



Private and confidential

28 April 2018

Proposal for Merger of Betfair US and FanDuel

Dear Ramy,

Further to our recent conversations, I am writing on behalf of [REDACTED] Betfair plc ("PPB") to set out our non-binding indication of interest in acquiring a controlling interest in FanDuel Ltd. ("FanDuel"), (the "Proposed Transaction").

Transaction Overview

The Proposed Transaction would see PPB combine their existing US assets with FanDuel's assets to create the largest operator in the US online gaming market ("MergerCo"). In addition to their US assets, PPB will contribute significant primary capital into MergerCo to fund the current and expected requirements of the business. Concurrently, PPB are happy to discuss secondary transactions with any existing FanDuel shareholders who wish to exit or reduce their holdings.

About Paddy Power Betfair plc.

Paddy Power Betfair is the world's largest publicly traded online gaming operator, with a market capitalisation of \$8.6bn and existing cash balances of \$438m, as of 31 December 2017. PPB is listed on the London Stock Exchange and is a member of the FTSE 100.

PPB has 7,000 employees across 16 global locations and is the largest online betting operator in each of the UK, Ireland, Australia and the US under four distinct brands. PPB's 350 risk & trading staff and proprietary trading models to help the group cover ~20,000 monthly events and process over \$15bn of sports betting stakes annually.

Please find accompanying this letter a presentation with further details on the PPB group.

Transaction Rationale

PPB believe that the US has the potential to become a very substantial sports-betting and iGaming market and is a core area of focus for the group. PPB has invested significant capital and time in preparing for the opening of the US market, both for sports and iGaming.

We consider that MergerCo, through a combination of complimentary best-in-class assets and personnel, will be the best placed operator to capitalise from regulatory loosening in the US gaming market. Furthermore, we think that this will be recognised by land-based operators with access to sports betting and iGaming licenses, making MergerCo a sought-after partner for these parties.

PPB's approach of combining group technology, knowledge and personnel with a locally recognised brand with local customer knowledge was used to great success in our two-stage acquisition of