



**EXTRACTS FROM A SPEECH BY CHRISTOPHER BELL, CHIEF
EXECUTIVE OFFICER, LADBROKES PLC AT THE ANNUAL GENERAL
MEETING HELD IN QEII CONFERENCE CENTRE, LONDON AT 1130
HOURS ON FRIDAY MAY 26, 2006**

“Our strategy has been consistently applied over the past decade by a management team with over 100 years experience in the industry. We will continue in the same way as custodians of the biggest betting brand in the world – celebrating its 120th birthday in June this year.

“Our technology platforms are leaders among the best in the industry – we were the first to install EPOS – an Electronic Point of Sale System – in 1999, and a single wallet ability for our eGaming customers from the word go in 2000.

“The combination of management skills and breadth of experience, with a world beating brand and technology, coupled with a fast pace of innovation continue to make your company attractive to many countries around the world seeking partners, or advice on how best to regulate and develop their own domestic markets. Ladbrokes is ready and able to take advantage of the dynamic market conditions and opportunities which exist in our sector both here in the UK and increasingly around the world.

“But allow me to give you a flavour of how our company’s year has started.

“The Cheltenham Festival got us off to a good start and this was quickly followed by the pre-race and race day favourites Hedgehunter and Clan Royal being narrowly beaten by Numbersixvalverde in the world’s biggest race – the Grand National at Aintree – another steady result for Ladbrokes!

“Our customers were able to watch the race at home on TV, or streamed by Ladbrokes to their computer or in any one of our 2,600 shops in England, Scotland, Wales, Ireland, Jersey and Belgium.

“By the time the World Cup starts in 14 days time, with the hosts Germany playing Costa Rica in Munich on June 9TH, all Ladbrokes shops in the UK and Ireland will be fitted with the bespoke Ladbrokes Xtra system and TV screens, enabling us to show all World Cup games live in our shops and to offer betting during play – another first from Ladbrokes!

“Ladbrokes Xtra is available only to Ladbrokes customers. Recently we’ve been showing French, Irish, South African, German and American horse racing as well as virtual horse and greyhound racing – over 150 Xtra betting events every day. During the World Cup we’ll be adding virtual World Cup football matches as well!

“Meanwhile our shop refurbishment and development programme continues – with leading technology being introduced offering our customers even greater choice.

“From Autumn 2007 we’ll be able to open each and every day – all day – currently we have to close during Winter evenings, and we’ll be introducing £500 Jackpot fruit machines to our existing 6,800 Fixed Odds Betting Terminals and 1,400 £25.00 pay out fruit machines.

“The most important asset your company has is its people – particularly the 12,000 frontline people who work in our shops who are among the best in the industry. Over the last two years they’ve won several of the coveted “WOW” National Service Awards, beating many major household names to the highly prized accolade of best in customer service.

“Our eGaming business is performing well.

“It is a business which moves very fast and is limited only by imagination. We are not short of ideas.

“New attractions include Mahjong, Bingo – and in the past couple of weeks Backgammon – and we have more in store, thanks to the creativity and hard work of our eGaming team and of course their leading edge technology.

“Offline we are also imaginative, with the Ladbrokes Caribbean poker cruise – 1,200 poker playing enthusiasts on a very large ship for a week.

“Laddies Poker, a marvellous 2 year old owned by our customers. And the Ladbrokes Poker Million tournament, with the biggest televised cash prize in Europe.

“All in all a winning combination that has shown good growth since our tentative launch back in 2000, and now does business in 17 currencies, 13 languages in over 200 countries around the world.

“Our telephone betting business continues to perform well – for what some would call old technology! Call volumes are UP and the number of customers using our services are UP.

“In 2005 we suffered losses to high rollers, but favourable results this year from Cheltenham, Aintree and UEFA and Champions League football have helped.

“Meanwhile, many countries around the world are looking hard at betting and gaming, and the issue of ‘better regulation’. It is therefore not surprising that many want to talk and do business with Ladbrokes.

“Here at home in the UK we are concluding the most comprehensive review of regulation covering all aspects of betting and gaming since the 1960’s – the 2005 Gambling Act.

“The opportunities do not end there. The 2005 Gambling Act also creates 17 new casinos, which we are interested in bidding for.

“We strongly support the case for Blackpool being the location for the one “Super” casino, and you can see our proposed scheme here on the screen – the “Ladbrokes Palace of Light”

“To help us prepare and be ready for our bid, the Ladbrokes Casino and Sports Bar opens at the Paddington Hilton in a few months time.

“In Europe changes are also afoot.

“To date, regulation within the European Community has been challenging.

“However, with the European Commission recently having begun the process of bringing infringement proceedings against seven member states for restricting cross border betting and gaming products and services (namely Denmark, Finland, Sweden, Hungary, Italy, Germany and the Netherlands), there are signs that we are making positive progress – albeit slowly – towards a single market. As well as being responsible for a number of complaints brought before the Commission, we are also involved in single market legal cases in the Netherlands, Germany and Italy as we push for improving legal precedent. There are, therefore, signs of some progress, and any progress will help the European trading opportunities for your company.

“Further afield we announced a pioneering agreement in China with the China Sports Lottery to assist them in opening and operating pool based betting shops in Beijing Province

“We’ve helped our partner open more than 200 shops, as you can see here, and for those of you who can’t read Mandarin they are called “Happy Pool”.

“For the moment, trading is slow, but that’s what we expected and they are only a few months old - it’s a very new concept for the Chinese customer!

“Ladbrokes, your company, however, is well prepared to take advantage of the Chinese domestic market of 1.2 billion people, when it emerges as a properly regulated high street betting environment in its cities and provinces.

“By the time of our Interim results in late August we will have concluded our review of whether to change our current stance regarding acceptance of eGaming poker and casino wagers from US citizens.

“We will continue to evaluate the commercial and regulatory environment in the US as we move towards a conclusion.

“In addition to our successful partnerships in Greece with Intralot, who operate the monopoly supply of sports betting in Greece, to our marketing partnership with Sponsio in the Nordic countries of Sweden, Norway and Denmark, we have and are showing good growth prospects for Ladbrokes on an increasingly international stage. It requires hard work, patience and careful diligence, but we believe your company with its brand and people strengths can successfully expand internationally to create another profitable division, in addition to shops, eGaming, telephone and the new potential represented by the casino opportunity created by the 2005 Gambling Act.

“All of our activities are embraced by a comprehensive corporate social responsibility programme.

“Over six years ago Ladbrokes was amongst the first to donate to Gamcare who deal with prevention and give assistance to problem gamblers. We also initiated and helped create the Responsible Industry Gambling Trust, we were the first to distribute in-shop and web page help and advice information to customers, and to train our front line staff in how to assist potential problem gamblers.

“We take this issue very seriously and are proud of the leading role we’ve played in the UK gambling industry. We will continue in this vein with our new regulators – the Gambling Commission.

“In recognition of our efforts we are Investors in People accredited, and Board members of Citizen Card – the proof of age and identity card scheme.

“Good reputations are hard won. Ladbrokes is no exception. My main aim is to continue to strive on all fronts to win the approval and support of customers, staff and the wider community.

“We have had a positive start to the year and are trading in line with our expectations. As we approach the busiest part of the sporting year, with the Epsom Derby meeting, the World Cup in Germany and Royal Ascot to look forward to, I am confident about the prospects for the business.”