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03 August 2006

UK Shareholders Association
BM UKSA
London
WC1N 3XX

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Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

Dear xxxxx,

Thank you for responding to our letter concerning Rank Group Plc.

As a shareholder in Rank Group, you may be wondering why you are going to see your dividend income halved in the near future. Particularly when the company has been using surplus cash from the sale of the DeLuxe Film operations to fund a share buy-back programme. Yes the directors decided that they would use your money (and make no mistake, it is your money as you own the company) to purchase Rank shares in the market.

Rank paid total dividends of 15.3 pence per share last year. But in the last Annual Report the directors announced that the company was going to move to a dividend payout ratio of 50% of profits. The current consensus from brokers is for profits of 15.2 pence per share so the likely dividend this year will be less than half what it was last year.

The sale of the DeLuxe Film operations generated £420 million, and £200 million has been committed to a share buy-back programme. The United Kingdom Shareholders Association believes that share buy-back programmes are inappropriate unless there are very specific circumstances that justify them. In this case, the company has substantial debts and maintaining a relatively high level of gearing while cutting the dividend at the same time would indicate to us that the buy-backs are not appropriate. It is also necessary to point out that the share buy-backs have taken place in a period when the share price of Rank has declined from 310 pence (in September 2005) to as low as 200 pence recently, so they have not "stopped the rot" in that respect.

Our full arguments on this issue and a detailed analysis of the problem with references to Rank are present in the enclosed report prepared by UKSA. The United Kingdom Shareholders Association (UKSA) represents the interests of private shareholders and WE ASK YOU TO SUPPORT THIS CAMPAIGN TO CHANGE THE POLICY OF RANK GROUP IN RESPECT OF BUY-BACKS.

What can you do about this? The answer is two fold:

1. Ensure you vote against the renewal of the authority for share buy backs at the next Annual General Meeting of the company.

2. In the meantime, write to the company chairman requesting that the policy be reviewed. A proforma letter you could use is enclosed.

If you have any questions or comments on the enclosed, please contact me via phone, email or letter. I have passed your membership application to our membership secretary who will be in touch in due course.

Yours sincerely

Roger Lawson
Communications Director
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Mr A. Cathcart
Chairman
Rank Group Plc
6 Connaught Place
London
W2 2EZ

Dear Mr Cathcart,

I have recently received a communication from the UK Shareholders Association (UKSA) related to the share buy-back policy operated by Rank Group, and I agree with their concerns on this matter. I would therefore ask that the Directors review this policy and the associated issue of dividend policy before the next Annual General Meeting.

Yours sincerely

_____ Name
_____ Address

