

# Useful information

## Nomination form

If your circumstances have changed then you may wish to update your expression of wish form. This records your wishes should any death benefits become payable. Please contact the Administrators 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 Administrators 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 (appointed 14 September 2006)

### Member nominated

Andrew Deery (appointed 19 March 2007)

Keith Glassbrook (re-appointed 19 March 2007)

Chris Lynch (re-appointed 19 March 2007)

Paul Plowright (re-appointed 19 March 2007)

Two of the former Trustees of the Plan ceased to be Trustees as follows:

Robert Ballingall Employer nominated  
(resigned 31 May 2007)

Habib Hotse Member nominated  
(resigned 19 March 2007)

We take this opportunity to thank Robert and Habib for their contribution as Trustees.

As Trustees, we confirm that the process for appointing the Plan's member nominated Trustees complies with the Pensions Regulator's Code of Practice and Pensions Act 2004 legislation. In January 2007, we asked members to nominate individuals to become member Trustees, and the Plan's member nominated Trustees were selected following this process.

## Professional Advisers

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

### Administrators

Hymans Robertson LLP

### Auditor

Deloitte & Touche LLP

### Plan Actuary

Aaron Punwani (appointed 11 June 2007,

AP Cunningham resigned 11 June 2007)

Lane Clark & Peacock LLP

### Investment Consultant

Lane Clark & Peacock LLP

### Investment Manager

Barclays Global Investors Limited

### Legal Adviser

Linklaters LLP

### Banker

Barclays Bank PLC

### Custodian

JP Morgan Chase

### Secretary to the Trustees

Hymans Robertson LLP

## 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 Administrators at the address shown below.

## 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.

Ladbrokes<sup>PLC</sup>

# 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 2007. 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 Administrators, Hymans Robertson LLP, whose details can be found on the back page of this report.

Ladbrokes PLC decided to close the Plan to new entrants with effect from 1 August 2007. As part of the formal consultation process, the Company carried out widespread communication and consulted and engaged with all relevant bodies before it made its decision to close the Plan.

All new employees who joined the Company before 1 August 2007 will be permitted to join the Plan on meeting the eligibility requirements.

The decision to close the Plan does not affect existing Plan members.

## Money in and out of the Plan

	2006/2007	2005/2006
<b>Value at start of period:</b>	<b>£415,934,000</b>	<b>£266,722,000</b>
<b>Where the Plan earned its income</b>		
Company contributions	£5,912,000	£13,262,000
Member contributions (including AVCs)	£1,572,000	£2,695,000
Investment income	£2,350,000	£1,733,000
Transfers in and other income	£488,000	£1,162,000
Special Company contribution	-	£111,000,000
<b>Total income</b>	<b>£10,322,000</b>	<b>£129,853,000</b>
<b>What the Plan spent</b>		
Benefits payable	£7,494,000	£11,279,000
Payments in respect of individual leavers	£354,000	£2,795,000
Group transfers to Hilton and LivingWell	£197,262,000	-
Life assurance premiums	£359,000	£679,000
Administration expenses	£1,239,000	£1,605,000
Investment management expenses	£373,000	£494,000
<b>Total expenditure</b>	<b>£207,081,000</b>	<b>£16,852,000</b>
<b>Change in value of investments</b>	<b>£19,820,000</b>	<b>£36,211,000</b>
<b>Value at end of period:</b>	<b>£238,995,000</b>	<b>£415,934,000</b>

## How the investments performed

Year to 30 June 2007		3 Year Return to 30 June 2007 (per annum)	
Plan Return	Benchmark Return	Plan Return	Benchmark Return
8.9%	10.7%	13.1%	13.7%

## 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. Following the Company's proposal to close the Plan to new entrants the Trustees revised the Plan's investment strategy in May 2007 so that the fund was made up of 50% bonds and 50% equities. The changes were designed to reduce risk through a higher allocation to bonds and improve the diversification of the equity portfolio by reducing the concentration to UK equities. This is set out in the following charts:



## Actuarial update

The Plan is subject to a full actuarial valuation every three years. The most recent full valuation was carried out as at 1 July 2005 and showed a shortfall, on an ongoing basis, of £111 million. Since that valuation, as part of the sale of the Hotels business to Hilton Hotels Corporation, a contribution of £111 million was made to the Plan, and the Plan was split into two roughly equal parts. In simple terms, this meant that the shortfall at that time was broadly cleared on an ongoing basis, and the Plan became half the size that it was.

Overall investment returns have been favourable since then, as measured at the end of June 2007. A funding update as at 30 June 2007 showed that there was a surplus of £12 million on an ongoing basis and the Plan's funding level on an ongoing basis was 105%. However, this was only a snapshot as at 30 June 2007.

Since June 2007, the Trustees have been reviewing the anticipated increased life expectancy of members, based on the latest available statistical information from the Plan Actuary.

It is apparent that this increased life expectancy will have a very significant and adverse financial effect upon the funding of the Plan. The Actuary has advised the Trustees that this could mean an additional cost of as much as c£15 million.

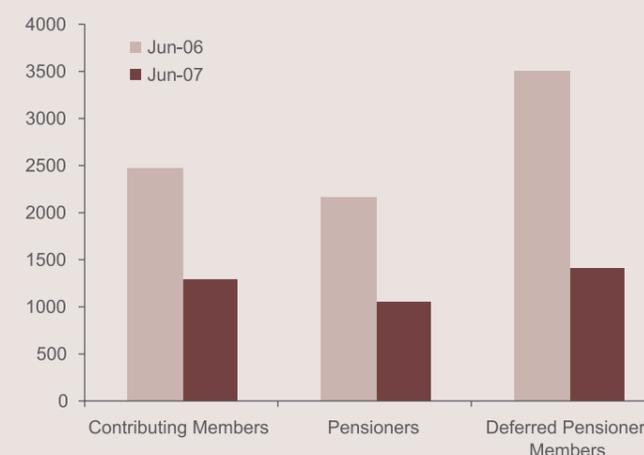
The Company is currently contributing £6 million each year to the Plan representing 24.5% of Pensionable Salaries. This is before any account is taken of the cost of funding for increased life expectancy. The Company contributions will be reviewed in the light of the results of the next formal "ongoing" valuation, which is being carried out as at 30 September 2007.

## Pension Increases

Increases were applied to pensions in payment on 1 April 2007, in accordance with the Plan Rules. The increases were typically 3% for pensions earned before April 1997, 4.4% for pensions earned between April 1997 and April 2005, and 2.5% pensions earned after April 2005.

## Membership of the Plan

The membership of the Plan is shown in the graph:



Please Note: as part of the sale of the Hotels business to Hilton Hotels Corporation, some members (1024 contributing, 1162 pensioner, and 2004 deferred pensioner) transferred to Hilton UK Pension Plan on 29 August 2006. Some 67 contributing members also transferred out of the Plan following the sale of Livingwell.

Annual Benefit Statements, as at 1 July 2007, were sent to contributing members in September 2007.

## Transfers-in

Transfers-in of members' benefits, on an individual basis, from other pension arrangements, ceased with effect from 14 September 2006.