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8 October 2009

Press Release



## **Ladbrokes PLC**

### **PROPOSED 1 FOR 2 RIGHTS ISSUE TO RAISE NET PROCEEDS OF APPROXIMATELY £275 MILLION**

The Board announces today that the Group is proposing to raise approximately £275 million (net of expenses) by way of a fully underwritten Rights Issue of 300,658,239 New Ordinary Shares at 95 pence per share on the basis of one New Ordinary Share for every two Existing Ordinary Shares. The New Ordinary Shares represent approximately 50 per cent. of the existing issued share capital and 33 per cent. of the enlarged issued share capital immediately following completion of the Rights Issue.

#### **The Rights Issue will:**

- rebase the capital structure to an appropriate level, recognising the state of the current financing markets, broader economic weakness and the current profitability and cash generation profile of the Group;
- place Ladbrokes in a stronger position to refinance its remaining debt at the appropriate time; and
- reduce net debt as at 30 June 2009 from £962 million to pro forma net debt of £687 million, implying a net debt to EBITDA ratio for the 12 months to 30 June 2009 (excluding High Rollers) of 2.6 times.

Chris Bell, Chief Executive, commented:

“Ladbrokes continues to be a profitable and cash generative business with strong positions in markets that remain attractive. We have been pro-actively managing our balance sheet and liquidity for some time and we believe it is now prudent to strengthen our financial position and to put in place a more appropriate capital structure.

Against a weak economic environment and a recent period of lower gross win margins, we have already announced decisive cost actions which together with further savings recently identified will leave Ladbrokes well positioned when the upturn comes. Whilst we have decided not to pay a final dividend in 2009 we intend to re-instate dividend payments at the interim results next year”.

#### **The Rights Issue**

The Company is proposing to raise approximately £275 million, (net of expenses), by way of a Rights Issue of 300,658,239 New Ordinary Shares. The New Ordinary Shares will be offered by way of rights at an Issue Price of 95 pence per New Ordinary Share, payable in full on acceptance, to Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with a registered address in the United States or any Excluded Territory) on the

basis of one New Ordinary Share for every two Existing Ordinary Shares held on the Record Date.

The Issue Price reflects a discount of 48 per cent. to the closing middle market price of 181.2 per Ordinary Share on 7 October 2009, being the latest practicable date prior to the announcement of the Rights Issue. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to all future dividends and other distributions declared, made or paid.

The completion of the Rights Issue will result in 300,658,239 New Ordinary Shares being issued, representing approximately 50 per cent. of the existing issued ordinary share capital of the Company as at 7 October 2009, being the latest practicable date prior to the announcement of the Rights Issue. Qualifying Shareholders who take up their *pro rata* entitlement in full will suffer no dilution in their interests in the Company.

The Rights Issue is fully underwritten and is conditional, *inter alia*, upon Admission becoming effective and the Underwriting Agreement becoming unconditional in all respects (save for the conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

The Board, which has received advice from Greenhill, considers the Rights Issue to be in the best interests of the Company and its Shareholders. In providing advice to the Board, Greenhill has relied on the Board's commercial assessment of the Rights Issue.

#### **Directors' intentions**

Each of the Directors intends to take up in full his or her rights to subscribe for New Ordinary Shares under the Rights Issue in respect of his or her direct registered holdings.

#### **Update on current trading**

At the interim results for the half year ended 30 June 2009, the Group reported that trading had been adversely impacted by a deterioration in staking levels. Since that time, although staking levels have been broadly in line with August expectations (albeit lower than 2008 levels), profitability has continued to weaken largely as a result of lower gross win margins.

Group net revenue<sup>(1)</sup> (excluding High Rollers) from 1 July to 30 September 2009 was down 15 per cent. in comparison with the corresponding period in 2008.

The gross win margin was lower than in the corresponding period in 2008 mainly reflecting adverse horseracing margins and an exceptionally low football margin. In the first 66 English Premier League games there have only been four draws (ie. 6 per cent.) versus the five-year season average of 25 per cent. of drawn matches.

As a result of these factors Group operating profit<sup>(2)</sup> fell 58 per cent. to £22.4 million (2008: £52.8 million). Losses from High Rollers were £2.8 million, taking the year to date profit figure for High Rollers to £55.6 million.

Further detail on current trading can be found below.

#### **Dividend Policy**

Ladbrokes remains a highly cash generative business. Although the Board will not be recommending payment of a 2009 final dividend, with an appropriate capital structure in place following the Rights Issue, the Board intends to resume a progressive dividend policy, from the 2010 interim dividend onwards, with a target dividend cover of approximately 2.0 times underlying earnings excluding High Rollers thus ensuring that Shareholders continue to benefit from the strong cash flows of the Group.

This summary should be read in conjunction with the full text of this announcement.

- (1) *Continuing operations*
- (2) *Profit before tax, finance costs and non-trading items for continuing operations excluding High Rollers (discontinued operations comprise Italy retail and Paddington Casino.)*

Capitalised terms used in this announcement have the same meaning as defined in the Appendix to this announcement.

A conference call for analysts and institutional investors will be hosted by Chris Bell, the Company's Group Chief Executive, today at 9.15am BST. The presentation and an audio cast (password below) will be available at: <http://investors.Ladbrokeplc.com/prospectus>.

The details of the conference call are as follows:

Time: 9.15am BST  
Dial in number: +44 203 003 2666  
Conference ID number: "Ladbroke"

Audio cast password: 965642

UBS Investment Bank, Deutsche Bank and Greenhill are acting as Joint Financial Advisers to Ladbroke. UBS Investment Bank and Deutsche Bank are acting as Joint Sponsors, Joint Bookrunners and Underwriters. Barclays Bank, Lloyds TSB Corporate Markets and RBS Hoare Govett are acting as Co-Lead Managers and Underwriters

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## **Introduction**

The Board announced today that the Group is proposing to raise approximately £275 million (net of expenses) by way of a fully underwritten Rights Issue of 300,658,239 New Ordinary Shares at 95 pence per share on the basis of one New Ordinary Share for every two Existing Ordinary Shares.

The Rights Issue will result in the issue of up to 300,658,239 New Ordinary Shares at a price of 95 pence per New Ordinary Share. This represents a 48 per cent. discount to the closing middle market price per ordinary share of 181.2 pence on 7 October 2009, the latest practicable date before the announcement of the Rights Issue and a discount of 38 per cent. to the theoretical ex-rights price on the same basis.

## **Background to and Reasons for the Rights Issue**

### *Background*

Ladbrokes is one of the UK's leading betting and gaming companies. The Group is strong, profitable and has a geographically broad spread estate of betting shops. It operates in many markets that remain attractive and has a track record of strong cash flow generation. Ladbrokes has a strong brand and a management team with significant experience in the gambling industry.

Against a backdrop of a financing market which has weakened over the past 18 months, the impact of the recessionary environment and, more recently, a period of lower gross win margins, the Board considers it has taken all appropriate steps to reduce the Group's debt levels to improve the Group's liquidity position.

Although there is no immediate need to refinance the Group's existing facilities, which are on attractive terms, there is a sufficient risk that the actions currently being taken will not be enough alone to reduce net debt to a level which the Board considers appropriate within the required timeframe.

### *Trading since Interim Results*

At the interim results for the half year ended 30 June 2009, the Group reported that trading had been adversely impacted by a deterioration in staking levels. Since that time, although staking levels have been broadly in line with August expectations (albeit lower than 2008 levels), profitability has continued to weaken largely as a result of lower gross win margins.

Further details on current trading are set out below.

As a result of these factors, Group operating profit<sup>(2)</sup> for the three months from 1 July to 30 September 2009 has seen a £30.4 million decrease in comparison with the corresponding period in 2008 (from £52.8 million to £22.4 million). Although the Board would expect a return to a more normal margin over time there is a risk that business performance may continue to be impacted by weaker consumer spending.

### *Reasons for the Rights Issue*

It has been apparent since early 2009 and following other re-financings that the banking market is unlikely to support future debt covenants in excess of 3.5 times net debt to EBITDA in the sector. This is materially lower than the Group's current net debt to EBITDA covenant which is set at 4.25 times and compares with the Group's reported ratio for the 12 months to 30 June 2009 of 2.7 times, including High Rollers (3.7 times, excluding High Rollers.)

Against this background, and mindful of the challenges presented by trading and broader economic conditions, the Board has continued over the last 18 months to take all the steps it considers appropriate to improve the Group's liquidity position and reduce debt organically without the need for a capital raising. These actions have included:

- negotiation during 2008 of £185 million of new bank facilities and the extension of £400 million of bank facilities from 2011 to 2013;
- identification of approximately £50 million of annualised savings;
- a £160 million cut in capital expenditure (including acquisitions) compared with 2008;
- the decision to stop investment in and sell the Group's Italian retail business; and
- a reduction in the 2009 interim dividend by 31.0 per cent. and the decision not to recommend payment of any 2009 final dividend.

Further detail on actions to reduce costs and debt are set below.

Although the Board believes that these steps have mitigated the impact of lower profits on cash generation, there is a sufficient risk that the actions currently being taken will not be enough alone to reduce net debt to a level which it considers to be appropriate within the required timeframe. In particular, the significant margin weakness experienced over the last two months, combined with the accumulating effect of financing, covenant and trading risks and overall challenges in forecasting business performance, have led the Board to conclude that it is no longer prudent to pursue a strategy of purely organic debt reduction.

Following completion of the Rights Issue, net debt as at 30 June 2009 will reduce from £962 million to pro forma net debt of £687 million, implying a net debt to EBITDA ratio for the 12 months to 30 June 2009 (excluding High Rollers) of 2.6 times. This is consistent with the Board's new target to maintain the ratio of net debt to EBITDA below three times. In addition to reducing net debt to an appropriate level, the Rights Issue will place Ladbrokes in a stronger position to refinance its remaining debt at the appropriate time and to absorb the impact of any further economic weakness.

### **Current trading from 1 July to 30 September**

Group net revenue<sup>(1)</sup> (excluding High Rollers) from 1 July to 30 September 2009 (the "relevant period") was down 15 per cent. in comparison with the corresponding period in 2008. The gross win margin was lower than in the corresponding period in 2008 mainly reflecting adverse horseracing margins and an exceptionally low football margin. In the first 66 English Premier League games there have only been four draws (ie. 6 per cent.) versus the five-year season average of 25 per cent. of drawn matches, which has had a negative impact on football margins.

Group operating profit<sup>(2)</sup> fell 58 per cent to £22.4 million (2008: £52.8 million). Losses from High Rollers were £2.8 million, taking the year to date profit figure for High Rollers to £55.6 million.

#### *UK Retail*

UK Retail total net revenue declined by 15 per cent.. A 3 per cent. decline in over-the-counter ("OTC") amount staked was better than management expected. However, the OTC gross win margin was 14.0 per cent. versus 17.5 per cent. in the corresponding period in 2008 and therefore over-the-counter gross win fell by 22 per cent. (OTC net revenue was also down 22 per cent.). Average weekly gross win per gaming machine was down 1.2 per cent. at £663. Total machine gross win fell 2 per cent. over the corresponding period in 2008. The new Cyberview/IGT operating platform which includes 20 new games remains on track for delivery in the fourth quarter of 2009.

#### *Other European Retail*

Overall gross win in Ireland fell by 13 per cent. in the relevant period in comparison with the corresponding period in 2008. The introduction of OddsOn! to the Irish estate meant that overall net revenue in Ireland declined 16 per cent. due to higher free bets. The like-for-like

OTC amount staked at constant currency was down 3 per cent., which was better than management had expected, although the disappointing margin also resulted in a like-for-like OTC constant currency gross win decline of 19 per cent. Given the enlarged estate, net revenue in Belgium has grown 15 per cent. for the relevant period in comparison with the corresponding period in 2008, while in Madrid the performance in the Group's Spanish operations continues to be ahead of management expectations.

### *eGaming*

In eGaming net revenue was down 13 per cent. with the greatest decline of 31 per cent. seen in the Sportsbook business where the poor gross win margin of only 4.6 per cent. (2008: 7.5 per cent.) offset the 13 per cent. increase in amount staked. In casino, net revenue grew 5 per cent. for the relevant period; in poker, net revenue declined 21 per cent.; in games, net revenue declined 7 per cent.; and in bingo, net revenue grew 3 per cent.. Active players fell 2 per cent. for the relevant period with sign-ups falling by 8 per cent. Whilst Sportsbook player yields have been adversely impacted by the weaker gross win margin, gaming player yields are all showing year on year growth for the period (casino up 10 per cent., poker up 9 per cent., bingo up 19 per cent., games up 7 per cent.) reflecting the improved effectiveness of Ladbrokes' customer retention and value maximisation programmes.

### *Telephone*

Excluding High Rollers, Telephone Betting net revenue has fallen 73 per cent. for the relevant period in comparison with the corresponding period in 2008. Losses from High Rollers during the relevant period were £2.8 million (2008: £9.0 million profit). High Rollers activity has been significant during the past two years but, as indicated in the past, future activity levels are unpredictable.

### *Material events, transaction and financial position*

There were no other material events or transactions that impacted the Group's financial position during the relevant period.

Net debt at 30 September was £995 million up from £962 million at 30 June 2009. This position was impacted by the £31.6 million interest payments, during the quarter, mainly relating to the bonds.

### *Cost and debt reduction measures*

At the interim results for the half year ended 30 June 2009 the Board announced the following cost and debt reduction measures:

- a reduction in the guidance for UK Retail cost growth for the full year from 4 per cent. growth to 1 per cent - a £14 million improvement on expectations. The largest area of savings has been delivered through cutting 1 million employee hours (a 5.9 per cent. reduction over 2008);
- the buyout of premium pay on Sundays and bank holidays which will produce annualised savings for UK Retail of £12 million effective from the fourth quarter 2010;
- a reduction in eGaming marketing costs in the second half of 2009 with a focus on CRM and maximising the yield from its increased number of players;
- the relocation of Ladbrokes' online Sportsbook to Gibraltar by the end of the year, which is expected to deliver approximately £7.5 million net benefit, and materially improve the operating margin and competitiveness of the eGaming business;
- the decision to sell the Italian retail business;
- a 31 per cent. reduction in the interim dividend, (with the decision for the final dividend to be taken at the time of the final results in February, taking into account all the circumstances at the time); and

- a reduction of full year capital expenditure to £53 million.

Since the interim results the Board has identified additional savings as follows:

- an immediate salary freeze has been implemented across the Group until January 2011.
- UK Retail cost guidance is being further reduced so that 2009 costs are now expected to be lower than those in 2008, delivering a further c.£5 million improvement against expectations;
- UK Retail OddsOn! free bets will fall by £7 million in 2010;
- in eGaming, management has identified £2.6 million of staffing and operational efficiencies deliverable in 2009, and a further £3.9 million in 2010;
- 2010 telephone costs will be reduced by £2.7 million through a restructuring of call handling resourcing;
- Group capital expenditure in 2010 is expected to be less than £50 million; and
- the decision not to recommend payment of the 2009 final dividend.

### *Outlook and Prospects*

The Board believes that Ladbrokes remains a profitable business with strong positions in multiple markets that remain attractive and is confident in its prospects both in the retail market and eGaming. Given the current challenging economic backdrop the Group is focused on maintaining tight cost control and capital management. The Board believes that it has taken significant and appropriate action to mitigate the effect of the downturn. The Rights Issue announced today will strengthen Ladbrokes' financial position and put in place a more conservative capital structure appropriate to the current profitability and cash generation profile of the Group whilst providing downside protection in the event of a deeper downturn in general economic conditions.

### **Principal Terms of the Rights Issue**

The Company is proposing to raise approximately £275 million (net of expenses) by way of a Rights Issue of 300,658,239 New Ordinary Shares.

The New Ordinary Shares will be offered by way of rights at an Issue Price of 95 pence per New Ordinary Share, payable in full on acceptance, to all Qualifying Shareholders (subject to certain exceptions, as set out in paragraph 8 of Part III of the Prospectus, in respect of Qualifying Shareholders with a registered address in the United States or any Excluded Territory) on the basis of one New Ordinary Share for every two Existing Ordinary Shares held on the Record Date.

The Issue Price reflects a discount of 48 per cent. to the closing middle market price of 181.2 pence per Ordinary Share on 7 October 2009, being the latest practicable date prior to the announcement of the Rights Issue.

Entitlements to New Ordinary Shares will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders but will be aggregated and sold in the market with the net proceeds accruing for the benefit of the Company.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to all future dividends and other distributions declared, made or paid.

Qualifying Shareholders who have a registered address outside the United Kingdom and any person who is resident in or a citizen or national of any country outside the United Kingdom and any person (including, without limitation, nominees, custodians and trustees) who has a

contractual or other legal obligation to forward this document or a Provisional Allotment Letter to a jurisdiction outside the United Kingdom are referred to paragraph 8 of Part III of the Prospectus.

Application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence (for normal settlement) on 9 October 2009.

The Rights Issue is fully underwritten and is conditional, *inter alia*, upon:

- the Company having applied to Euroclear for admission of the Nil Paid Rights and the Fully Paid Rights to CREST as participating securities and no notification having been received from Euroclear on or before Admission that such admission or facility for holding and settlement has been or is to be refused;
- the admission of the New Ordinary Shares, nil paid, to the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective by not later than 8.00 a.m. on 9 October 2009 (or such later time and/or date (not later than 16 October) as the Company and the Joint Bookrunners may agree); and
- the Underwriting Agreement becoming unconditional in all respects (save for the conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

The completion of the Rights Issue will result in 300,658,239 New Ordinary Shares being issued, representing approximately 50 per cent. of the existing issued ordinary share capital of the Company as at 7 October 2009, being the latest practicable date prior to the announcement of the Rights Issue. Qualifying Shareholders who take up their *pro rata* entitlement in full will suffer no dilution in their interests in the Company. If a Qualifying Shareholder does not take up any of his/her entitlement under the Rights Issue, his/her proportionate shareholding will be diluted by 33 per cent.

The Rights Issue will not be subject to Shareholder approval at a general meeting convened specifically in connection with the Rights Issue. Instead, the Company will be relying on existing shareholder approvals granted under sections 80 and 89 of the 1985 Act pursuant to resolutions passed at the Company's 2009 Annual General Meeting held on 15 May 2009.

The full terms of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part III of the Prospectus and, in the case of Qualifying non-CREST Shareholders, in the Provisional Allotment Letter.

## **Dividend**

Ladbroke's remains a highly cash generative business. Although the Board will not be recommending payment of a 2009 final dividend, with an appropriate capital structure in place following the Rights Issue, the Board intends to resume a progressive dividend policy, from the 2010 interim dividend onwards, with a target dividend cover of approximately 2.0 times underlying earnings excluding High Rollers thus ensuring that Shareholders continue to benefit from the strong cash flows and successful growth of the Group.

## Expected timetable of principal events

The expected timetable of principle Rights Issue events is set out below:

Record Date for entitlements under the Rights Issue for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders	6.00 pm, 7 October 2009
Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	8.00 am , 9 October 2009
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters fully paid	3.00 pm, 23 October 2009
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	8.00 am, 26 October 2009

A more detailed summary will be available in the Prospectus and other shareholder documentation which is expected to be made available as set out below.

## Documentation

The Rights Issue will be on the terms and subject to the conditions set out in the Prospectus, which is expected to be published today. The Prospectus will be available, free of charge, at the offices of the Company's registrar, Computershare, at Corporate Actions Projects, Bristol BS99 6AH during normal business hours and on the Company's website <http://investors.Ladbrokeplc.com/prospectus>. Qualifying non-CREST Shareholders who receive a Provisional Allotment Letter will also receive a Shareholder Guide in relation to the Rights Issue.

- (1) *Continuing operations*
- (2) *Profit before tax, finance costs and non-trading items for continuing operations excluding High Rollers (discontinued operations comprise Italy retail and Paddington Casino.)*

*The defined terms set out in the Appendix apply in this announcement.*

*This announcement has been issued by and is the sole responsibility of Ladbroke Plc (the "Company").*

*A copy of the Prospectus when published will be available on the Company's website at <http://investors.Ladbrokeplc.com/prospectus> and can be obtained on request from, the offices of the Company's registrar, Computershare, at Corporate Actions Projects, Bristol BS99 6AH during normal business hours. The Prospectus will give further details of the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares being offered pursuant to the Rights Issue.*

*This announcement is not a Prospectus but an advertisement and investors should not acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares referred to in this announcement except on the basis of the information contained in the Prospectus.*

*UBS Limited, Deutsche Bank AG, London Branch, Barclays Bank PLC, Lloyds TSB Bank Plc and RBS Hoare Govett Limited are each acting exclusively for the Company and for no-one else in connection with the Rights Issue and will not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Rights Issue and will not be responsible to any person other than the Company for providing the protections afforded to*

*their respective clients or for advising any such person on the Rights Issue or any other matter referred to herein.*

*Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Financial Services Authority are available on request.*

*This announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or to take up any entitlements to Nil Paid Rights in any jurisdiction in which such an offer or solicitation is unlawful. Receipt of this announcement will not constitute an offer in those jurisdictions in which it would be illegal to make an offer, and in those circumstances the announcement should be treated as sent for information only and should not be copied or redistributed.*

*The information contained in this announcement is not for publication, distribution or release to persons in the United States, Australia, Canada, Japan or the Republic of South Africa and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations including but not limited to the United States, Australia, Canada, Japan or the Republic of South Africa.*

*This announcement does not constitute an offer for sale of securities of the Company in the United States, Australia, Canada, Japan or the Republic of South Africa. The Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the Securities Act, as amended, the laws of any state of the United States or the securities legislation of any province or territory of Australia, Canada, Japan or the Republic of South Africa and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or into Australia, Canada, Japan or the Republic of South Africa except in compliance with applicable law. There will be no public offer in the United States, Australia, Canada, Japan or the Republic of South Africa. In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.*

*The contents of Ladbrokes' website or any website directly or indirectly linked to Ladbrokes' website do not form part of this announcement and investors should not rely on it.*

*This announcement contains or incorporates by reference forward-looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements regarding the Company's strategy, dividend policy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Recipients of this announcement are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. The cautionary statements set out above should be considered in connection with any*

*subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. These forward-looking statements reflect the Company's judgement at the date of this announcement and are not intended to give any assurances as to future results. Save as required by the Listing Rules, Disclosure Rules and Transparency Rules and/or the Prospectus Rules, the Company undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this announcement. The Company will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.*

## Appendix

### Definitions

The following definitions apply throughout this announcement unless the context otherwise requires:

<b>“1985 Act”</b>	the Companies Act 1985, as amended;
<b>“Admission”</b>	the admission of the New Ordinary Shares (nil paid) (i) to the Official List and (ii) to trading on the London Stock Exchange’s main market for listed securities in accordance, respectively, with the Listing Rules and the Admission and Disclosure Standards;
<b>“Admission and Disclosure Standards”</b>	the requirements contained in the publication “Admission and Disclosure Standards” containing, <i>inter alia</i> , the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities;
<b>“Australia”</b>	the Commonwealth of Australia, its territories and possessions;
<b>“Board”</b>	the board of Directors of the Company;
<b>“Canada”</b>	Canada, its provinces and territories and all as under its jurisdiction and political subdivisions thereof;
<b>“Co-Lead Managers”</b>	Barclays Bank PLC, Lloyds TSB Corporate Markets and RBS Hoare Govett Limited;
<b>“Company” or “Ladbrokes”</b>	Ladbrokes plc;
<b>“Computershare”</b>	Computershare Investor Services PLC
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations) for paperless settlement of share transfers and the holding of uncertificated form in respect of which Euroclear is the operator (as defined in the Uncertificated Securities Regulations);
<b>“Deutsche Bank”</b>	Deutsche Bank AG, London Branch;
<b>“Directors”</b>	the directors of the Company whose names are set out in the Prospectus (and “Director” means any one of them);
<b>“Disclosure Rules and Transparency Rules”</b>	the rules made by the FSA under Part VI of FSMA relating to the disclosure of information (as amended from time to time);
<b>“EBITDA”</b>	earnings before interest payments, taxes, depreciation and amortisation
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Excluded Territories”</b>	Canada, Australia, Japan or the Republic of South Africa and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby

	and any activity carried out in connection therewith) would breach any applicable law, each an “Excluded Territory”;
<b>“Existing Ordinary Shares”</b>	the fully paid Ordinary Shares in issue at the Record Date;
<b>“Ex-rights Date”</b>	8.00 am on 9 October 2009, being the date on which the Ordinary Shares begin to trade “ex-rights”;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended from time to time;
<b>“Fully Paid Rights”</b>	rights to acquire New Ordinary Shares, fully paid;
<b>“Great Britain”</b>	England, Scotland and Wales;
<b>“Greenhill”</b>	Greenhill & Co. International LLP;
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“Ireland”</b>	Northern Ireland and the Republic of Ireland;
<b>“Issue Price”</b>	95 pence per New Ordinary Share;
<b>“Japan”</b>	Japan, its territories and possessions and any areas subject to its jurisdictions;
<b>“Joint Bookrunners”</b>	UBS and Deutsche Bank;
<b>“Joint Financial Advisers”</b>	UBS, Deutsche Bank and Greenhill;
<b>“Joint Sponsors”</b>	UBS and Deutsche Bank;
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority under Part VI of FSMA (as amended from time to time);
<b>“London Stock Exchange”</b>	the London Stock Exchange plc;
<b>“New Ordinary Shares”</b>	300,658,239 New Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
<b>“Nil Paid Rights”</b>	New Ordinary Shares in nil paid form previously allotted to Qualifying Shareholders pursuant to the Rights Issue;
<b>“Official List”</b>	the Official List of the UK Listing Authority;
<b>“Ordinary Shares”</b>	the ordinary shares of 28½ pence each in the capital of the Company;
<b>“Prospectus”</b>	means the prospectus dated on or about the date of this announcement, to be issued by the Company in connection with the Rights Issue;
<b>“Prospectus Rules”</b>	the rules made by the FSA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market;
<b>“Provisional Allotment Letter”</b>	the renounceable provisional allotment letter to be issued to Qualifying non-CREST Shareholders by the Company in

	respect of the Nil Paid Rights pursuant to the Rights Issue;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form;
<b>“Qualifying non-CREST Shareholders”</b>	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at close of business on the Record Date are in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Ordinary Shares on the register of members of the Company at the close of business on the Record Date;
<b>“Record Date”</b>	6.00 pm on 7 October 2009;
<b>“Rights”</b>	the Nil Paid Rights and the Fully Paid Rights;
<b>“Rights Issue”</b>	the proposed offer by way of rights of the New Ordinary Shares to Qualifying Shareholders at the Issue Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letter;
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“UBS” or “UBS Investment Bank”</b>	UBS Limited;
<b>“Uncertificated Securities Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), as amended from time to time;
<b>“Underwriters”</b>	the Joint Bookrunners and the Co-Lead Managers
<b>“Underwriting Agreement”</b>	the agreement between Ladbrokes, UBS , Deutsche Bank, Barclays Bank PLC, Lloyds TSB Bank Plc and RBS Hoare Govett Limited dated 8 October 2009, the principal terms of which are summarised in ;and
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“UK Listing Authority”</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA; and
<b>“£”, “pence” or “Sterling”</b>	the lawful currency of the United Kingdom.

## **Glossary**

<b>“eGaming”</b>	the Group’s online betting and gaming business;
<b>“High Rollers”</b>	customers of Ladbrokes’ personalised High Rollers Telephone Betting service for high net worth individuals;
<b>“OTC”</b>	over-the-counter;
<b>“Other European Retail”</b>	Ladbrokes’ retail betting shop business in Ireland, Belgium and Spain and Italy in the period prior to discontinuing operations in Italy;
<b>“Sportsbook”</b>	bets accepted on sporting and other events;
<b>“Telephone Betting”</b>	comprises activities relating to bets taken on the telephone
<b>“UK Retail”</b>	Ladbrokes’ retail betting shop business in Great Britain and Jersey. UK Retail does not include the Northern Ireland business which is included in the Other European Retail business.