

cards

- With Betfair a customer can "lay" a horse - back it to lose - as well as back it to win or be placed
- Betfair's odds are expressed in decimal terms (eg 4.1) and not in the traditional way (eg 6-4). 4.1 means that for every pound staked you receive a return of £4.10 which includes the pound stake. The decimal equivalent, therefore, of 2-1 is 3.0
- Betfair's market is a free market and the prices are not controlled by the bookmaker.

A traditional betting shop sets its own odds and the customer has to shop around among bookmakers to find better value (eg 7-4 or 13-8 would represent better value than 6-4).

But Betfair allows customers to bet against odds set by other gamblers.

So one person can place odds on the site and see if other customers are attracted to the wager.

For example Mr Jones, from Cardiff, might be offering odds of 4.0 on Black Rum winning the 2.15 at Plumpton and Mr Smith, from Newcastle, might take the bet.



The Derby is one of Betfair's biggest betting events

Mr Jones is effectively saying: "I don't think Black Rum will win and I am prepared to pay you if he does."

But Betfair guarantees anonymity so Mr Jones will not know the identity of the person whom he is betting against, and vice versa.

The Old Bailey jury heard that in order to use Betfair and place bets punters must first open an account by registering with the company.

Customers are given a username and a secure password.

Each customer must deposit sufficient funds to cover the bets they are offering.

So, in our example, Mr Jones will have to indicate how much he is willing to risk. At odds of 4.0, if Mr Smith is willing to bet £1,000 then Mr Jones must have £4,000 in his account to be able to accept Mr Smith's bet.



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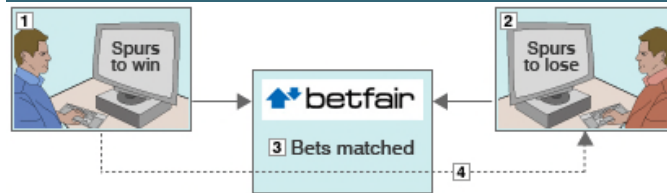
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- ♦ High Street bookmaker offers odds of 3-1
- ♦ Punter Jim places a £1 bet on at 3-1
- ♦ If he wins Jim gets a total of £4 (£3 plus his £1 stake back)

BETTING EXCHANGE



- ♦ Jim thinks Tottenham will win against Arsenal and is prepared to bet £1
- ♦ Steve thinks Tottenham will lose and offers odds of 4.0 (3-1). He is effectively risking £4
- ♦ Betfair automatically matches punters who want to strike a wager. Jim's bet is accepted and matched with Steve's bet
- ♦ Whoever wins, money is transferred from one account to the other. Betfair earns commission from the winner's takings

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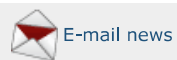


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