

Nomination form for lump sum death benefits

If your circumstances have changed then you may want to update your expression of wish form to explain to the Trustees your wishes should a lump sum become payable on your death. Please contact the Ladbrokes Administration Team if you need a new form using the address at the end of this report.

Have you moved address?

If you have recently moved, or if you are planning to move in the next few months, please don't forget to let us know. It is important that we have your most up to date details so that you don't miss out on future pension benefits. Updating us will only take a few minutes. You can send your changes in writing to the Ladbrokes Administration Team using the details shown at the end of this report.

The Trustees of the Plan

The full list of the current Plan Trustees is as follows:

Employer nominated

Gordon Bissett (Chairman)

Mike Noble

Helen O'Sullivan

Stuart Priday (appointed 1 October 2008,
resigned 30 September 2009)

Charles McAulay (appointed 1 October 2009)

Member nominated

Andrew Deery

Chris Lynch

Paul Plowright

Matthew Sesay (appointed 1 October 2008)

Keith Glassbrook (resigned 9 July 2008)

As Trustees, we confirm that the process for appointing the Plan's Member Nominated Trustees complies with the Pension Regulator's Code of Practice and Pensions Act 2004 legislation.

Professional Advisers

The Trustees use a number of professional advisers and consultants for specialist tasks. They are currently as follows:

Administrators

Hymans Robertson LLP

Independent Auditors

Deloitte LLP

Plan Actuary

Aaron Punwani

Lane Clark & Peacock LLP

Investment Consultant

Lane Clark & Peacock LLP

Investment Manager

Barclays Global Investors Limited

Legal Adviser

Linklaters LLP

Banker

Barclays Bank

Custodian

Barclays Global Investors Limited

Secretary to the Trustees

Hymans Robertson LLP

Ladbrokes Pension Plan Trustees' Annual Report

Welcome to the Trustees' Annual Report for members of the Ladbrokes Pension Plan ("the Plan") for the year ended 30 June 2009. In this report your Trustees will give you an overview of the Plan's finances together with details about how the Plan's investments have performed. The information provided has been taken from the audited Trustees' Report and Accounts. If you would like to see a full copy of the Trustees' Report simply contact the Ladbrokes Administration Team, whose details can be found on the back page of this report.

Your comments

We welcome any comments or suggestions that you may have on this newsletter, or about the Plan. Please forward any comments you may have to the Ladbrokes Administration Team.

Contact details

If you have any questions about the information shown in this report you can contact us using the details below:

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

Email: ladbrokesadmin@hymans.co.uk

Helpline: 020 7082 6454

Money in and out of the Plan

	2008/2009	2007/2008
Value at start of period:	£231,679,000	£238,995,000
Where the Plan earned its income		
Company contributions	£6,570,000	£6,376,000
Member contributions (including AVCs)	£1,505,000	£1,658,000
Investment income	£2,945,000	£3,250,000
Transfers in and other income	£429,000	£633,000
Total income	£11,449,000	£11,917,000
What the Plan spent		
Benefits payable	£8,148,000	£8,449,000
Payments in respect of leavers	£487,000	£364,000
Life assurance premiums	£325,000	£479,000
Administration expenses	£1,257,000	£1,280,000
Investment management expenses	£236,000	£266,000
Total expenditure	£10,453,000	£10,838,000
Change in value of investments	(£11,746,000)	(£8,395,000)
Value at end of period:	£220,929,000	£231,679,000

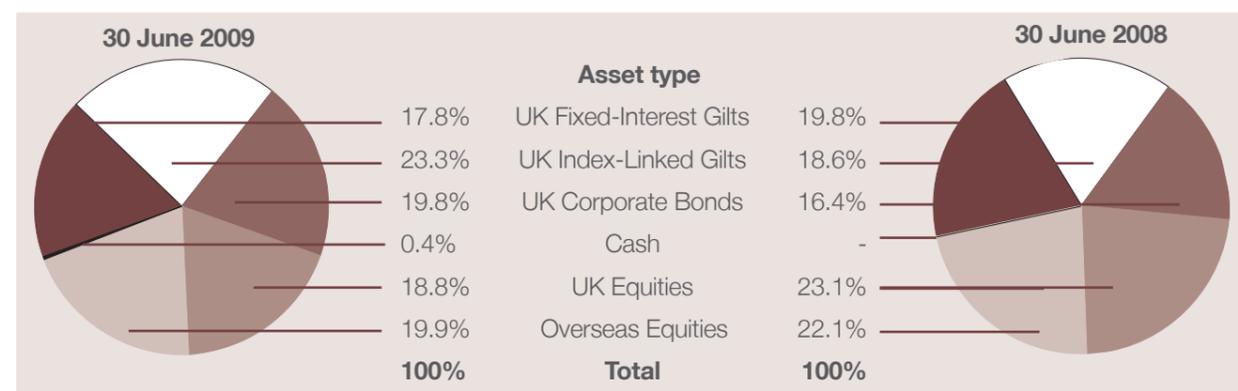
How the investments performed

The estimated overall return on the Plan's investments over the one year and three year period ending 30 June 2009 was -3.9% and 0.8% per annum respectively.

How the Plan's assets are invested

The Trustees regularly review the Plan's investment strategy to achieve a suitable balance between cash flow, performance and risk. The current strategy results in a 61% allocation to bonds and a 39% allocation to equities as at 30 June 2009.

The asset allocation of the Plan at 30 June 2008 and 30 June 2009 is summarised in the charts below. Although the Plan's investment policy did not change between these dates, the value of the Plan's equities has fallen significantly and so they now make up a smaller proportion of the total assets.



Actuarial update

The Plan is subject to a full actuarial valuation at least once every three years. The most recent valuation was carried out as at 30 September 2007. The Plan's funding level on an ongoing basis was 97% (which gave a shortfall of £8 million on that basis).

The Company increased its contributions from approximately £6 million each year to approximately £7 million each year from 1 January 2009. The revised contribution rate is made up of: 20.5% of Pensionable Salaries for benefits being earned by employed members; £1.6 million each year towards the funding shortfall; and an allowance for expenses.

A funding update has been carried out at 30 June 2009. The Plan's funding level at 30 June 2009 had worsened to 78% (a shortfall of £62 million on that basis). The fall in the funding level was due to unfavourable investment returns and changes in financial market conditions. More information will be provided in the 2010 Summary Funding Statement.

The full valuation as at 30 September 2007 and the funding update at 30 June 2009 are snapshots of the Plan's financial position at particular points in time. The financial position fluctuates as market conditions change. However, it is important to bear in mind that the Trustees invest for the long term with the Company's contributions normally being reviewed every three years, following each actuarial valuation.

A change for future early leavers

If you leave the Plan before you are entitled to an immediate pension, but keep your benefits in the Plan, you become a "deferred member".

Under the rules of the Ladbrokes Pension Plan, your deferred pension is increased in accordance with statutory requirements which include a "statutory revaluation rate", as set out in pensions law. Broadly the statutory requirements are that a deferred pension is adjusted in line with inflation – measured by the Retail Prices Index (RPI), so that it is generally adjusted by the change in RPI over the period from leaving to retiring, subject to a maximum increase (or cap) each year. Before 6 April 2009, the cap was 5% a year. From 6 April 2009, legislation has operated to reduce the cap to 2.5% a year.

This means that for pension benefits earned in the Plan for service before 6 April 2009, those benefits will generally continue to be adjusted by the change in the RPI over the period from leaving to retiring up to a maximum of 5% each year. For pension benefits earned in the Plan for service on and after 6 April 2009, only RPI up to a maximum of 2.5% a year will be used.

This change will affect those who leave the Plan (and become deferred members) after 6 April 2009, but only for those benefits earned from 6 April 2009 onwards. If you became a deferred member before 6 April 2009, you will not be affected. Neither will you be affected if you continue as an active member of the Plan and then take immediate payment of your pension from the Plan (so becoming a pensioner, rather than a deferred member).

Change to minimum retirement age – April 2010

Currently deferred members can take retirement benefits from the Plan with the consent of the Trustees from age 50, or earlier in the case of ill health, although those benefits will be reduced for early payment. Current employees are also able to retire early, although they need the consent of the Company first.

However, with effect from 6 April 2010, following changes in legislation, the earliest age members can take their retirement benefits will increase to age 55. This change will not affect ill health cases.

If you are aged between 50 and 55 and wish to access your pension before 6 April 2010, please note that you will need either Company consent (from active status) or the Trustees consent (from deferred status) to do so. In addition, the latest guidelines provided by HM Revenue & Customs state that this will only be possible if you give the Plan's administrators enough time to issue a quotation, receive confirmation of your selected benefits and to settle the initial payments by 5 April 2010. You should request a quotation as early as possible and **no later than 15 February 2010** directly from the Ladbrokes Administration Team, to avoid the disappointment of not being able to draw your pension until you reach age 55.

Pension increases

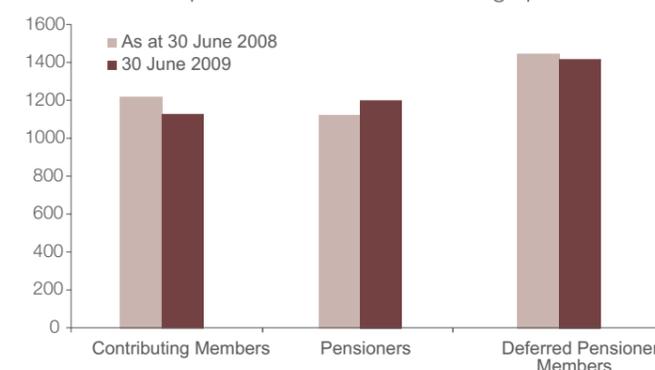
Pensioners have already received details of increases applied to their pensions with effect from 1 April 2009. Where pension relates to service before 6 April 1997, pensioners have been notified of the individual increase applied to that part of their pension. For pensions relating to service after 6 April 1997 an increase of 0.9% was applied.

Pensioners' payslips

Pensioner members of the Plan will no longer receive a payslip automatically each month after 1 April 2010. The Trustees have made the decision only to issue payslips to pensioners if their net monthly pension payment changes by more than £5.00. This change has no impact on the amount of pension paid.

Membership of the Plan

The membership of the Plan is shown in the graph:



Annual Benefit Statements, as at 1 July 2009, were sent to all contributing members in September 2009.