

January 2013

Ladbrokes Pension Plan

Pensions Post *Trustees' annual report*

Keeping you up to date with our Plan

Welcome to the latest issue of Pensions Post. In this issue we give you an overview of the Plan's finances for the year ended 30 June 2012, and some details about how the Plan's investments have performed.

The information provided has been taken from the audited Report and Accounts, and a full copy of this is available on the Plan's website, www.ladbrokespensionspost.co.uk

We also give you an update on the Plan's funding position on page 2, following on from the update that we gave you in July 2012.

We constantly consider how we can communicate with you. With this in mind, we have set up a new communications sub-committee. This group is being run by two of the Trustees, Stuart Priday and Sue Harley, in consultation with the Pensions & Benefits Manager, Phil Rixon, and you can read about this group on page 4.

If you are reading this newsletter electronically, thank you for your support in our move to online communication. On page 8, we outline why we're continuing to move towards making as much of the Plan's communications available online and also outline why it's important to keep your personal details up to date.

We hope you continue to enjoy reading Pensions Post and if you have any comments, please contact us using the details on page 8.



Inside

- Plan update
- Investment update
- Pensions and Plan news
- The people behind the Plan
- Useful information

Plan update

Money into and out of the Plan

Ladbrokes Pension Plan

	2011/2012 (figures in 000s)	2010/2011 (figures in 000s)
Value at start of period:	£272,686	£244,874
Where the Plan earned its income		
Contributions	£11,540	£7,664
Investment income	£2	£1
Insurance claims on death, transfers in and reinstatement	£174	£342
Total income	£11,716	£8,007
Change in value of investments	£18,349	£33,306
What the Plan spent		
Benefits payable	£10,498	£10,726
Payments to leavers	£365	£823
Life assurance premiums	£323	£389
Administration expenses*	£921	£1,130
Investment management expenses*	£390	£433
Total expenditure	£12,497	£13,501
Value at end of period:	£290,254	£272,686

*The 2011 figures in these areas have been restated, as the investment consultancy fees have been removed from the administration expenses and are now shown along with the other investment managers' expenses. This has been done following advice from our auditors, Baker Tilly UK Audit LLP. As a result you may find that the figures given in this table for 2010/11 differ from those in the January 2012 edition of Pensions Post.

Funding update

In this section, we update you on the Plan's funding position, following on from the July 2012 issue of Pensions Post.

The Plan is subject to a full actuarial valuation, which sets out how much money is likely to be needed in the Plan to pay for all the pensions as they fall due, at least once every three years. The most recent valuation was carried out as at 30 June 2010, and showed that the Plan was likely to need £274 million to pay for the pensions. With assets expected to cover £242 million, this means that there was a shortfall of £32 million.

Following on from this valuation, Ladbrokes agreed to pay contributions of approximately £11 million each year, including £5.3 million each year for almost 8 years (7 years and ten months) specifically to address the shortfall.

The Plan's funding position was last updated as at 30 June 2012, and at that date the estimated shortfall had increased to around £57 million.

The £25 million increase in the shortfall between 30 June 2010 and 30 June 2012 was due to adverse changes in financial market conditions offset partly by favourable investment returns and the Company's deficit contributions.

Remember that the Trustees invest for the long term and the valuation and the 2012 funding update are snapshots of the Plan's finances at a particular point in time. The next full valuation will occur at 30 June 2013 and the Company's contribution to offset the deficit will be reviewed at that time.

We will update you in due course.

Investment update

How the investments performed

The estimated overall return on the Plan's investments over the year ending 30 June 2012 was 6.9% a year. Over the last three years until 30 June 2012 it was 11.1% a year.

How the Plan's assets are invested

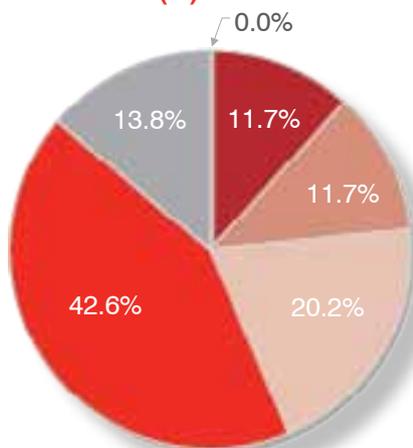
With so much uncertainty in the markets, it's important to know that the Trustees are carefully managing the Plan's investments, with help from the Trustees' advisers.

We regularly review the Plan's investment strategy to achieve a suitable balance between cash flow, performance and risk and decide how much we should invest in the different asset classes to achieve this.

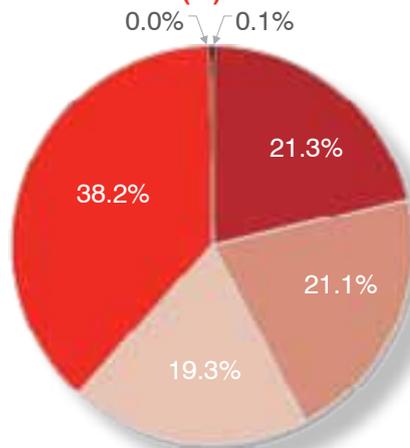
The Trustees have adopted a "horizon" based approach to setting investment strategy. This means a bond portfolio is held to meet the benefit payments expected over a certain time period or 'horizon'. We have set the target horizon at 15 years and invested assets in bonds accordingly, with the remainder of the assets being invested in equities and Diversified Growth Funds (DGFs). The advantage of this is less volatility due to lower exposure to equities.

This strategy resulted in a 63% allocation to bonds and a 37% allocation to equities and DGFs as at 30 June 2012. In the chart below you can see a breakdown of where the Plan's money was invested as at 30 June 2011 and 30 June 2012.

30 June 2012 (%)



30 June 2011 (%)



- UK Equities
- Overseas Equities
- UK Corporate Bonds
- UK Index-linked Gilts
- DGFs
- Cash

As the Plan's estimated benefit payments vary from time to time, we keep our investment strategy under review and will update you with any changes in future issues of Pensions Post.



How investment changes affect your pension

We invest the money in the Plan to ensure we have enough money to pay members' benefits when they are due. However, investment returns don't directly impact the amount of your pension. Instead, this is linked to your salary and years of service.

Want to know more?

If so you can read the full Report and Accounts on our website at www.ladbrokepensionspost.co.uk

Pensions and Plan news

Keep on top of what's happening in pensions and how it could impact you

New communications sub-committee

In October the Trustees' new communications sub-committee met for the first time. Led by Trustees Stuart Priday and Sue Harley, with input from Ladbrokes Pensions & Benefits Manager Phil Rixon, the sub-committee's role is to review the Plan's communications. As a result there may be changes and improvements in the coming year to the type and frequency of communications that members receive.

The committee aims to provide members with more efficient and informative communications in the months and years ahead and will explore all available media and channels to do so.

Time to act!

Thanks to those members who have recently updated their personal details. If your details have changed and you have not let us know yet, you can get in touch with the Ladbrokes Administration Team. We explain why this is important and give you the Team's contact details on page 8.



Workplace pensions

With effect from October 2012, employers are obliged to automatically enrol eligible workers who are not already members of a workplace pension scheme into one. Contributing members of the Plan will, however, not be affected.

If you are a current employee of Ladbrokes you may have read the short "Q&A" published on "What's Happening" in October 2012. This referred to the change in a little more detail and confirmed that the date auto enrolment affects Ladbrokes is 1 March 2013. Ladbrokes will publish more detailed information on this in early 2013.

If you are currently employed by an organisation other than Ladbrokes, then you will need to contact your current employer for information about how this affects you.

Important information for contributing members only



Changes to your life assurance cover

As covered in last year's newsletter, Ladbrokes plc set up a Life Assurance Only Trust with effect from 30 March 2012. From that date, this is the arrangement now responsible for paying any Death in Service salary multiple lump sums - but there are no changes to the terms and conditions of your life assurance benefits. The Plan Trustees remain responsible for paying any other discretionary lump sum payments resulting from the death of a contributing or deferred member, or a pensioner who dies within five years of beginning their pension.



Benefit statements

If you are a contributing member you may have noticed that your benefit statement arrived a little later than usual this year. We apologise for the delay and hope this didn't inconvenience you too much. We hope that you continue to find your statement a useful tool to help you understand your benefits from the Plan.

An update on the changes to pensions tax

The Government has changed the amount of pension savings that you can make each year and benefit from tax relief. We only expect these changes to affect a very small number of members in the Plan.

If you would like more information regarding the tax changes, you can visit HMRC's website at www.hmrc.gov.uk/incometax/allowance-relief.htm or contact Phil Rixon at phil.rixon@ladbrokes.co.uk or Ladbrokes plc, Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex, HA2 7JW



Where can I find more up to date pensions information?

You can get more information by visiting the websites below. Go to:

-  www.ladbrokespensionspost.co.uk for up to date news on the Plan.
-  www.gov.uk for Government information and public services. There is also a section dedicated to pensions and retirement planning, which you can find at www.gov.uk/plan-retirement-income
-  www.pensions-ombudsman.org.uk for help with complaints and disputes about the way that pension arrangements are run.
-  www.pensionsadvisoryservice.org.uk for help with member and beneficiary pension queries.
-  www.thepensionsregulator.gov.uk/individuals.aspx for information on the Pension Regulator, including a list of pensions resources.

The Data Protection Act 1998

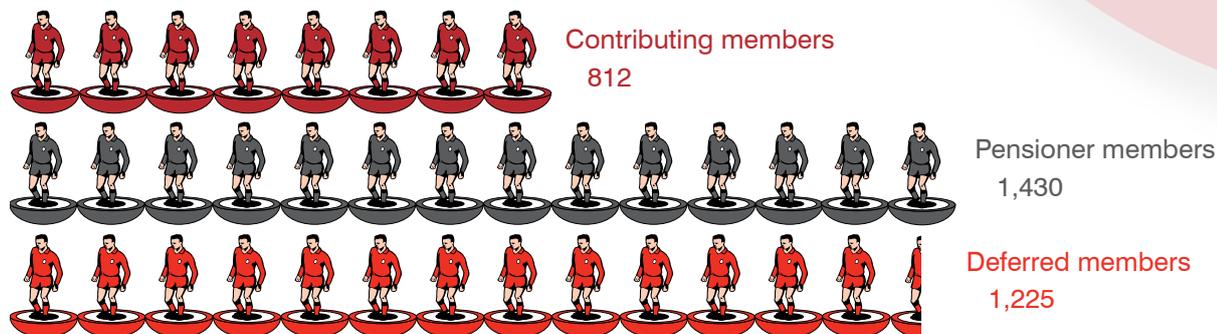
The Data Protection Act 1998 provides strict guidelines on how data should be collected, processed, disclosed and stored. This Act applies to the Trustees because personal data is held on each member, such as name, address and salary and therefore the Trustees are registered with the Information Commissioner. The personal data held about members will be used for the purposes of the administration and management of the Plan and for paying benefits under it. For these purposes, the Trustees may pass on personal data about you to the Plan's administrators and advisers and other third parties. You are entitled to see data that is held on you, subject to certain limitations (for example, if in providing this data, other parties' data would be disclosed). A charge may be made to cover the cost of supplying the data.

The people behind the Plan

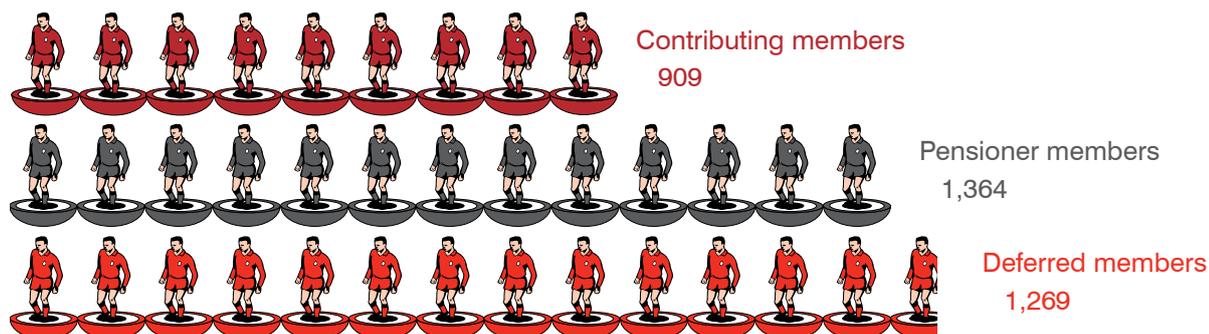
Membership of the Plan

The chart below shows how the line up of the Plan has changed in the last two years:

As at 30 June 2012



30 June 2011



Your team of Trustees

The Trustees of the Plan since 30 June 2012 are set out below.

Employer Nominated

Gordon Bissett (chairman)

Sue Harley (appointed 6 August 2012)

Charles McAulay

Stuart Priday

Member Nominated

David Bowen

Jane Hutchinson

Chris Lynch

Paul Plowright

Mike Noble resigned as an employer nominated Trustee on 20 April 2012. We would like to take this opportunity to thank Mike for his hard work and dedication during his time as a Trustee.

Professional advisers

The Trustees use a number of professional advisers for specialist tasks. A full list of the Plan's advisers is included in the Trustees' Annual Report and Financial Statements 2012, which you can find on the Plan's website, www.ladbrokepensionspost.co.uk



We use a number
of professional
advisers



Useful information

Nomination form

If you die as a contributing or deferred member of the Plan, or if you die within five years of taking pension benefits from the Plan, you will be entitled to benefits payable on your death. To explain to the Trustees who you would wish any such death benefits to be paid to, you should complete a nomination form.

If your circumstances have changed then you may want to update your nomination form. A copy of the form is available on the Plan's website, www.ladbrokepensionspost.co.uk

Keep your details up to date!

It is important to keep your personal details such as your address up-to-date, as outdated information may mean that:

- benefits are not settled as quickly
- important messages may not reach you as swiftly as they should
- delays may lead to financial hardship.

Make sure you keep in touch with the Plan's developments, by making sure we have your correct email address. See the box below for more information.

Progress to electronic communication continues

As we have mentioned in previous issues, we have recently started making the transition towards making Pensions Post an electronic communication. This means that the Plan's communications will be more efficient as well as more cost-effective. If you opt to receive Plan communications electronically, we will now keep you updated on Plan issues via the website.

If you do not have access to email, we will continue to send you printed hard copies of the newsletter. Some of you have already told us that you would prefer to receive Plan communications in this manner.

Your comments

We welcome any comments or suggestions that you may have about this newsletter, or about the Plan. Please forward any comments you may have to the Ladbrokes Administration Team, whose contact details are given below.

Contact details

If you have any questions about the information shown in Pensions Post, which you are unable to find an answer to by visiting the Plan's website (www.ladbrokepensionspost.co.uk) or if you have any queries about your Plan entitlement, you can contact us using the details below:

 The Ladbrokes Administration Team, Hymans Robertson LLP, One London Wall, London, EC2Y 5EA.

 ladbrokesadmin@hymans.co.uk

 020 7082 6454



Keep your email address up to date!

Make sure you keep in touch with the Plan's developments, by keeping your details up to date. You can tell us of a change to your email address by contacting the Administration Team, or by completing the online form at www.ladbrokepensionspost.co.uk/email

If you have requested a hard copy of Pensions Post, don't worry, we will continue to send this to you. However, you still need to make sure you keep your address details up to date, so please contact the Administration Team if you move.