

8th March 2011

Betfair Group plc ("Betfair")

**Interim Management Statement
and
Details of change to licensing arrangements for the Betting Exchange in the UK**

Betfair (LSE:BET), the world's biggest betting community and one of the world's leading online betting and gaming operators, today announces its interim management statement together with its key performance indicators for the three month period ended 31 January 2011 ("Q3 FY11").

Key Points

- Overall Core Betfair revenue up 6.2% on Q3 FY10 to £77.0m
 - Core Betfair Sports revenue up 8.6% to £56.6m
 - Core Betfair Games revenue up 8.2% to £14.3m
 - Core Betfair Poker revenue down 20.5% to £5.2m
- Betting Exchange to operate under a Gibraltar licence with effect from 9 March 2011

Commenting on the Q3 performance and current trading, David Yu, Betfair's Chief Executive Officer, said:

"We are pleased with the growth we achieved in the third quarter, especially from football and Games. Marketing efficiency continued its improving trend, resulting in a lower cost per acquisition again this quarter whilst also showing strong growth in active customer numbers.

"We have made a good start to Q4. Following the successful migration of our technology infrastructure to our new data centre in Ireland, we are rolling out a planned series of major improvements to our Sports betting product which will help to drive revenue growth in Q4 and into FY12. These new products include our innovative "cash out now" feature, each-way multiples for horse racing and a significant increase in the number of in-play events. We remain confident that we will deliver an outcome for the current financial year within the range of market expectations."

David Yu added:

"As a global, technology-led betting operator, our new operational base in Ireland and the change to our licensing structure provides us with increased flexibility. It allows us to locate key technical equipment in more efficient locations, to serve our customers better and to compete on the same basis as the majority of operators in the UK online betting market."

Core Betfair

Core Betfair includes Betfair's unique Betting Exchange and its portfolio of other sports betting, games and poker products.

Revenues

Period <i>Unaudited</i>	Q3 FY11 £m	Q3 FY10 £m	9m YTD FY11 £m	9m YTD FY10 £m
Core Betfair revenue				
- Sports	56.6	52.1	180.2	162.8
- Games	14.3	13.2	45.0	39.3
- Poker	5.2	6.6	16.6	18.7
Core Betfair Net Gaming Revenue	76.1	71.9	241.7	220.9
Revenue from management of customer funds	0.9	0.7	2.4	1.8
Core Betfair revenue	77.0	72.6	244.1	222.6
Change	vQ3 FY10		v9m YTD FY10	
- Sports	+8.6%		+10.6%	
- Games	+8.2%		+14.4%	
- Poker	-20.5%		-11.4%	
Core Betfair Net Gaming Revenue	+5.9%		+9.5%	
Revenue from management of customer funds	+36.0%		+34.0%	
Core Betfair revenue	+6.2%		+9.7%	

Q3 Sports revenues grew by 8.6%, driven by continuing strong growth in football. We have been pleased with the performance in football revenues following our decision to increase our focus on this high-growth sector, where we have significantly increased the number of games with in-play markets offered during the quarter. During February 2011 we also launched a redesigned Sports in-play home page along with new features for our football in-play markets, including a "cash-out-now" option.

Poor weather in December 2010 resulted in 4% fewer UK race meetings in Q3 as compared with Q3 FY10. Our horse racing revenues held up relatively well and showed only a small decline in the quarter. We have made improvements to our horse racing offering by providing exclusive content for our customers from Paul Nicholls, the champion National Hunt trainer, and the recent release of each-way multiples ahead of the Spring racing season.

Games continued to demonstrate healthy growth of 8.2% in Q3, with improving trends in both volume and yield. This performance reflects our improved ability to refresh the customer offering with more frequent releases of new games.

Poker revenues declined by 20.5% compared with Q3 FY10, a period prior to the migration to the Ogame network. Sequentially, Poker actives have been stable over the last four quarters and ARPU has stabilised in Q3 FY11 compared with Q2 FY11.

From a geographical perspective, UK actives grew steadily in the period, offset by a modest decline in ARPU. Overall revenue growth in the UK was lower than in Europe partly due to the greater proportion of horse racing in the UK revenue mix. European actives grew robustly in the period, with solid growth in Net Gaming Revenue, driven primarily by football.

Customer cash balances at the end of Q3 FY11 were £289m, an increase of 9% on Q3 FY10 (£265m).

KPIs by product

Period <i>Unaudited</i>	Q3 FY11	Q3 FY10	Change %
Sports KPIs			
- Actives ('000)	386	344	+12.2%
- ARPU (£)	146	151	-3.2%
- Net Gaming Revenue (£m)	56.6	52.1	+8.6%
Games KPIs			
- Actives ('000)	96	85	+14.1%
- ARPU (£)	148	156	-5.2%
- Net Gaming Revenue (£m)	14.3	13.2	+8.2%
Poker KPIs			
- Actives ('000)	71	65	+9.4%
- ARPU (£)	74	101	-27.3%
- Net Gaming Revenue (£m)	5.2	6.6	-20.5%

KPIs by geography

Period <i>Unaudited</i>	Q3 FY11	Q3 FY10	Change %
UK			
- Actives ('000)	239	223	+7.2%
- ARPU (£)	165	171	-3.4%
- Net Gaming Revenue (£m)	39.5	38.1	+3.6%
Europe			
- Actives ('000)	202	159	+26.6%
- ARPU (£)	164	189	-13.4%
- Net Gaming Revenue (£m)	33.0	30.2	+9.6%
Rest of World			
- Actives ('000)	9	7	+28.1%
- ARPU (£)	396	513	-22.8%
- Net Gaming Revenue (£m)	3.5	3.6	-1.1%

Other investments

Other investments comprise Betfair's subsidiaries, Betfair US and LMAX, which are in an investment phase.

Betfair US saw handle and revenues at TVG increase by 6% on a US dollar basis compared with Q3 FY10. Following the approval in December 2010 of the exchange wagering bill by the New Jersey Assembly, Governor Christie signed the bill into law on 31 January 2011.

Following the launch of its exchange platform on 25 October 2010, LMAX offered commission free trading for a limited promotional period in November and December as well as continuing to generate revenues from its "Tradefair" white label spread betting business. LMAX remains at an early stage of its development and, as previously indicated, an update on its progress will be given at the time of Betfair's preliminary results in June 2011.

Current trading

Trading in Q4 has begun on an improved overall trend in Core Betfair. This performance has been led by Sports, with Games showing a lower than normal yield during the month of February as a result of customer wins. In Poker, revenues have shown a similar run rate to those in the preceding two quarters.

We remain confident that we will deliver an outcome for the current financial year within the range of market expectations.

Change to licensing arrangements

Betfair announces that, with effect from 9 March 2011, its Betting Exchange will operate under a Gibraltar licence.

In recent months, Betfair has undergone a period of significant restructuring and has now transferred the majority of the key systems for its Betting Exchange from the UK to Gibraltar and Dublin. The Company has also opened new offices in both Gibraltar and Dublin, together employing over 120 people. Betfair continually strives to create the best technology platform for the business. This revised structure will provide the Company with the freedom to locate key technical equipment in more efficient locations in order to improve service to customers and compete on a level basis in the UK market.

The Company expects a positive EBITDA impact from the restructuring resulting from gross profits tax savings, partially offset by higher operational costs arising from running both new and existing data centres in parallel. These additional operational costs will reduce as our portfolio of data centres is consolidated during FY12. The Company expects no material financial impact in the current financial year and a net EBITDA benefit of approximately £10m in FY12.

Betfair will continue to support British horse racing by committing the same amount of money to the sport that the Company has been paying via the statutory levy for the remainder of the 49th Levy Scheme and on the terms set out for the 50th Levy Scheme.

Betfair currently holds licences in the United Kingdom, Malta, Gibraltar, Italy, Australia and the United States. The business will continue to be incorporated in the UK and employ approximately 1,200 people at its headquarters in Hammersmith and at its other offices in Stevenage and Halifax.

Except as described in this statement, there have been no material events, transactions or changes in the financial position of the Betfair Group that have taken place since 31 October 2010.

A complete analysis of KPIs on an annual, semi-annual and quarterly basis since the start of FY08 is available on the Group website (<http://corporate.betfair.com>).

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Conference call

David Yu, Chief Executive Officer and Stephen Morana, Chief Financial Officer, will be hosting a conference call for investors and analysts at 8.30 a.m. (GMT) today. Access details for the call are as follows:

UK access number: +44 (0)20 3140 0668
UK toll free: 0800 368 1950
Participant PIN code: 614083#

Replay access number: + 44 (0)20 3140 0698
Conference reference: 376321#

The above replay facility will be available for one week. Alternatively, a recording of the conference call will be available on the Betfair Group website (<http://corporate.betfair.com>) later today.

About Betfair

Betfair is the world's biggest betting community and one of the world's leading online betting and gaming operators.

At the heart of Betfair is its pioneering Betting Exchange, where customers come together in order to bet at odds set by themselves or offered by other customers, instead of with a traditional bookmaker. The Betting Exchange provides customers with better pricing and more choice and flexibility than competing products, which has resulted in Betfair's customers showing greater levels of loyalty than its competitors with significantly higher customer satisfaction rates.

Betfair additionally offers a range of other sports betting products, casino games and poker. As at 31 January 2010, Betfair had more than 3 million registered customers worldwide and processed, on average, more than 6 million transactions per day on the Betting Exchange, more than all European Stock Exchanges combined during the preceding 12 month period.

Betfair also owns Betfair US, which comprises TVG (a licensed US horse racing wagering and television broadcasting business) and a development office in California, and 74.8% of LMAX, which operates an exchange platform for online retail financial trading which has evolved from Betfair's exchange platform technology. In addition, Betfair has a 50% holding in Betfair Australia, a joint venture which operates a licensed betting exchange business in Australia.

The Betfair Group employs more than 2,000 people and has twice been named the UK's 'Company of the Year' by the Confederation of British Industry and has won two Queen's Awards for Enterprise, being recognised for Innovation in 2003 and most recently for International Trade in 2008.

Disclaimer

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No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Betfair share for the current or future financial years would necessarily match or exceed the historical published earnings per Betfair share.

Certain data in this announcement, including financial, statistical and operating information, has been rounded. As a result of such rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.