ISA (subject to the terms and conditions of your ISA). You should contact your plan manager who will be able to advise you of the procedure for voting on the Return of Cash and making an election in respect of the B Shares that you receive.

17. What if I am resident outside the United Kingdom?

Shareholders resident outside the United Kingdom or who are nationals or citizens of jurisdictions other than the United Kingdom should read the additional information set out in paragraph 7 of Part IV of this document.

18. What is the impact on the Betfair Employee Share Schemes?

Options and awards over Ordinary Shares granted under the Betfair Employee Share Schemes which remain unexercised at the Capital Reorganisation Record Date do not entitle the holders of such options and awards to participate in the Return of Cash. The Return of Cash will not affect the legal rights of the holders of such options and awards, and the number of Ordinary Shares over which participants have options or awards and any exercise price payable will remain unchanged. Other terms of the relevant options or awards will remain unchanged.

The Share Consolidation, which forms part of the Return of Cash, is designed to maintain the intrinsic value of options and awards over Ordinary Shares held under Betfair Employee Share Schemes following implementation of the Return of Cash. A summary of the implications of the Return of Cash for holders of awards or options over Ordinary Shares is set out in paragraph 11 of Part IV of this Circular.

Separate communications are being sent to participants in the Betfair Employee Share Schemes in respect of the Return of Cash.

PART III—COMPLETING YOUR FORM OF ELECTION

To make an election, Shareholders who hold their Existing Ordinary Shares in certificated form must complete the Form of Election sent to them with this Circular. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent a Form of Election and instead should make their election by means of a USE Instruction and should refer to paragraph 4 of Part VIII of this document for further information.

Shareholders wishing to accept the B Share Dividend on ALL of their B Shares should NOT complete or return the Form of Election or make an election through CREST. The B Share Dividend will be paid automatically on all B Shares in respect of which the Shareholder has not elected for the Purchase Offer.

The Purchase Offer is not being offered to Restricted Shareholders and Restricted Shareholders may not elect for the Purchase Offer. Restricted Shareholders should NOT complete or return the Form of Election or make an election through CREST. The B Share Dividend will be paid automatically on all B Shares held by Restricted Shareholders.

The following instructions set out what Shareholders should do when completing the Form of Election. Shareholders need to take their own decision regarding any election(s) they make and are recommended to consult their own professional advisers.

References to “**Boxes**” are to the boxes indicated on the Form of Election.

Name(s) of Shareholder(s)

The Form of Election shows the name of the Shareholder, or the names of the joint Shareholders, of B Shares in respect of which an election can be made. When the Form of Election is completed, the Shareholder, or all joint Shareholders, need to sign the Form of Election (in Box 3, as applicable) and the signature of each Shareholder who is an individual signing in Box 3A needs to be witnessed. The witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Form of Election. One person may separately witness the signature of all joint Shareholders. If the Form of Election is signed under a power of attorney, the original power of attorney should be sent to Computershare with the Form of Election.

Number of shares held

Box A shows the number of Existing Ordinary Shares in the name(s) of Shareholder(s) as at 5.00 p.m. on 9 December 2014 and is for information purposes only. If you do not buy, sell or transfer any Existing Ordinary Shares between 9 December 2014 and the Capital Reorganisation Record Date, then this number will also be the number of B Shares that you receive and for which you may make an election.

TO MAKE ONE CHOICE IN RESPECT OF ALL OF YOUR B SHARES:

To elect for Choice 1 (the **B Share Dividend**) for all of your B Shares you need take no further action. You need not complete and return the Form of Election or make an election through CREST. Shareholders will automatically receive the B Share Dividend for all their B Shares for which no election was made.

To elect for Choice 2 (the **Purchase Offer**) for all of your B Shares you should mark an X in Box 1.

TO SPLIT YOUR B SHARES BETWEEN THE B SHARE CHOICES:

To split your B Shares between Choices 1 and 2:

Enter, in numbers, the number of B Shares you wish to be subject to the Purchase Offer in Box 1. The balance of your holding (if any) will receive the treatment described in Choice 1 (B Share Dividend).

The following instructions set out default positions where Forms of Election are incorrectly completed, or where your holding of Existing Ordinary Shares changes between completion of your Form of Election and the Capital Reorganisation Record Date, and/or your holding of B Shares changes between completion of your Form of Election and the Election Deadline:

If you enter a number in Box 1 that is greater than your holding of B Shares at the Election Deadline, all of your B shares will be subject to the Purchase Offer.

If you enter a number in Box 1 that is less than your holding of B Shares at the Election Deadline, that number of your B Shares will be subject to the Purchase Offer and you will be deemed to have elected for Choice 1 (B Share Dividend) in respect of the remainder of your holding of B Shares.

If you mark an X in Box 1, your election in respect of Choice 2 (Purchase Offer) will apply to your entire holding of B Shares, regardless of whether it has increased or decreased since completion of your Form of Election.

Any Form of Election completed by a person who is not a holder of B Shares at the Election Deadline is ineffective and will be disregarded.

Shareholders will automatically receive the B Share Dividend for all their B Shares for which no election is made.

Dematerialisation of B Shares following election

If the B Shares in respect of which any election made on the enclosed Form of Election relates are issued in certificated form pursuant to the Capital Reorganisation and are subsequently “dematerialised” into uncertificated form (i.e. held as interim CREST entitlements to B Shares in CREST) after the relevant Form of Election has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such B Shares as interim CREST entitlements in uncertificated form will need to give a valid USE Instruction in place of the submitted Form of Election by the Election Deadline. If they do not, they will be deemed to have elected for the B Share Dividend in respect of their entire entitlement under the Return of Cash.

General

The Directors shall have absolute discretion to determine all questions as to the form and validity (including time and place of receipt) of any Form of Election or USE Instruction, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Form of Election completed by or on behalf of any Shareholder, and such determination shall be binding on such Shareholder(s). Neither the Directors nor the Company shall be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Form of Election or USE Instruction, unless attributable to their own wilful default, fraud or negligence and they shall not be under any duty to give notification of any defect or irregularity in any Form of Election or incur any liability for failure to give any such notice.

Once the Election Period has ended, any election made is irrevocable. If the Election Period is extended, the period for exercising withdrawal rights will also be extended (these rights are described more fully in paragraph 6 of Part IV of this Circular). No authority conferred by or agreed by the signing of a Form of Election will be affected by, and all such authority will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Final instructions on completing your Form of Election:

Shareholders returning a Form of Election must sign in Box 3A or 3B, as appropriate.

Once completed, signed and witnessed the Form of Election should be returned in the pre-paid envelope provided. No stamps will be needed if posted in the UK. To be valid, Forms of Election must be received by Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH by the Election Deadline. If you do not use the envelope provided, the Form of Election should be sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE (postage will be payable).

If you need assistance in completing the Form of Election or have any queries relating to it, please contact Computershare on 0870 707 4010 (or +44 (0)870 707 4010 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Calls to 0870 707 4010 are charged at approximately 10 pence per minute plus network extras. Calls to +44 (0)870 707 4010 from outside the United Kingdom are charged at applicable international rates. Please note that calls may be monitored or recorded and that Computershare will not provide advice on the merits of the Return of Cash nor give any financial or tax advice.

PART IV—DETAILS OF THE RETURN OF CASH

1. Return of Cash

The Return of Cash consists of the Capital Reorganisation (see paragraph 2 below) and the B Share Choices (see paragraph 3).

Conditions to the implementation of the Return of Cash

The Return of Cash is conditional on:

- (i) the approval by Shareholders of Resolutions 1 to 4 (inclusive) to be proposed at the General Meeting; and
- (ii) the Listing of the New Ordinary Shares becoming effective.

If these conditions are not satisfied by 8.00 a.m. on 12 January 2015 or such later time and/or date as the Directors may determine, no New Ordinary Shares or B Shares will be created and the Return of Cash will not take effect.

2. Capital Reorganisation

Existing Ordinary Share Sub-division

Subject to the approval of Shareholders at the General Meeting, each Existing Ordinary Share in issue on the Capital Reorganisation Record Date will be sub-divided into one Intermediate Ordinary Share of 0.083125 pence together with one B Share of 0.016875 pence.

The B Shares will carry the rights set out in Part V of this document.

No share certificates will be issued in respect of B Shares and they will not be credited to CREST accounts. In addition, the B Shares will not be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities.

Share Consolidation

Immediately following the Existing Ordinary Share Sub-division, every 8 Intermediate Ordinary Shares will be consolidated and divided into 7 New Ordinary Shares. The intention is that, subject to normal market movements between the date of this document and the Capital Reorganisation Record Date, the share price of one New Ordinary Share immediately after Listing becoming effective should be approximately equal to the share price of one Existing Ordinary Share on the Capital Reorganisation Record Date. The ratio used for the Share Consolidation has been set by reference to the closing price of £15.00 per Existing Ordinary Share on 10 December 2014 (but adjusted by an amount of 9.0 pence per Existing Ordinary Share to reflect the interim dividend payable on 16 January 2015, in respect of which the Existing Ordinary Shares went "ex-dividend" at 8:00 a.m. on 11 December 2014). The effect of the Share Consolidation will be to reduce the number of issued Ordinary Shares to reflect the return of £1.89 per B Share to Shareholders, but Shareholders will own the same proportion of the Company as they did previously, subject to fractional entitlements.

Subject to Listing becoming effective, New Ordinary Shares will be traded on the London Stock Exchange in the same way as Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including as to dividend, voting and other rights. New Ordinary Share certificates will be issued following the Capital Reorganisation.

Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, with dealings expected to commence at 8.00 a.m. on 12 January 2015 under ISIN GB00BSPL1J93. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Listing so that general market transactions in the New Ordinary Shares may be settled within the CREST system. Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have any New Ordinary Shares credited to their CREST account.

Fractional entitlements to New Ordinary Shares

Unless a Shareholder's entitlement is for an exact number of New Ordinary Shares, a right to a fractional entitlement of a New Ordinary Share will arise following the Share Consolidation. So, for example, a Shareholder having 100 Existing Ordinary Shares would, after the Share Consolidation, as well as receiving

100 B Shares, be entitled to 87 New Ordinary Shares and a fractional entitlement to 0.5 of a New Ordinary Share.

The fractional entitlements of all Shareholders will be aggregated and sold in the market on their behalf. The proceeds of sale will be paid *pro rata* to the relevant Shareholders. Cheques in respect of the proceeds of sale are expected to be despatched to relevant Shareholders (or CREST accounts credited with the proceeds, as appropriate), together with certificates for New Ordinary Shares (where applicable), on 27 January 2015. Should the cash consideration for any Shareholder's fractional entitlement be less than £5.00, such Shareholder will not receive a cheque in respect of that entitlement. Instead the sale proceeds will be aggregated and donated to charity.

In order to ensure that a whole number of New Ordinary Shares is created following the implementation of the Share Consolidation, it is proposed that the Company may issue a small number of Existing Ordinary Shares at nominal value to the Company's employee benefit trust immediately in advance of the Capital Reorganisation Record Date.

Share capital resolutions

Following the Capital Reorganisation each New Ordinary Share will have a nominal value of 0.095 pence, as compared to the current nominal value of each Existing Ordinary Share, being 0.1 pence. At this year's annual general meeting of the Company, the authority granted under resolution 15 (*Directors' authority to allot shares*) and the power granted under resolution 16 (*Disapplication of pre-emption rights*) were each granted in respect of an aggregate nominal value of shares. Such authority and power will remain unchanged following the Capital Reorganisation. The Capital Reorganisation will therefore have the effect of increasing the number of New Ordinary Shares subject to such authority and power. The Company undertakes, however, not to exercise the authority granted under resolution 15 (*Directors' authority to allot shares*) and the power granted under resolution 16 (*Disapplication of pre-emption rights*) to the extent that the number of New Ordinary Shares subject to such authority and power is so increased.

The authority granted under resolution 17 (*Company's authority to purchase its own shares*) at this year's annual general meeting, which will also remain unchanged following the Capital Reorganisation, was granted in respect of a specified number of shares which represented 10 per cent. of the Company's issued ordinary share capital as at the date of the resolution. The effect of the Capital Reorganisation will be to increase the proportion of the Company's issued ordinary share capital subject to such authority, as the same number of New Ordinary Shares will represent approximately 11.4 per cent. of the Company's issued ordinary share capital after the Capital Reorganisation. The Company undertakes not to exercise the authority granted under resolution 17 (*Company's authority to purchase its own shares*) to the extent that such proportion is so increased.

Interim Dividend

On 4 December 2014, the Board announced that it had declared an interim dividend of 9.0 pence per Existing Ordinary Share. Such dividend is expected to be paid on 16 January 2015 to holders of Existing Ordinary Shares on the register at 12 December 2014 and will, therefore, be unaffected by the Capital Reorganisation.

3. B Share Choices

Shareholders (with the exception of Restricted Shareholders) may choose between the two B Share Choices (the B Share Dividend and the Purchase Offer), or a combination of the two B Share Choices, in respect of their entitlement under the Return of Cash. Each is described in more detail below.

Choice 1: B Share Dividend

Shareholders may elect to receive a B Share Dividend of £1.89 per B Share in respect of all or some of their B Shares. Shareholders that are resident in any of the Restricted Territories may only receive the B Share Dividend in respect of all of their B Shares.

To accept the B Share Dividend in respect of all of your B Shares you need take no further action and do not need to return your Form of Election. You are, however, encouraged to vote on the Return of Cash as no B Shares or New Ordinary Shares will be created unless Resolutions 1 to 4 (inclusive) to be proposed at the General Meeting are passed.

To elect for the B Share Dividend in respect of some of your B Shares you should follow the instructions in Part III of this document. Shareholders electing through CREST should not complete a Form of Election but instead should refer to paragraph 4 of Part VIII of this document.

Following the declaration of the B Share Dividend, those B Shares on which the B Share Dividend has been paid will be automatically converted into Deferred Shares, with each Shareholder receiving one Deferred Share for each such B Share held. The Deferred Shares will not be listed and will have, in practice, no economic or other rights as more fully described in Part VI of this document. The Deferred Shares will then be acquired from the relevant Shareholders (without any further action by such Shareholders) for no value as described in paragraph 4 below and will ultimately be cancelled.

It is expected that Shareholders receiving the B Share Dividend will be sent cheques or (where such Shareholders have a valid dividend mandate relating to a sterling bank account) have their bank accounts credited in respect of such B Share Dividend on 27 January 2015 (or such later date as the Directors may determine). No share certificates will be issued in respect of the B Shares or the Deferred Shares. CREST accounts of holders of Existing Ordinary Shares whose holdings are registered in CREST will not be credited with B Shares on which the B Share Dividend is paid.

Shareholders should carefully read Part VII of this document, including, in particular, paragraph 2, before deciding whether to accept the B Share Dividend.

Choice 2: Purchase Offer

Under the Purchase Offer, electing Shareholders will have their B Shares purchased by Jefferies, acting as principal (and not as agent, nominee or trustee) on 22 January 2015, for £1.89 per B Share, free of all dealing expenses and commissions. No dividend will be paid to Shareholders who have their B Shares purchased by Jefferies.

Shareholders are advised to read the terms which would apply to the Purchase Offer, set out below in paragraph 5 of this Part IV, before electing for the Purchase Offer. The Purchase Offer will not be available to Restricted Shareholders.

To elect for the Purchase Offer in respect of some or all of your B Shares you should follow the instructions in Part III of this document and ensure that your Form of Election is returned by the Election Deadline. Shareholders electing through CREST should refer to paragraph 4 of Part VIII of this document.

It is expected that Shareholders whose B Shares are purchased pursuant to the Purchase Offer will be sent cheques or will receive funds through CREST (as appropriate) in respect of such purchase on 27 January 2015 (or such later date as the Directors may determine). Existing dividend mandates will not apply to any payments made in respect of the Purchase Offer. No share certificates will be issued in respect of B Shares. CREST accounts of holders of Existing Ordinary Shares whose holdings are registered in CREST will not be credited with B Shares that are purchased under the Purchase Offer.

Shareholders should carefully read Part VII of this document, including, in particular, paragraph 3, before deciding whether to elect for the Purchase Offer.

4. Repurchase of Deferred Shares by the Company

Jefferies has undertaken under the Option Agreement, to purchase, on such date(s) as may be specified by the Company and for an aggregate consideration of one penny, all of the Deferred Shares held by Shareholders who received the B Share Dividend. In order to achieve this, the Company, on behalf of all Shareholders who hold Deferred Shares at the relevant time, will execute a transfer of all such Deferred Shares to Jefferies (acting as principal). In view of the negligible amount of the aggregate consideration, Shareholders will not be entitled to have any amount of the aggregate consideration paid to them.

Pursuant to the terms of the Option Agreement, following completion of the Return of Cash and subject to certain conditions being satisfied under the Option Agreement, Jefferies will have the right to require the Company to purchase from it, at a pre-agreed price (as described in paragraph 14 below) all of the Deferred Shares which it holds, being (i) those acquired by it from Shareholders who have received the B Share Dividend and (ii) those that it holds as a result of the Purchase Offer, once converted from B Shares following the declaration of the B Share Dividend.

All Deferred Shares purchased from Jefferies by the Company will subsequently be cancelled.

5. Terms of the Purchase Offer

The following terms will apply to the Purchase Offer:

- (i) no contract between a Shareholder and Jefferies will arise in relation to the sale and purchase of any B Shares, or under which Jefferies may (subject to conditions or otherwise) become entitled or obliged to purchase any B Shares under the Purchase Offer, unless and until Jefferies (acting as principal, and not as agent, nominee or trustee) makes the Purchase Offer, which is expected to be by way of an announcement through a Regulatory Information Service on 22 January 2015, at which point such offer shall be accepted by way of a single written notice on behalf of Shareholders who have validly elected to participate in the Purchase Offer in relation to their B Shares to be given by the Company, or any officer or employee of the Company for the time being, or Jefferies, or any director of Jefferies for the time being acting as such Shareholders' attorney (as described in paragraph (iii) below). The obligation of Jefferies to make the Purchase Offer is conditional upon the satisfaction or waiver by Jefferies of a number of conditions which are summarised in paragraph 14 of this Part IV. In addition, under the terms of the Purchase Offer Deed, Jefferies shall only be obliged to make the Purchase Offer if the Company serves written notice on Jefferies by 6.00 p.m. on 21 January 2015 (or such other time and/or date as Jefferies and the Company may agree in writing) and if made, Jefferies has certain termination rights which may be exercised prior to settlement of the purchase to be made in connection with the Purchase Offer;
- (ii) the Form of Election, the giving of instructions within CREST in relation to the Purchase Offer, and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of the Form of Election or the giving of any instructions within CREST in relation to the Purchase Offer by or on behalf of a Shareholder constitutes their submission, in relation to all matters arising out of or in connection therewith and the exercise of the powers of the agent elected thereunder, to the exclusive jurisdiction of the English courts;
- (iii) execution by or on behalf of a Shareholder of a Form of Election or the giving of instructions within CREST, including in either case an election to participate in the Purchase Offer, will constitute the irrevocable appointment by such Shareholder of the Company and/or any Director or employee of the Company for the time being, or Jefferies, or any director of Jefferies for the time being, as attorney and/or agent for the Shareholder with authority to exercise all rights, powers and privileges attached to the B Shares and to do all acts and things and to execute all such deeds and other documents (including powers of attorney) as such attorney and/or agent may consider necessary or desirable for giving effect to elections in respect of the Purchase Offer;
- (iv) upon execution of the Form of Election, or the giving of any instruction within CREST, including an election to participate in the Purchase Offer, the Shareholder represents, warrants and undertakes that, subject to such Shareholder receiving B Shares under the Existing Ordinary Share Sub-division, he or she has full power and authority to tender, sell, assign and transfer the B Shares in relation to which the Purchase Offer and the Form of Election or instructions within CREST relate and that Jefferies will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto. In addition, by execution of the Form of Election or the giving of instructions within CREST in relation to participation in the Purchase Offer, the Shareholder agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of Jefferies, desirable to effect the purchase of the B Shares by Jefferies, and/or to perfect any of the authorities expressed to be given under the Form of Election or CREST instructions and acknowledges that Jefferies shall not have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Form of Election or otherwise in relation to the Purchase Offer, other than in respect of its wilful default, fraud or negligence;
- (v) no authority conferred by or agreed to by execution of the Form of Election or instruction within CREST in relation to the Purchase Offer shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
- (vi) the Company reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election (or a withdrawal thereof) completed by or on behalf of any Shareholder, including in respect of the time and date on which such

Form of Election (or a withdrawal thereof) is received, other than any purported election postmarked or otherwise despatched from any of the Restricted Territories, and such determination shall be binding on such Shareholder;

- (vii) none of the Company or any of its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Form of Election (or the withdrawal thereof) unless attributable to their own wilful default, fraud or negligence and none of the Company or any of its agents shall be under any duty to give notification of any defect or irregularity in any Form of Election or withdrawal thereof or have any liability in respect of such notification;
- (viii) upon execution of the Form of Election, or the giving of a USE Instruction, the Shareholder irrevocably undertakes to, represents to, warrants to and agrees with the Company and Jefferies that he or she is not a resident or national of any of the Restricted Territories, or a trustee, custodian or nominee holding B Shares on behalf of such persons and also represents, warrants and undertakes that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for the Purchase Offer in any territory, and such Shareholder has not taken or omitted to take any action which may result in the Company, Jefferies or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the proposals or such Shareholder's participation in the Purchase Offer;
- (ix) by execution of the Form of Election, or the giving of a USE Instruction, which includes an election to participate in the Purchase Offer, the Shareholder agrees and undertakes that any tender, transfer, sale, assignment or other disposal of any B Share subject to the Purchase Offer by or on behalf of such Shareholder shall be: (a) effected in accordance with the Company's New Articles of Association; and (b) on terms that each such B Share is tendered, transferred, sold, assigned or otherwise disposed of subject to such Shareholder's election and, in particular, on and subject to the terms of the Purchase Offer (including, for the avoidance of doubt, such Shareholder's grant of a power of attorney on the terms set out in paragraph (iii) above);
- (x) Jefferies may assign to any member of the Jefferies Group or to the Company any covenants, representations and warranties in respect of the B Shares purchased or agreed to be purchased by it; and
- (xi) the Directors jointly with Jefferies may, if they so determine in their absolute discretion, accept a Form of Election or USE Instruction which includes an election to participate in the Purchase Offer which is received after the relevant time or which is not correctly completed.

6. Withdrawal rights

Any election relating to the B Share Choices may be withdrawn by a Shareholder at any time prior to the end of the Election Period. If an election is validly withdrawn, the Shareholder may make a new election within the Election Period, but if a new valid election is not made by the end of the Election Period, the Shareholder will be deemed to have elected for the B Share Dividend in respect of all of their B Shares. After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended.

For a withdrawal of an election relating to B Share Choices to be effective, whether made through CREST or otherwise, an original written notice of withdrawal signed by the person(s) who signed the relevant Form of Election or submitted the relevant USE Instruction must:

- (i) be received by post or (during normal business hours only) by hand by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by 5.00 p.m. on 21 January 2014; and
- (ii) specify the name(s) of the person(s) who elected in respect of the B Shares to be withdrawn and the number of B Shares to be withdrawn.

Once a written notice of withdrawal of an election in respect of B Shares made through CREST has been received in accordance with sub-paragraphs (a) and (b) above by Computershare, Shareholders are able to withdraw any USE Instruction already authenticated and submitted. If settlement has already taken place in respect of the USE Instruction to be withdrawn, the withdrawing Shareholder will need to include all the

details contained within the settled USE Instruction in their withdrawal instruction completed in accordance with sub-paragraphs (a) and (b) above to enable Computershare to transmit in CREST a USE Instruction back to the account from which the original USE Instruction was received. A Shareholder wishing to re-elect for the B Share Choices must then submit a further properly authenticated USE Instruction in accordance with paragraph 4 of Part VIII of this document, which must be received and settled by the Election Deadline.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal.

Withdrawals may not be rescinded, but re-elections may be made at any time prior to the end of the Election Period. Withdrawals and any re-elections in respect of B Shares that are received by Computershare after the end of the Election Period will be deemed invalid for the purposes of the B Share Choices. Any Shareholder who withdraws their election before the end of the Election Period and does not submit a re-election in respect of their B Shares will be deemed to have elected for the B Share Dividend in respect of all of their B Shares.

The Company shall determine all questions as to the form and validity (including time and place of receipt) of all notices of withdrawal, in its absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to the receipt of any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. Neither the Company, Computershare nor any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawal and re-election.

7. Non-United Kingdom Shareholders

Overseas Shareholders should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash, including the obtaining of any government, exchange control or other consents which may be required and the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The Purchase Offer is not being offered to Restricted Shareholders and Restricted Shareholders may not elect for the Purchase Offer. Any purported election by a Restricted Shareholder will be deemed by the Company to be an election for the B Share Dividend in respect of the entirety of that Restricted Shareholder's B Shares and accordingly that Restricted Shareholder will receive the B Share Dividend.

Each Shareholder who executes a Form of Election, or on whose behalf a Form of Election is executed, irrevocably represents, warrants, undertakes and agrees to and with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's election for any of the B Share Choices.

In the event that the Directors are advised that the Company would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to a Form of Election or USE Instruction by an Overseas Shareholder, such Overseas Shareholder shall be deemed to have elected for the B Share Dividend (unless the Directors otherwise determine in their absolute discretion).

The above provisions of this paragraph relating to non-United Kingdom Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Directors in their absolute discretion.

8. General Meeting

A General Meeting will be held at 11.00 a.m. on 9 January 2015 at the registered office of the Company at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP. The notice of the General Meeting is set out in Part XI of this document.

You will find enclosed with this document a Form of Proxy for use in respect of the General Meeting.

Whether or not you intend to be present at the General Meeting, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or (during normal business hours only) by hand to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, to arrive as soon as possible and, in any event, no later than by 11.00 a.m. on 7 January 2015.

Alternatively, you may complete the proxy form electronically at www.investorcentre.co.uk/eproxy. CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of this Circular.

Completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so.

9. Share certificates

From Listing of the New Ordinary Shares becoming effective, your Existing Ordinary Share certificate will no longer be valid. New Ordinary Share certificates are expected to be despatched on 27 January 2015. If you hold certificates in respect of your Existing Ordinary Shares, you should retain them, for record purposes only, until New Ordinary Share certificates are received. Any transfers relating to the New Ordinary Shares prior to receipt of the new certificates may be certified against the Company's share register held by Computershare. Following receipt of the new certificates, the certificates in respect of the Existing Ordinary Shares can be destroyed. Share certificates and all other documents and remittances are despatched to and from Shareholders at their own risk.

For Shareholders wishing to hold any New Ordinary Shares through the CREST system, the relevant CREST accounts are expected to be credited at 8.00 a.m. (or as soon as possible thereafter) on 12 January 2015 under ISIN GB00BSPL1J93. Shareholders holding New Ordinary Shares through the CREST system will not receive any share certificates.

No share certificates will be issued by the Company in respect of any B Shares or Deferred Shares, and neither the B Shares nor the Deferred Shares will be credited to CREST accounts.

10. Amendments to the Existing Articles of Association of the Company

A number of consequential amendments to the Existing Articles of Association of the Company are required in order to implement the Return of Cash. These amendments are set out in Part V and Part VI of this document.

11. Betfair Employee Share Schemes

Under the Betfair Employee Share Schemes, the Company has granted options and awards over Ordinary Shares at varying exercise prices and expiry dates. Participants in the Betfair Employee Share Schemes who hold unexercised options and unvested awards are not the beneficial owners of Existing Ordinary Shares under such options and awards and so will not participate in the Return of Cash, other than in their capacity as Shareholders (if applicable).

Participants of the Betfair Employee Share Schemes whose awards vest or who exercise vested options and receive the Existing Ordinary Shares under such awards or options before the Capital Reorganisation Record Date will participate in the Return of Cash. For practical reasons, there may be a delay in processing option exercises during the period of approximately two weeks preceding the Capital Reorganisation Record Date and participants in the Betfair Employee Share Schemes will be informed

that should they wish to exercise their vested options and hold Existing Ordinary Shares which will qualify for the Return of Cash they are advised to take any necessary action to exercise their vested options at least two weeks prior to the Capital Reorganisation Record Date.

It is expected that the Share Consolidation will achieve a largely neutral position for participants under the Betfair Employee Share Schemes as options or awards over Existing Ordinary Shares will take effect as options or awards over the same number of New Ordinary Shares, which are expected to have approximately the same market value following the Capital Reorganisation as Existing Ordinary Shares, subject to market fluctuations. On this basis, it is anticipated that no adjustment will be made to the number of Ordinary Shares over which participants have options or awards or to any exercise price payable under such options. Other terms of the relevant options and awards will remain unchanged.

As at 10 December 2014, being the latest practicable date prior to publication of this Circular, the total number of Existing Ordinary Shares which may be subscribed under outstanding options and awards under the Betfair Employee Share Schemes was 4,623,456, representing approximately 4.375 per cent. of the issued Existing Ordinary Share capital of the Company. Following the Return of Cash, and assuming no further shares are issued or options or awards granted between 10 December 2014 and the Capital Reorganisation becoming effective, such outstanding options and awards will relate to approximately 5.0 per cent. of the issued New Ordinary Share capital of the Company.

Shares held by employee benefit trust

The Company has established an employee benefit trust for the purpose of satisfying share options and awards under the Betfair Employee Share Schemes. As at 10 December 2014, being the latest practicable date prior to publication of this Circular, the total number of Existing Ordinary Shares held by the trust was 692,668. Existing Ordinary Shares held in the trust will have the same rights under the Return of Cash as other Existing Ordinary Shares held by other Shareholders. Under the terms of the employee benefit trust, the trustee is required to waive any dividend arising on shares held by it. The trustee may however elect for the Purchase Offer.

12. Dealings and despatch of documents

The Return of Cash will be made by reference to holdings of Existing Ordinary Shares on the register of members of the Company as at the Capital Reorganisation Record Date.

It is expected that dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until the Capital Reorganisation Record Date when, in the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be able to be made. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be disabled in CREST on the Capital Reorganisation Record Date.

The Company expects to despatch on 27 January 2015 definitive share certificates in respect of the New Ordinary Shares held in certificated form. From Listing of the New Ordinary Shares becoming effective, certificates in respect of the Existing Ordinary Shares will no longer be valid. Share certificates are despatched at the Shareholders' own risk. It is expected that Shareholders who hold their Existing Ordinary Shares through the CREST system will, on Listing becoming effective, have their CREST accounts credited with the New Ordinary Shares under ISIN GB00BSPL1J93.

No share certificates will be issued by the Company in respect of any B Shares or Deferred Shares.

Temporary documents of title will not be issued and, pending despatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register of members of the Company held by Computershare.

It is expected that on 27 January 2015: (i) cheques will be despatched to relevant Shareholders in respect of B Shares purchased under the Purchase Offer, B Share Dividends and/or the sale of any fractional entitlements; (ii) the CREST accounts of relevant Shareholders will be credited with the proceeds of the Purchase Offer and/or the sale of any fractional entitlements; and (iii) BACS payments will be released to relevant Shareholders in respect of the B Share Dividend. Cheques are despatched at the Shareholders' own risk.

Your present dividend mandate, where in respect of a sterling bank account, will (unless revoked or amended) be deemed to be valid for all dividends payable by the Company, including the B Share

Dividend. However, all payments under the Return of Cash will be made in sterling, notwithstanding any existing mandate instructions to the contrary.

Existing dividend mandates will not apply to any payments made in respect of the Purchase Offer.

13. Summary explanation of the Resolutions in relation to the Return of Cash

In order to comply with applicable legislation, implementation of the Return of Cash requires the approval of Shareholders at a general meeting of the Company. Accordingly there is set out at the end of this Circular at Part XI a notice convening the General Meeting to be held at 11.00 a.m. on 9 January 2015 at the Company's registered office at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, United Kingdom.

Four Resolutions will be proposed at the General Meeting in relation to the Return of Cash. Resolutions 1 and 4 will be proposed as special resolutions (the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour), and Resolutions 2 and 3 will be proposed as ordinary resolutions (the passing of which requires more than 50 per cent. of the votes cast (whether in person or by proxy) to be in favour).

Resolution 5 does not relate to the Return of Cash and is further described in Part VIII of this document.

Resolution 1: To adopt the New Articles of Association

This Resolution is conditional upon the passing of each of Resolutions 2, 3 and 4 and on Listing becoming effective by 8.00 a.m. on 12 January 2015 (or such later date or time as the Directors may determine). The Resolution proposes the adoption of New Articles of Association incorporating the rights and restrictions to be attached to the B Shares and the Deferred Shares as set out in Part V and Part VI, respectively, of this document.

Resolution 2: To sub-divide the Existing Ordinary Shares

This Resolution is conditional upon the passing of each of Resolutions 1, 3 and 4 and on Listing becoming effective by 8.00 a.m. on 12 January 2015 (or such later date or time as the Directors may determine). The Resolution sets out the procedure for sub-dividing each Existing Ordinary Share into one Intermediate Ordinary Share and one B Share.

Resolution 3: To consolidate and sub-divide the Intermediate Ordinary Shares

This Resolution is conditional upon the passing of each of Resolutions 1, 2 and 4 and on Listing becoming effective by 8.00 a.m. on 12 January 2015 (or such later date or time as the Directors may determine). The Resolution sets out the procedure for consolidating and dividing the Intermediate Ordinary Shares so that each Shareholder receives 7 New Ordinary Shares for every 8 Existing Ordinary Shares that such Shareholder held on the Capital Reorganisation Record Date.

Resolution 4: To authorise the Company to repurchase the Deferred Shares

This Resolution is conditional upon the passing of each of Resolutions 1, 2 and 3 and on Listing becoming effective by 8.00 a.m. on 12 January 2015 (or such later date or time as the Directors may determine). The Resolution approves the terms of the Option Agreement between Jefferies and the Company under which:

- (a) Jefferies has undertaken to purchase, on such date(s) as may be specified by the Company and for a total aggregate consideration of one penny, all of the Deferred Shares held by Shareholders who received the B Share Dividend; and
- (b) following completion of the Return of Cash and subject to certain conditions being satisfied, Jefferies will be entitled to require the Company to purchase all of the Deferred Shares held by Jefferies. The consideration payable by the Company to Jefferies for such Deferred Shares is set out at paragraph 14 below.

Such authority will expire at the conclusion of the next annual general meeting of the Company.

14. Agreements in relation to the Purchase Offer

The following agreements have been entered into in relation to the Purchase Offer:

Purchase Offer Deed

On 11 December 2014, the Company entered into the Purchase Offer Deed with Jefferies. Under the Purchase Offer Deed, Jefferies has agreed that it will, as principal (and not as agent, nominee or trustee), make an off-market offer to purchase those B Shares (if any) in respect of which Shareholders have elected for the Purchase Offer. The Purchase Offer shall be accepted on behalf of Shareholders by the Company, or any officer or employee of the Company for the time being, or Jefferies, or any director of Jefferies for the time being acting as such Shareholders' attorney.

The Purchase Offer will be made in the manner and on the terms set out in this Circular, the Form of Election and the Purchase Offer Deed. The obligation of Jefferies to make the Purchase Offer is conditional upon the satisfaction or waiver by Jefferies of a number of conditions, including: (i) the passing of each of Resolutions 1 to 4 (inclusive) without any amendment that has not been agreed by Jefferies in writing; (ii) the execution by the Company of the Option Agreement; (iii) the Capital Reorganisation becoming effective; (iv) the Company having sufficient distributable reserves to purchase, pursuant to the Option Agreement, the B Shares elected (or deemed to have been elected) to the Purchase Offer and pay the B Share Dividend in accordance with this Circular; and (v) (subject to the approval of the Option Agreement by Shareholders) there otherwise being nothing that would make such purchase or payment unlawful.

The Purchase Offer Deed is also conditional upon Jefferies not having exercised its right to terminate the Purchase Offer Deed either before making the Purchase Offer or, having made the Purchase Offer, before settling the purchase to be made in connection with the Purchase Offer. Such termination right is exercisable upon the occurrence of certain events, including: (i) failure by the Company to comply with its obligations under the Purchase Offer Deed or this Circular; (ii) breach by the Company of the representations, warranties and/or undertakings given to Jefferies under the Option Agreement and/or the Purchase Offer Deed; and (iii) termination by the Company of the Option Agreement.

Option Agreement

On 11 December 2014, the Company entered into the Option Agreement with Jefferies. Pursuant to the terms of the Option Agreement:

- (a) Jefferies has undertaken to purchase, on such date(s) as may be specified by the Company and for an aggregate consideration of one penny, all of the Deferred Shares held by Shareholders who received the B Share Dividend; and
- (b) following completion of the Return of Cash and subject to certain conditions being satisfied, Jefferies will be entitled to require the Company to purchase all of the Deferred Shares held by Jefferies.

The total aggregate consideration payable to Jefferies by the Company for the Deferred Shares will be calculated according to the formula set out in the Option Agreement and is expected to be approximately equal (in aggregate) to the stamp duty or stamp duty reserve tax paid by Jefferies in connection with the Purchase Offer plus one penny.

PART V—RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES

The following sets out the amendments which are proposed to be made to the Existing Articles of Association of the Company under Resolution 1 to be proposed at the General Meeting, and summarises, *inter alia*, the rights of the B Shares and the restrictions to which they are subject.

The following paragraphs will be inserted as Articles 221 to 234.

RIGHTS AND RESTRICTIONS ATTACHED TO B SHARES

221 The non-cumulative preference shares of 0.016875 pence each in the capital of the Company (the **B Shares**) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles, save that in the event of a conflict between any provision in these Articles 221 to 234 and any other provision in these Articles, the provisions in Articles 221 to 234 shall prevail.

222 Together with the despatch of a circular to holders of shares dated 12 December 2014 (the **Circular**) holders of ordinary shares in the capital of the Company were sent a form of election relating to the B Shares (the **Form of Election**) or, if they hold through CREST (as defined in the Circular), were invited to submit a USE Instruction under which eligible holders of shares could elect in relation to any B Shares to be received by them to: (a) receive the B Share Dividend (as defined below); (b) have the B Shares bought by Jefferies International Limited acting as principal (and not as agent, nominee or trustee) on 22 January 2015 (the **Purchase Offer**). Holders of B Shares who have not elected by such time and/or date as the directors may determine (revocably until the relevant time) to accept the Purchase Offer will be deemed instead to have elected to receive the B Share Dividend in relation to each B Share held by them. The directors may, if they so determine in their absolute discretion, accept a Form of Election which is received after the relevant time or which is not correctly completed. The Directors may, in addition, if they so determine in their absolute discretion, treat any other document or action as a valid Form of Election or as the completion or delivery of a valid Form of Election, as the case may be.

223 A single dividend of £1.89 per B Share (the **B Share Dividend**) shall be payable out of the profits available for distribution to those holders of B Shares who have elected, or are deemed to have elected, to receive the B Share Dividend. For this purposes of this Article 223, Jefferies International Limited shall be deemed to have elected to receive the B Share Dividend in respect of any B Shares acquired by it under the Purchase Offer. Such dividend shall become payable on 23 January 2015 or such later date as the directors may determine (the **B Share Dividend Date**). Each B Share in respect of which the B Share Dividend becomes payable shall, on the B Share Dividend Date (or such other date as the directors may determine), be automatically converted into a deferred share of 0.016875 pence in the capital of the Company with the rights and restrictions described in Articles 235 to 243 (a **Deferred Share**) (without prejudice to the right to receive such B Share Dividend).

224 For the avoidance of doubt, the provisions of Article 191 (**Forfeiture of unclaimed dividends**) shall apply in respect of any and all B Share Dividends payable on or in respect of any B Shares which remains unclaimed.

225 In the absence of fraud or wilful default, neither the Company nor any of its directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the choice of the B Share Dividend Date.

226 Except as provided in Articles 231 to 232, on a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall, to the extent that the B Share Dividend has not already been paid, be entitled, in priority to any payment to the holders of ordinary shares to £1.89 per B Share held by them. The aggregate entitlement of each holder of B Shares on a winding-up in respect of all of the B Shares held by him shall be rounded down to the nearest whole penny.

227 The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 226. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

228 The holders of the B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the

B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution.

229 Whenever the holders of the B Shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a representative shall have one vote, and on a poll every such holder shall have such number of votes as he would be entitled to exercise had he been the holder of the ordinary shares arising if the B Shares registered in the name of such holder had been converted into such ordinary shares immediately prior to such meeting in accordance with the rights of the B Shares.

230 Subject to the provisions of the Act and to compliance with applicable securities law and regulations but without the need to obtain the sanction of an extraordinary resolution of the holders of the B Shares, the Company may at any time and at its sole discretion purchase B Shares (a) by tender available alike to all holders of B Shares or (b) by private treaty, in each case at a price and upon such other terms and conditions as the directors may think fit.

231 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of B Shares.

232 A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose. The Company will be authorised to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the B Shares) including by paying to the holders of the B Shares the preferential amounts to which they are entitled as set out above.

233 Subject to such of the provisions of these Articles as may be applicable, no transfer of B Shares in respect of which an election for the Purchase Offer has been made will be registered after 5.00 p.m. on the second Business Day prior to 21 January 2015 unless (a) such transfer is to Jefferies International Limited in accordance with the terms of the Purchase Offer or (b) determined to the contrary by the board.

234 Articles 221 to 234 (inclusive) shall remain in force until there are no longer any B Shares in existence whether by way of conversion into Deferred Shares, purchase and cancellation, whichever is earlier, notwithstanding any provision in the Articles to the contrary. Thereafter Articles 221 to 234 (inclusive) shall be and shall be deemed to be of no effect (save to the extent that the provisions of Articles 221 to 234 (inclusive) are referred to in other Articles) and shall (without any further action by the Company) automatically be deleted and replaced with the wording “Articles 221 to 234 (inclusive) have been deleted”, and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Articles 221 to 234 (inclusive) before that date shall not otherwise be affected and any actions taken under Articles 221 to 234 (inclusive) before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

PART VI—RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED SHARES

The following sets out the amendments which are proposed to be made to the Existing Articles of Association of the Company under Resolution 1 to be proposed at the General Meeting, and summarises, *inter alia*, the rights of the Deferred Shares and the restrictions to which they are subject.

The following paragraphs will be inserted as Articles 235 to 243.

DEFERRED SHARES

235 The Deferred Shares (as defined in Article 223) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in these Articles 235 to 243 and any other provision in these Articles, the provisions in these Articles 235 to 243 shall prevail.

236 Save on a winding-up, the Deferred Shares shall confer no right to participate in the profits of the Company.

237 On a return of capital on a winding-up there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares after:

- (a) first, paying to the holders of the B Shares the amount that they are entitled to receive on a winding-up; and
- (b) secondly, paying to the holders of the ordinary shares the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively, together with the sum of £100,000,000,000 on each ordinary share.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

238 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.

239 The reduction by the Company of the capital paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Act if required) without obtaining the consent of the holders of the Deferred Shares.

240 The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

241 The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 242 or with the written consent of the Directors.

242 The Company may at any time (and from time to time), without obtaining the sanction of the holder or holders of the Deferred Shares:

- (a) appoint any person to execute on behalf of all or any holders of Deferred Shares a transfer of all or some of the Deferred Shares (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), in any case for not more than one pence for all the Deferred Shares then being purchased, without such person having to account for such sum to the holder or holders of the Deferred Shares; and
- (b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Act.

243 Articles 235 to 243 (inclusive) shall remain in force until there are no longer any Deferred Shares in existence, notwithstanding any provision in the Articles to the contrary. Thereafter Articles 235 to 243 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Articles 235 to 243 are referred to in other Articles) and shall (without any further action by the Company) automatically be deleted and replaced with the wording “*Articles 235 to 243 have been deleted*”, and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Articles 235 to 243 before that date shall not otherwise be affected and any actions taken under Articles 235 to 243 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

PART VII—TAXATION

The following comments do not constitute tax advice and are intended only as a general guide to current UK law and HM Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). The comments summarise only certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident and, in the case of individuals domiciled, in (and only in) the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents) and who are and will be the absolute beneficial owners of their Existing Ordinary Shares, New Ordinary Shares, B Shares, and Deferred Shares (and any dividends paid on them) and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the date of this document and the implementation of the Return of Cash.

This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Shareholder. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

1. Capital Reorganisation

For the purposes of the UK capital gains tax and corporation tax on chargeable gains (*CGT*):

- (a) the Existing Ordinary Share Sub-division and the Share Consolidation should be treated as a reorganisation of the Company's share capital;
- (b) any Shareholder receiving an entitlement to B Shares and New Ordinary Shares arising from the Capital Reorganisation should not be treated as making a disposal of all or part of that Shareholder's holding of Existing Ordinary Shares;
- (c) the Shareholder's resultant holding of the B Shares and New Ordinary Shares should together be treated as the same asset, and as having been acquired at the same time and for the same consideration, as the Shareholder's holding of Existing Ordinary Shares;
- (d) upon a subsequent disposal of all or part of the Shareholder's B Shares or New Ordinary Shares, a Shareholder's aggregate CGT base cost in such Shareholder's holding of Existing Ordinary Shares should be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed; and
- (e) the sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Share Consolidation (where applicable) should not in practice normally be treated as constituting a part disposal for CGT purposes. Instead the amount of any payment received by the Shareholder will be deducted from the Shareholder's CGT base cost. This treatment will not apply if any payment received exceeds the Shareholder's base cost.

The Existing Ordinary Share Sub-division, the Share Consolidation and the reclassification of the B Shares into Deferred Shares (where applicable) should not give rise to any liability to UK income tax (or corporation tax on income) in a Shareholder's hands.

2. Choice 1—B Share Dividend

The tax treatment of the B Share Dividend will be the same as that of any other dividend paid by the Company. Accordingly, that tax treatment will follow the current tax treatment of dividends, which is as summarised below.

General

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend on the individual circumstances of a Shareholder.

(i) UK resident individual Shareholders

An individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend

received, which is equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the “gross dividend”), and will be subject to income tax on the gross dividend. An individual UK resident Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the gross dividend at the rate of 10 per cent., so that the tax credit will satisfy the income tax liability of such a Shareholder in full. Where the tax credit exceeds the Shareholder’s tax liability the Shareholder cannot claim repayment of the tax credit from HMRC.

An individual UK resident Shareholder who is subject to income tax at the higher rate or the additional rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. or 37.5 per cent. respectively to the extent that such sum, when treated as the top slice of that Shareholder’s income, falls above the threshold for higher rate or additional rate income tax. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the cash dividend, and an additional rate taxpayer will be liable to additional income tax of 27.5 per cent. of the gross dividend, equal to approximately 30.6 per cent. of the cash dividend.

(ii) UK resident corporate Shareholders

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) should not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid to a UK corporate Shareholder which holds less than 10 per cent. of the issued share capital of the payer and is entitled to less than 10 per cent. of the profits and assets of the Company available for distribution to Shareholders (and, where there is more than one class of share, satisfies these tests in relation to the class of share capital in respect of which the dividend is paid) is an example of a dividend that falls within an exempt class, subject to certain anti-avoidance rules. Shareholders will need to ensure that they satisfy the requirements of any exempt class and that the other conditions for exemption are met before treating any dividend as exempt, and seek appropriate professional advice where appropriate.

(iii) UK resident exempt Shareholders

UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

(iv) Non-UK resident Shareholders

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such Shareholder is resident. A Shareholder resident outside the UK may also be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

Taxation of chargeable gains

For CGT purposes, the B Share Dividend (and the consequent reclassification of the B Shares into Deferred Shares) should not be treated as giving rise to a disposal or part disposal of the B Shares.

Shareholders who receive the B Share Dividend should note that, consequent to the Capital Reorganisation, a proportion of the base cost, for CGT purposes, of their Existing Ordinary Shares will be attributed to the B Shares; and this amount will continue to be attributed to those B Shares following their reclassification into Deferred Shares (notwithstanding that the Deferred Shares have limited rights or value). Correspondingly, only a proportion of the base cost for CGT purposes of the original holding of Existing Ordinary Shares will be available on a disposal of New Ordinary Shares. It also follows that a disposal of the Deferred Shares (including an acquisition of the Deferred Shares by Jefferies) may result in a Shareholder realising a capital loss.

However, Shareholders liable to corporation tax should note that it is possible that section 31 of the Taxation of Chargeable Gains Act 1992 could be regarded as applying to such a Shareholder on a disposal

of the Deferred Shares, or possibly on a disposal of the New Ordinary Shares. If that provision applies, the consideration, if any, actually received on the disposal would be treated for the purpose of corporation tax on chargeable gains as increased by such amount as is just and reasonable having regard to the payment of the B Share Dividend.

Shareholders that are liable to corporation tax and own 10 per cent. or more of the B Shares should also note that it is possible that sections 176 and 177 of the Taxation of Chargeable Gains Act 1992 could be regarded as being applicable to such a Shareholder to reduce any loss on a disposal of the Deferred Shares. Any Shareholders to whom this could be relevant are urged to consult an appropriate professional adviser.

3. Choice 2—Purchase Offer

A sale of the B Shares by a Shareholder to Jefferies pursuant to the Purchase Offer should be treated as a disposal of those shares for UK tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any gain or loss will be calculated by reference to the difference between the purchase price and the element of the Shareholder's original base cost in their Existing Ordinary Shares that is attributed to the relevant B Shares. The amount of the base cost which will be attributed to the B Shares will be determined as outlined in paragraph 1 of this Part VII.

The amount of CGT, if any, payable by a Shareholder who is an individual as a consequence of the sale of the B Shares will depend on his or her own personal tax position. No tax will be payable on any gain realised on a sale of the B Shares if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,000 for 2014/2015). Broadly, any gains in excess of this amount will be taxed at a rate of 18 per cent. for a taxpayer paying tax at the basic rate of income tax and 28 per cent. for a taxpayer paying tax at a rate above the basic rate. Where the gains of a basic rate taxpayer subject to CGT exceed the unused part of his basic rate band, that excess is subject to tax at the 28 per cent. rate.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

4. Dividends payable on the New Ordinary Shares

Dividends payable on the New Ordinary Shares should be subject to UK income tax or UK corporation tax on income under the rules applicable to dividends. The current tax treatment of dividends is as outlined in paragraph 2 of this Part VII.

5. Stamp duty and stamp duty reserve tax (SDRT)

No stamp duty or SDRT will be payable on, or as a result of, the Existing Ordinary Share Sub-division or the Share Consolidation.

No stamp duty or SDRT will be payable by Shareholders on, or as a result of, the reclassification of the B Shares into Deferred Shares.

An agreement to sell B Shares or New Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer of the B Shares or the New Ordinary Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will generally be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

The B Shares are not listed. Liability for stamp duty or SDRT will arise on the purchase by Jefferies of the B Shares pursuant to the Purchase Offer. Stamp duty will also be payable by the Company if the Company repurchases any shares from Jefferies pursuant to the arrangements described in paragraph 14 of Part IV of this Circular.

For the avoidance of doubt, neither a sale of B Shares under the Purchase Offer nor any acquisition of the Deferred Shares by the Company will give rise to any liability to stamp duty or SDRT for the selling

Shareholder. Any such liability in connection with the sale of B Shares will fall on Jefferies or the Company, not the selling Shareholder. Any such liability in connection with any acquisition of the Deferred Shares by the Company would fall on the Company, not the selling Shareholder.

6. Transactions in Securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals and others subject to income tax), HM Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed Return of Cash, in broad terms, those Shareholders who elected to receive a capital return might be liable to taxation as if they had received an income amount.

Having consulted its professional advisers, the Company does not expect the above provisions to be applied to individual or corporate Shareholders and no application for clearance has been made to HM Revenue & Customs in this regard. Any corporate Shareholder which is in any doubt as to their tax position in the light of its own particular circumstances should take appropriate professional advice.

7. Autumn Statement 2014 / Finance Bill 2015

On 3 December 2014 the Government announced its intention to introduce legislation in the Finance Bill 2015 to change the tax treatment of returns made to certain individual shareholders through B share schemes. Draft legislation was published on 10 December. If enacted, the new legislation would mean that all returns made to such shareholders after 6 April 2015 pursuant to certain 'special purpose' share schemes would be taxed as though they were dividends. On the basis that, as currently drafted, the proposed legislation applies only in relation to amounts returned after 6 April 2015, it should not apply to Shareholders participating in the Return of Cash. Shareholders should note, however, that the legislation is in draft form, and there is no guarantee that it will be enacted without amendment.

PART VIII PROPOSED AMENDMENTS TO, AND PRINCIPAL TERMS OF, THE JOINING AWARD

1. Performance conditions applicable to the Joining Award

The Share Option Agreement entered into with Breon Corcoran contained the same conditions as those applicable to 2012 LTIP Awards granted to other employees, being:

- 25 per cent. of the Joining Award is subject to an EPS target being met for the 2015 financial year—for an EPS of 50.3 pence (7 per cent. compound per annum), 25 per cent. of this element of the Joining Award vests, rising on a straight line basis to full vesting for an EPS of 60.9 pence (14 per cent. compound per annum);
- 25 per cent. of the Joining Award is subject to a revenue target being met for the 2015 financial year—for revenue of £405.2m (5 per cent. compound per annum), 25 per cent. of this element of the Joining Award vests, rising on a straight line basis to full vesting for revenue of £498.3m (12.5 per cent. compound per annum); and
- 50 per cent. of the Joining Award is subject to a relative TSR target being met against a comparator group over the three year performance period ending 30 April 2015—for TSR equal to the median of the comparator group, 25 per cent. of this element of the Joining Award vests, rising on a straight line basis to full vesting for upper quartile TSR.

2. Amendment to performance conditions applicable to the Joining Award

The Company proposes to amend the performance conditions applicable to the Joining Award so that 50 per cent. of the Joining Award would be subject to an EPS target and the remaining 50 per cent. subject to a revenue target. Accordingly, the Joining Award would not be subject to any TSR target.

An amendment to the performance conditions applicable to the Joining Award to remove the TSR performance condition is only permitted under the Share Option Agreement with Shareholder approval.

If the resolution being proposed as Resolution 5 at the General Meeting is passed, the performance conditions and targets applicable to the Joining Award would be as follows:

- 50 per cent. of the Joining Award would be subject to an EPS target being met for the 2015 financial year—for an EPS of 50.3 pence (7 per cent. compound per annum), 25 per cent. of this element of the Joining Award would vest, rising on a straight line basis to full vesting for an EPS of 60.9 pence (14 per cent. compound per annum); and
- 50 per cent. of the Joining Award would be subject to a revenue target being met for the 2015 financial year—for revenue of £405.2m (5 per cent. compound per annum), 25 per cent. of this element of the Joining Award would vest, rising on a straight line basis to full vesting for revenue of £498.3m (12.5 per cent. compound per annum).

If the resolution being proposed as Resolution 5 at the General Meeting is not passed then Breon Corcoran's Joining Award will remain unchanged as set out in paragraph 1 above.

Separately, the Remuneration Committee retains the ability to adjust performance targets if certain events occur—for example, material changes to the Board's assessment of the regulatory environment within which the Company operates, or a material acquisition or disposal—which cause the Remuneration Committee to determine that the targets are no longer appropriate, provided that the adjusted targets would not be materially less difficult to satisfy than the original targets but for the event in question. As a result of the Company's change in strategy announced in 2012, as part of which it was decided to exit several unregulated markets, the Remuneration Committee currently intends to adjust the EPS and revenue targets in respect of both Breon Cocoran's Joining Award and the 2012 LTIP Awards to other employees—consistent with the Remuneration Committee's treatment of the 2011 LTIP Awards. Any amendments made to the EPS and revenue targets will be disclosed in the Company's annual report section of its Directors' Remuneration Report contained in the Company's annual report for the 2014/15 financial year. Due to the timing of the change in strategy, performance targets for later awards already take account of the change and therefore the Remuneration Committee does not intend to use its discretion in this respect in future years.

3. Summary of the principal terms of the Joining Award

The Joining Award granted to Breon Corcoran on 1 August 2012 over 500,000 Ordinary Shares is subject to the terms set out in the Share Option Agreement. Vesting of the Joining Award is subject to the achievement of performance conditions over a three year performance period ending 30 April 2015 and will vest and become exercisable, in the ordinary course, on 1 August 2015. The principal terms which apply to the Joining Award are described below.

This paragraph 3 of this Part VIII of the Circular comprises the payment particulars memorandum in respect of the amendment to the performance conditions applicable to the Joining Award that is required to be made available for inspection by Shareholders. It will therefore be available for inspection, together with, a copy of the New Share Option Agreement between the Company and Breon Corcoran (being the Share Option Agreement as marked up to indicate the changes to the performance conditions applicable to the LTIP 2012 Award as proposed under Resolution 5 and as described in paragraph 2 above, initialled by the Chairman for identification purposes) at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS, and at the registered office of the Company, Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, from the date of this document up to and including the date of the General Meeting, and at the General Meeting for at least 15 minutes prior to and during that meeting.

Grant of the Joining Award

The Joining Award was granted to Breon Corcoran on 1 August 2012 over 500,000 Ordinary Shares in the form of a nil-cost option. No payment was required for the grant of the Joining Award. The Joining Award is not pensionable. The Joining Award is granted over existing Ordinary Shares which would be purchased in the market through the Company's employee benefit trust.

The Company's remuneration policy, approved by shareholders at the annual general meeting held on 4 September 2014, provided the Company with authority to honour commitments entered into with its current or former directors that have been previously disclosed to shareholders, including any joining awards made on recruitment. This includes Breon Corcoran's Joining Award which was disclosed in the annual report for the financial year ended 30 April 2014. This authority permits the Company to honour the terms of the Joining Award including power within those terms to amend, with the approval of shareholders, the performance conditions applicable to the award (as set out below).

Performance conditions

Vesting of the Joining Award is subject to certain performance conditions (referred to in the New Share Option Agreement as the "vesting criteria") being met relating to a three year performance period ending 30 April 2015. Assuming the resolution being proposed as Resolution 5 at the General Meeting is approved, the Joining Award would be subject to the performance conditions described in paragraph 2 above.

The Remuneration Committee may, without Shareholder approval, amend the performance conditions and targets applicable to the Joining Award in limited circumstances, which it currently intends to do in respect of the EPS and revenue targets applicable to the Joining Award (as well as the 2012 LTIP Awards to other employees) as described in paragraph 2 above.

If the resolution being proposed as Resolution 5 at the General Meeting is not approved, the changes to the performance conditions applicable to the Joining Award will not take effect.

Vesting of Joining Award

The Joining Award will vest on the third anniversary of the date of grant, being 1 August 2015, subject to Breon Corcoran remaining in employment until the vesting date and to satisfaction of the applicable performance conditions.

Once vested the Joining Award may be exercised by Breon Corcoran at any time, subject to regulatory restrictions, until the 10th anniversary of the date of grant, following which it will lapse.

Ordinary Shares to satisfy the exercise of the Joining Award will be transferred from the Company's employee benefit trust within 30 days of the date of exercise. The Ordinary Shares transferred on exercise of the Joining Award will rank equally with other Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their transfer).

Cessation of employment

The Joining Award will normally only vest if Breon Corcoran remains in employment until the vesting date.

If Breon Corcoran ceases to be employed and the reason for cessation is retirement at contractual retirement age (or earlier with the consent of the Remuneration Committee), redundancy, ill health or permanent disability, the Remuneration Committee may in its discretion determine that the Joining Award may be retained and will become exercisable to the extent the performance conditions have been satisfied, for a period of six months following the later of either the expiry of the three year performance period ending on 30 April 2015, or cessation of employment and the termination of any period during which Breon Corcoran is subject to post-termination restrictive covenants. The Joining Award will, unless the Remuneration Committee in its discretion determines otherwise, be exercisable on a pro-rata basis to reflect the proportion of the three year performance period that has elapsed at the date of termination of employment.

If Breon Corcoran ceases to be employed in any other circumstances, the Joining Award will lapse immediately unless the Remuneration Committee in its discretion determines otherwise (in which case the Joining Award may be retained on the same terms as set out above).

The Remuneration Committee may, at any time prior to the date of exercise, revoke any decision to permit the Joining Award to be retained for any reason, including a breach of any restrictive covenants.

Corporate events

If there is a takeover of the Company or a compromise or scheme of arrangement relating to the Company, the Joining Award will vest early. The proportion of the Joining Award which will vest will be determined by the Remuneration Committee according to the extent to which the performance conditions have been satisfied and reduced to reflect the number of months from the date of grant until the relevant corporate event as a proportion of the three year performance period ending 30 April 2015. However, the Remuneration Committee may determine that the Joining Award may be exercised over such greater number of Ordinary Shares as it considers appropriate (subject to a maximum of 100 per cent. vesting) having regard to such factors as it considers relevant, including the interests of the Shareholders and the underlying performance of the Company.

The Joining Award will lapse to the extent not exercised within 30 days following the takeover or immediately following approval by Shareholders of a compromise or scheme of arrangement relating to the Company (or, if the Remuneration Committee in its discretion determines, within 30 days of the date the Court sanctions the compromise or scheme of arrangement relating to the Company).

Unless the Remuneration Committee determines otherwise, in the event of an internal reorganisation, the Joining Award, will be automatically released and replaced by an equivalent new award over an equal number of shares in the new holding company.

Winding-up and voluntary arrangement

If the Remuneration Committee gives notice to Breon Corcoran of a proposed voluntary liquidation of the Company, he may exercise all or any part of the Joining Award which has not lapsed within 30 days of the notice. The Joining Award whether or not exercisable will lapse on commencement of the winding-up of the Company.

Variation of capital

In the event of any variation in the Company's share capital (including a capitalisation or rights issue, subdivision, consolidation or reduction of the Company's share capital), the Remuneration Committee may, in any way it considers appropriate, adjust the number of Ordinary Shares in respect of which the Joining Award may be exercised.

Amendments

The Remuneration Committee may amend the terms of the Joining Award save that the prior approval of Shareholders in general meeting must be obtained for any amendment to the terms of the Joining Award which is to Breon Corcoran's advantage. Shareholders' approval will not be required for minor changes to benefit the administration of the Joining Award, to comply with or take account of any changes to legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, Breon Corcoran or any member of the Group.

PART IX ADDITIONAL INFORMATION

1. Summary of the rights and restrictions attaching to the New Ordinary Shares

The rights and restrictions attaching to the New Ordinary Shares are set out in the New Articles of Association of the Company, which will become effective if Resolutions 1 to 4 (inclusive) are passed at the General Meeting, but will be the same as the rights and restrictions set out in the Existing Articles of Association in respect of the Existing Ordinary Shares. These may be summarised, as regards income, return of capital and voting, as follows:

Income: Subject to the payment of the B Share Dividend on the B Shares, the holders of the New Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the New Ordinary Shares which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

Capital: On a return of capital on a winding-up, after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company (including the B Shares), the surplus assets shall be divided between the holders of the New Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each New Ordinary Share.

Voting: The holders of the New Ordinary Shares shall be entitled, in respect of their holding of such shares and subject to the relevant provisions of the New Articles of Association, to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of New Ordinary Shares present in person shall have one vote and every such holder present in person (or by proxy) shall upon a poll have one vote for every New Ordinary Share of which he is the holder.

2. Form

The New Ordinary Shares and the B Shares are not renounceable and will be transferable by an instrument of transfer in usual or common form. The Deferred Shares are not renounceable or generally transferable. The New Ordinary Shares, B Shares and Deferred Shares will be in registered form. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Listing. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions.

3. CREST

If the B Shares in respect of which any election made on the enclosed Form of Election relates are issued in certificated form pursuant to the Capital Reorganisation and are subsequently “dematerialised” into uncertificated form (i.e. held as interim CREST entitlements to B Shares in CREST) after the relevant Form of Election has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such B Shares as an interim CREST entitlement in uncertificated form will need to give a valid USE Instruction in place of the submitted Form of Election by the Election Deadline. If they do not, they will be deemed to have elected for the B Share Dividend in respect of their entire entitlement under the Return of Cash.

If the interim CREST entitlements to B Shares to which any USE Instruction relates are issued in CREST pursuant to the Capital Reorganisation and are subsequently re-materialised into certificated form after the relevant USE Instruction has been given but before the Election Deadline, such USE Instruction will become ineffective. Shareholders who subsequently hold their B Shares in certificated form will need to submit a valid Form of Election bearing details of the new shareholding account in place of the USE Instruction on or before the Election Deadline. Forms of Election can be obtained by telephoning Computershare on 0870 707 4010 (or +44 (0)870 707 4010 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Calls to 0870 707 4010 are charged at approximately 10 pence per minute plus network extras. Calls to +44 (0)870 707 4010 from outside the United Kingdom are charged at applicable international rates. Please note that calls may be monitored or recorded and that Computershare will not provide advice on the merits of the Return of Cash nor give any financial or tax advice.

4. Electing in CREST

If your Existing Ordinary Shares are held in uncertificated form at the Capital Reorganisation Record Date you do not have to complete or return a Form of Election. You will receive a credit to your CREST account of interim CREST entitlements to B Shares under ISIN GB00BSPL1H79 on which you should take (or procure to be taken) the action set out below to transfer (by means of a USE Instruction) the number of interim CREST entitlements to B Shares in respect of which you wish to elect for the Purchase Offer to Computershare in its capacity as a CREST receiving agent (under its participant ID referred to below), as soon as possible and in any event so that the USE Instruction settles not later than the Election Deadline.

If you are a CREST personal member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Existing Ordinary Shares are held (and, as a result, under which your interim CREST entitlements to B Shares will be held). In addition, only your CREST sponsor will be able to send the USE Instruction to Euroclear in relation to your interim CREST entitlements to B Shares.

Further information on the specific elections available to Shareholders is set out below.

Electing for Choice 1

Shareholders who hold Existing Ordinary Shares in CREST and who wish in respect of some or all of their holdings of interim CREST entitlements to B Shares to elect for Choice 1 (B Share Dividend) need take no action. CREST holders who do not return a USE Instruction, including any person who becomes a Shareholder following the end of the Election Period, will automatically be deemed to have accepted the B Share Dividend.

Electing for Choice 2

Shareholders who hold Existing Ordinary Shares in CREST and who wish in respect of some or all of their holdings of interim CREST entitlements to B Shares to elect for Choice 2 (Purchase Offer) should send (or, if they are a CREST personal member, procure that their CREST sponsor sends) a USE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to other information that is required for the USE Instruction to settle in CREST, the following details:

- (i) the number(s) of interim CREST entitlements to B Shares to be transferred to Computershare, being the number of interim CREST entitlements to B Shares in respect of which you wish to elect for Choice 2 (Purchase Offer);
- (ii) your member account ID;
- (iii) your participant ID;
- (iv) the ISIN of the interim CREST entitlements to B Shares, which is GB00BSPL1H79;
- (v) the corporate action number for the Return of Cash, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (vi) the intended settlement date for the USE Instruction, which should be as soon as possible and in any event no later than the Election Deadline;
- (vii) input with standard delivery instruction priority of 80;
- (viii) your name and contact number inserted in the shared note field;
- (ix) the participant ID of Computershare, which is 3RA26; and
- (x) the member account ID of Computershare, which for these purposes is BETFAIR.

Default provisions in respect of CREST elections

Shareholders will automatically receive the B Share Dividend for all their interim CREST entitlements to B Shares for which no election is made.

Any election made by a person who is not a holder of interim CREST entitlements to B Shares at the Election Deadline will be ineffective and will be disregarded.

An election will only be treated as valid for the number of interim CREST entitlements to B Shares contained within the USE Instruction and transferred to Computershare by means of a USE Instruction.

5. Consent

Jefferies has given, and not withdrawn, its written consent to the issue of this Circular with references to its name being included in the form and context in which they appear.

6. Treasury shares held by the Company

As at 10 December 2014, being the latest practicable date before the publication of this document, the Company held no Existing Ordinary Shares as treasury shares.

7. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS, and at the registered office of the Company at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London, W6 9HP, from the date of this document up to and including the date of the General Meeting, and will also be available for inspection at the General Meeting for at least 15 minutes prior to and during that meeting:

- (i) this Circular;
- (ii) the Existing Articles of Association;
- (iii) the New Articles of Association (including a redline of the New Articles of Association against the Existing Articles of Association);
- (iv) the Option Agreement;
- (v) the New Share Option Agreement (including a redline of the New Share Option Agreement against the Share Option Agreement);
- (vi) the consent letter referred in paragraph 5 of this Part VIII; and
- (vii) copies of the Directors' service contracts and letters of appointment.

PART X—DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

“2011 LTIP Awards”	awards made in 2011 under the terms of the Betfair Group plc 2009 Long Term Incentive Plan
“2012 LTIP Awards”	awards made in 2012 under the terms of the Betfair Group plc 2009 Long Term Incentive Plan
“Articles of Association”	the Existing Articles of Association or the New Articles of Association, as the context requires
“BACS”	the Bankers Automated Clearing System
“Betfair Employee Share Schemes”	Betfair Group plc 2009 Long Term Incentive Plan; Betfair Group plc 2012 Long Term Incentive Plan; Betfair Group Limited Stakeholder Plan; Betfair Group Limited Unapproved Share Option Plan 2009; Betfair Group Limited Unapproved Share Option Plan 2008; The Sporting Exchange Betfair Group Limited Unapproved Share Option Plan 2007; The Sporting Exchange Betfair Group Limited Unapproved Share Option Plan 2006; The Sporting Exchange Betfair Group Limited Unapproved Share Option Plan 2005; Betfair Group Limited 2010 Equity US Subplan to the Betfair Group Limited Unapproved Share Option Plan 2009; Betfair Group plc Equity US Subplan to the Betfair Group Limited plc Deferred Share Incentive Plan; Betfair Group plc Equity US Subplan to the Betfair Group Limited plc Long Term Incentive Plan; Betfair Group Limited Short Term Incentive Plan; Betfair Group plc Deferred Share Incentive Plan; Betfair Group plc Sales Short Term Incentive Plan; Betfair Group plc Management Incentive Plan; Betfair Group 2011 Restricted Share Plan; The Sporting Exchange Limited BETshare Performance Plan 2007; Betfair Group plc 2014 Sharesave Plan; Betfair Group plc Sharesave Plan; Betfair Group plc Betsave Ireland; Betfair Group plc US Employee Stock Purchase Subplan; The Sporting Exchange Limited Approved Share Option Plan; Betfair Group Limited 2010 Approved Share Option Plan; Betfair Group Limited 2008 Approved Share Option Plan; Betfair Group Limited 2010 Senior Executives’ Incentive Plan; the option agreement between Betfair Group plc and Breon Corcoran with regards to options granted under the Betfair Group plc 2012 Long Term Incentive Plan; and the restricted share agreement between Betfair Group plc and Breon Corcoran
“B Share Choices”	the B Share Dividend and the Purchase Offer
“B Share Dividend”	the dividend of £1.89 per B Share
“B Share Dividend Record Time”	6.00 p.m. on 22 January 2015

“B Shares”	non-cumulative preference shares of 0.016875 pence each in the capital of the Company carrying the rights and restrictions set out in Part V of this Circular
“Board”	the board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in London
“Capital Reorganisation”	the reorganisation of the Company’s share capital, comprising the Existing Ordinary Share Sub-division and the Share Consolidation
“Capital Reorganisation Record Date”	6.00 p.m. on 9 January 2015 (or such other time or date as the Directors may determine)
“Chairman”	Gerald Corbett, the independent non-executive chairman of the Company
“Circular”	this document
“Companies Act” or the “Act”	the Companies Act 2006
“Company”	Betfair Group plc
“Computershare” or the “Registrar”	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8AE
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in such regulations)
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system, and supplied by Euroclear to users and participants thereof
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the General Meeting and containing the information required to be contained therein by the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations)
“Deferred Shares”	the unlisted deferred shares of 0.016875 pence each in the capital of the Company, the rights and restrictions of which are set out in Part VI of this document
“Directors”	the directors of the Company, currently Gerald Corbett, Breon Corcoran, Alex Gersh, Ian Dyson, Peter Jackson, Zillah Byng-Maddick, Leo Quinn and Peter Rigby
“Disclosure and Transparency Rules”	the disclosure and transparency rules of the FCA made for the purposes of Part VI of FSMA

“Election Deadline”	5.00 p.m. on 21 January 2015
“Election Period”	the period from 12 December 2014 until the Election Deadline during which time Shareholders (other than Restricted Shareholders) may make elections for one or more of the B Share Choices
“Euroclear”	Euroclear UK & Ireland Limited, the Operator (as defined in the Uncertificated Securities Regulations 2001) of CREST
“Existing Articles of Association”	the articles of association of the Company in force as at the Capital Reorganisation Record Date
“Existing Ordinary Share Sub-division”	the sub-division of each Existing Ordinary Share in the manner set out in Resolution 2 in the Notice of General Meeting set out in Part XI of this document
“Existing Ordinary Shares”	the issued ordinary shares of 0.1 pence each in the capital of the Company existing prior to the Capital Reorganisation
“FCA”	the Financial Conduct Authority of the UK
“Form of Election”	the form enclosed with this document by which a Shareholder may elect for the B Share Choices
“Form of Proxy”	the form of proxy enclosed with this Circular for use by Shareholders in connection with the General Meetings
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 9 January 2015, notice of which is set out in Part XI of this document
“Group”	the Company and its direct and indirect subsidiaries and subsidiary undertakings (each as defined in the Companies Act 2006)
“ISA”	an individual savings account
“ISIN”	International Security Identification Number
“Intermediate Ordinary Shares”	following the Existing Ordinary Share Sub-division, the intermediate ordinary shares of 0.083125 pence each in the capital of the Company (to be consolidated and divided under the Share Consolidation)
“Jefferies”	Jefferies International Limited of Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ
“Jefferies Group”	Jefferies International Limited and its direct and indirect holding companies and subsidiaries and subsidiary undertakings, and any subsidiaries or subsidiary undertakings of such holding companies (each as defined in the Companies Act 2006)

“Joining Award”	the award granted to Breon Corcoran on 1 August 2012 over 500,000 Ordinary Shares under the terms of the Share Option Agreement entered into pursuant to Listing Rule 9.4.2(2) and subject to vesting conditions relating to the Company’s performance
“Listing”	the admission of New Ordinary Shares to the Official List in accordance with the Listing Rules and the admission to trading of such shares on the London Stock Exchange’s main market for listed securities in accordance with the rules of the London Stock Exchange
“Listing Rules”	the listing rules made by the UK Listing Authority for the purposes of Part VI of FSMA
“London Stock Exchange”	London Stock Exchange plc
“New Articles of Association”	the new articles of association of the Company to be adopted subject to approval of Resolution 1 to be proposed at the General Meeting
“New Ordinary Shares”	following the Capital Reorganisation, the new ordinary shares of 0.095 pence each in the capital of the Company
“New Share Option Agreement”	the document containing the revised terms applicable to the Joining Award as proposed to be approved by Shareholders pursuant to Resolution 5
“Notice of General Meeting”	the notice of general meeting set out in Part XI of this circular, pursuant to which the General Meeting will be held
“Ordinary Shares”	Existing Ordinary Shares, Intermediate Ordinary Shares or New Ordinary Shares, as the context may require
“Official List”	the official list maintained by the UK Listing Authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended
“Option Agreement”	the agreement dated 11 December 2014 between Jefferies and the Company under which Jefferies will be entitled to require the Company to purchase Deferred Shares from Jefferies, details of which are set out in paragraph 14 of Part IV of this Circular
“Overseas Shareholders”	Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of a country other than the United Kingdom or who have a registered address which is not in the United Kingdom. For the avoidance of doubt, Shareholders who are not resident in the United Kingdom include Shareholders who are resident in the Channel Islands or the Isle of Man
“Purchase Offer”	the offer expected to be made by Jefferies, acting as principal (and not as agent, nominee or trustee), to purchase B Shares

“Purchase Offer Deed”	the agreement dated 11 December 2014 between Jefferies and the Company in respect of the Purchase Offer, details of which are set out in paragraph 14 of Part IV of this Circular
“Regulatory Information Service”	any regulatory information service as defined by the Listing Rules
“Remuneration Committee”	the remuneration committee of the Company
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Restricted Shareholders”	Shareholders with a registered address in a Restricted Territory or who are resident or located in a Restricted Territory
“Restricted Territories”	United States, Canada, Australia, Japan and New Zealand
“Return of Cash”	the transaction comprising the Capital Reorganisation and the return of £1.89 per Existing Ordinary Share by way of the B Share Choices
“Share Consolidation”	the consolidation and division of the Intermediate Ordinary Shares in the manner set out in Resolutions 2 and 3 in the notice convening the General Meeting set out in Part XI of this document
“Shareholders”	holders of Existing Ordinary Shares, New Ordinary Shares, and/or B Shares, as the context may require, from time to time
“Share Option Agreement”	the document containing the terms of the option agreement granted to Breon Corcoran by the Company on 1 August 2012
“UK Listing Authority”	the FCA its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “uncertificated form”	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“USE Instruction”	unmatched stock event instruction (as described in the CREST Manual issued by Euroclear)

PART XI—NOTICE OF GENERAL MEETING

Betfair Group plc (the “Company”)
(Company number 06489716)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at 11.00 a.m. on 9 January 2015 at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road), London W6 9HP, United Kingdom, for the purpose of considering and, if thought fit, passing the resolutions set out in this notice. Resolutions 1 and 4 will be proposed as special resolutions and Resolutions 2, 3 and 5 will be proposed as ordinary resolutions.

Resolution 1: Special resolution to approve the New Articles of Association

THAT, conditional on the passing of Resolutions 2, 3 and 4 and admission of the New Ordinary Shares (as defined below) to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange’s market for listed securities (“**Admission**”) becoming effective by 8.00 a.m. on 12 January 2015 (or such later time and/or date as the directors may determine), the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the “**New Articles**”) be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company, such New Articles setting out the rights and restrictions attached to the New Ordinary Shares, the B Shares (as defined below) and the deferred shares of 0.016875 pence each in the capital of the Company (the “**Deferred Shares**”).

Resolution 2: Ordinary resolution to sub-divide the ordinary shares of 0.1 pence each in the capital of the Company

THAT, conditional on the passing of Resolutions 1, 3 and 4 and on Admission becoming effective by 8.00 a.m. on 12 January 2015 (or such later time and/or date as the directors may determine), each of the ordinary shares of 0.1 pence each in the capital of the Company and in issue at 6.00 p.m. on 9 January 2015 (or such other time and date as the directors may determine) (the “**Capital Reorganisation Record Date**”) shall be sub-divided into one ordinary share of 0.083125 pence (an “**Intermediate Ordinary Share**”) and one B share of 0.016875 pence (a “**B Share**”) in the capital of the Company.

Resolution 3: Ordinary resolution to consolidate and sub-divide the Intermediate Ordinary Shares

THAT, conditional on the passing of Resolutions 1, 2 and 4 and on Admission becoming effective by 8.00 a.m. on 12 January 2015 (or such later time and/or date as the directors may determine), the share capital represented by each holding of Intermediate Ordinary Shares as would have been shown in the register of members of the Company at the Capital Reorganisation Record Date had such register reflected the effect of Resolution 2 at such time and reflected no other changes be consolidated into share capital of the Company with a nominal value equal to the product of 0.083125 pence and the number of Intermediate Ordinary Shares comprised in such holding, and the share capital represented by each such consolidation be divided into ordinary shares of 0.095 pence each (the “**New Ordinary Shares**”) provided that:

- (a) where such consolidation and division results in a shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall be aggregated with such other fractions into New Ordinary Shares (the “**Fractional Entitlement Shares**”); and
- (b) the directors be authorised to sell (or appoint another person to sell), on behalf of all the relevant shareholders, all the Fractional Entitlement Shares, at the best price reasonably obtainable, and to pay the proceeds of sale (net of expenses) in due proportion among the relevant shareholders entitled thereto (any fraction of a penny which would otherwise be payable being rounded down to the nearest penny if less than half a penny and rounded up if more than or equal to half a penny and provided that where any relevant shareholder would have been entitled to receive proceeds of less than £5.00 the proceeds attributable to such shareholder will be aggregated and donated to charity) and that any person authorised by the directors of the Company be and is hereby authorised to execute the instrument of transfer in respect of such shares on behalf of the relevant shareholders.

Resolution 4: Special resolution to authorise the Company to repurchase the Deferred Shares

THAT, conditional on the passing of Resolutions 1, 2 and 3 and on Admission becoming effective by 8.00 a.m. on 12 January 2015 (or such later time and/or date as the directors may determine), the terms of the agreement dated 11 December 2014 between Jefferies International Limited (“**Jefferies**”) and the Company (a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting) under which Jefferies will be entitled to require the Company to purchase Deferred Shares from Jefferies (the “**Option Agreement**”), be and are hereby approved and authorised for the purposes of section 694 of the Companies Act 2006 and otherwise, but so that such approval and authority shall expire at the conclusion of the next annual general meeting of the Company.

Resolution 5: Ordinary resolution to approve the amendment to the performance conditions applicable to the Joining Award

THAT:

- (a) the performance conditions applicable to the Joining Award as set out in the New Share Option Agreement produced to the meeting and initialled by the chairman of the meeting for the purpose of identification and a summary of which is set out in paragraph 2 of Part VIII of this Circular be and are hereby approved in substitution for, and to the exclusion of, the existing performance conditions applicable to the Joining Award as set out in the Share Option Agreement; and
- (b) the directors (or any duly constituted committee thereof) be and are hereby authorised to do all things necessary and desirable to implement, complete or to procure the implementation or completion of the amendment to the performance conditions applicable to the Joining Award.

By order of the Board

12 December 2014

Registered Office:
Waterfront
Hammersmith Embankment
Chancellors Road (access on Winslow Road)
London W6 9HP
United Kingdom

Registered in England and Wales

Registered number: 06489716

NOTES

Availability of information

- 1 Information regarding the General Meeting, including the information required by section 311A of the Companies Act 2006 and a copy of this Notice of General Meeting, is available from the Company's corporate website, corporate.betfair.com.

Proxies

- 2 As a shareholder of the Company (a "**Shareholder**") you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. The appointment of a proxy does not preclude you from attending the meeting and voting in person. The notification of termination of a proxy appointment should be in writing.
- 3 A proxy does not need to be a Shareholder of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your Form of Proxy. If you sign and return your Form of Proxy with no name inserted in the box the Chairman of the meeting will be deemed to be your proxy. Where you appoint someone other than the Chairman as your proxy, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Form of Proxy provided, or alternatively you may wish to contact the Company's registrar, Computershare Investor Services PLC or call the Shareholder helpline on 0870 707 4010.
- 5 To direct your proxy how to vote on the resolutions mark the appropriate box on your Form of Proxy with an 'X'. To abstain from voting on the resolutions, select the relevant 'Vote Withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 6 In the case of a Shareholder which is a company, your Form of Proxy must be executed under that company's common seal or signed on that company's behalf by a duly authorised officer of the company or an attorney for the company.
- 7 Any power of attorney or any other authority under which your Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with your Form of Proxy.
- 8 **To appoint a proxy using a hard copy Form of Proxy, your Form of Proxy must be:**
 - (a) **completed and signed;**
 - (b) **sent to the Registrar by post at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or (during normal business hours only) by hand to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE; and**
 - (c) **received by Computershare, no later than 11.00 a.m. on 7 January 2015.**
- 9 As an alternative to completing your hard copy Form of Proxy, you can appoint a proxy electronically at www.investorcentre.co.uk/eproxy.
For an electronic proxy appointment to be valid, your appointment must be received by no later than 11.00 a.m. on 7 January 2015.
- 10 If you submit more than one valid proxy appointment, the last appointment received before the latest time for the receipt of proxies will take precedence.
- 11 In the case of joint holders of Existing Ordinary Shares in the Company, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of

the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

- 12 You may not use any electronic address provided in your Form of Proxy to communicate with the Company for any purposes other than those expressly stated.
- 13 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 11.00 a.m. on 9 January 2015, and any adjournment(s) thereof, by using the procedures described in the CREST Manual. CREST messages must bear the ID number 3RA50. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to the CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications, and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare by 11.00 a.m. on 7 January 2015.

For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner presented by CREST. After such time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or Voting Service Provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in accordance with the provisions of the Uncertificated Securities Regulations 2001.

Nominated persons

- 14 (a) Any person to whom this Notice of General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
- (b) The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 2 to 12 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by Shareholders of the Company.

Service of documents prohibition

- 15 Please note that unless otherwise specified, the telephone numbers, website and email addresses provided in this Notice of General Meeting or any related documents (including the Form of Proxy) are not to be used for the purpose of serving information or documents on the Company, including the service of documents or information relating to proceedings at the General Meeting.

Total voting rights

- 16 As at 10 December 2014 (being the last practicable date prior to the publication of this Notice of General Meeting) the Company's issued share capital consists of 105,686,849 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 10 December 2014 was 105,686,849 votes.

Membership date

- 17 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, Shareholders shall only be entitled to attend and vote at the meeting in respect of the number of shares registered in their name on the Register of Members of the Company as at 6.00 p.m. on 7 January 2015, or in the case of an adjournment of the meeting, 6.00 p.m. on the day which is two working days before the day of such adjourned meeting. Changes to entries on the Register of Members after 6.00 p.m. on the relevant date shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Members' questions

- 18 Any Shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Poll voting

- 19 Voting on the resolutions will be conducted by way of a poll rather than on a show of hands. This is a more transparent method of voting as Shareholders' votes are to be counted according to the number of shares held. The results will be released to the London Stock Exchange and published on the Company's corporate website corporate.betfair.com.
- 20 Poll cards will be issued upon registration to those attending the meeting.

Corporate representatives

- 21 Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise the same powers as the corporation could exercise if it were an individual Shareholder provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Betfair Group plc

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