

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action that you should take, you are recommended to seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

**If you have sold or transferred all of your ordinary shares in The Rank Group Plc please send this document and form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

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SL6 1AY

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**19 March 2010**  
To ordinary shareholders

Dear Shareholder

#### **2010 Annual General Meeting**

This document contains on page 2 the notice of the 2010 annual general meeting of the Company, which will be held at Fredrick's Hotel, Shoppenhangers Road, Maidenhead, Berkshire SL6 2PZ at 11am on Thursday, 22 April 2010. A general description of the matters to be considered at this meeting can be found in the explanatory notes on pages 5 and 6.

You will see that in addition to the ordinary business to be conducted at the meeting there are four items of special business.

The items of special business relate to the Company's authority to make political donations as defined in the Companies Act 2006 and to call general meetings (other than annual general meetings) on short notice, to the proposed adoption by the Company of new articles of association and to the proposed adoption by the Company of a new long-term incentive plan.

The notes on pages 5 and 6 more fully explain the background to each of the resolutions to be proposed at the meeting.

#### **Actions to be taken**

A form of proxy for use at the forthcoming annual general meeting is enclosed. Whether or not you intend to be present at the meeting, you are urged to complete and return the form in accordance with the instructions printed on it so that it is received by the Company's registrars not later than 48 hours before the time fixed for the meeting. If you are a CREST member, you can submit your proxy electronically through the CREST system. There is also an electronic proxy appointment facility. Details are set out in the notes to the notice of annual general meeting on page . Completion and return of the form will not prevent you from attending and voting at the meeting in person if you wish.

#### **Recommendation**

Your directors consider the passing of all of the resolutions at the annual general meeting, including those to be proposed as special business, to be in the best interests of the Company and the shareholders as a whole.

Accordingly your directors unanimously recommend shareholders to vote in favour of all of the resolutions to be proposed at the annual general meeting, as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely

**Peter Johnson**  
Chairman

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fourteenth annual general meeting (the “**Meeting**”) of The Rank Group Plc (the “**Company**”) will be held at Fredrick’s Hotel, Shoppenhangers Road, Maidenhead, Berkshire SL6 2PZ at 11am on Thursday, 22 April 2010 for the following purposes:

1. To receive the report of the directors and the audited financial statements for the year ended 31 December 2009 together with the report of the independent auditors thereon.
2. To approve the directors’ remuneration report for the year ended 31 December 2009.
3. To declare a final dividend of 1.35p per ordinary share.
4. To re-appoint Peter Johnson as a director.
5. To re-appoint Richard Greenhalgh as a director.
6. To appoint Tim Scoble as a director with effect from the end of the Meeting.
7. To appoint Mike Smith as a director with effect from the end of the Meeting.
8. To appoint Ernst & Young LLP as auditors of the Company with effect from the conclusion of this general meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the audit committee of the board of directors to agree the remuneration of the auditors.

As special business to consider and, if thought fit, to pass the following resolutions of which resolutions numbered 10 and 13 will be proposed as ordinary resolutions and resolutions numbered 11 and 12 will be proposed as special resolutions:

10. That the Company, and any company which is or becomes its subsidiary during the period to which this resolution relates, be authorised:
  - (a) to make political donations to political organisations and/or independent election candidates not exceeding £25,000 in total;
  - (b) to make political donations to political organisations other than political parties not exceeding £25,000 in total; and
  - (c) to incur political expenditure not exceeding £50,000 in total, during the period beginning with the date of passing this resolution and ending at the end of the next annual general meeting of the Company after the date on which this resolution is passed or on the date falling 15 months from the date of passing of this resolution, whichever is earlier. In any event, the aggregate amount of donations made and political expenditure incurred by the Company pursuant to this resolution shall not exceed £100,000.

For the purposes of this resolution, the terms ‘political donation’, ‘political parties’, ‘independent election candidates’, ‘political organisation’ and ‘political expenditure’ have the meanings given by sections 363 to 365 of the Companies Act 2006 (the “**Act**”).

11. That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days’ notice.
12. That with effect from the conclusion of the Meeting:
  - (a) the articles of association of the Company be amended by deleting all the provisions of the Company’s memorandum of association (the “**Memorandum**”) which, by virtue of section 28 of the Act, are to be treated as provisions of the Company’s articles of association; and
  - (b) the articles of association produced to the Meeting, and initialled by the chairman of the Meeting for the purposes of identification (the “**New Articles**”), be and hereby are adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association (the “**Current Articles**”).
13. That the Rank Group Plc 2010 Long Term Incentive Plan (the “**2010 LTIP**”), the rules of which are produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the directors be authorised to:
  - (a) adopt the 2010 LTIP and do all acts and things which they consider necessary or expedient for the purposes of implementing and giving effect to the 2010 LTIP including making any amendments required by HM Revenue & Customs in order to obtain approval of the CSOP Schedule to the 2010 LTIP under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003; and
  - (b) establish further plans based on the 2010 LTIP but modified to take account of local tax, exchange control, securities laws or other laws in overseas territories, provided that any ordinary shares made available under such further plans are treated as counting against the limits on individual and overall participation in the 2010 LTIP.

By order of the board

Frances Bingham  
Secretary  
19 March 2010

The Rank Group Plc  
Registered in England & Wales No. 03140769  
Registered office Statesman House, Stafferton Way, Maidenhead, Berkshire SL6 1AY

## Notes

### *Entitlement to vote*

1. Under the Current Articles the holders of ordinary shares are entitled to attend the Meeting and to speak and vote thereat. Duly appointed proxies are entitled to attend, speak and vote at the Meeting.
2. Pursuant to article 47(B) of the Current Articles and Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6pm on Tuesday, 20 April 2010 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned Meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the relevant register of members after 6pm on Tuesday, 20 April 2010 or, in the event that the Meeting is adjourned, in the register of members within the 48 hours before the time of any adjourned Meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

### *Entitlement to appoint proxies*

3. A shareholder entitled to attend, speak and vote at the Meeting is also entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote instead of the shareholder, provided that, if more than one proxy is appointed, each proxy is appointed to exercise rights attaching to different shares held by that shareholder. A proxy need not be a shareholder of the Company. The appointment of a proxy will not preclude a shareholder from attending the Meeting and voting in person. A shareholder may only appoint a proxy or proxies by:
  - (a) completing and returning the form(s) of proxy accompanying this Notice in accordance with the instructions contained therein;
  - (b) going to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions provided (see Note 6 below); or
  - (c) if you are a user of the CREST system (including CREST personal members), having an appropriate CREST message transmitted (see Note 5 below).

To appoint more than one proxy, you may either photocopy the form(s) of proxy accompanying this Notice or contact Equiniti on 0871 384 2098 (from the UK) or +44 121 415 7161 (from outside the UK) to request additional personalised form(s) of proxy. If more than one proxy appointment is returned in respect of the same holding of shares, either by paper or electronic communication, that proxy received last by Equiniti before the latest time for the receipt of proxies will take precedence.

### *Paper proxy appointment*

4. The forms of proxy and the authority (if any) under which they are signed or a certified copy of such authority must be deposited at the offices of the Company's registrars – Equiniti, Aspect House, Spencer Road, Lancing BN99 6GQ – by not later than 11am on 20 April 2010, or 48 hours before the time appointed for holding any adjourned Meeting.

### *CREST proxy appointment*

5. (a) To appoint a proxy or to amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID 7RA01) by 11am on Tuesday, 20 April 2010, or not less than 48 hours before the time appointed for holding an adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. The appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual.
- (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.
- (c) We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST personal members or other CREST sponsor or voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual.

## Notice of Annual General Meeting continued

### *Electronic proxy appointment*

6. Electronic proxy appointment is available for the Meeting. This facility enables shareholders to lodge their proxy appointment by electronic means on a website provided by Equiniti. Shareholders who have already registered their holding(s) with the Shareview portfolio service will be sent an e-mail with full instructions on the electronic proxy voting procedure. Other shareholders may submit an electronic proxy appointment online, using the reference numbers printed on the form of proxy, at [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the voting procedure are shown. Electronic proxies will not be valid if received after 11am on Tuesday, 20 April 2010, or not less than 48 hours before the time appointed for holding an adjourned Meeting, and will not be accepted if found to contain a computer virus.

### *Voting by corporate representatives*

7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

### *Nominated persons*

8. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies at Note 3 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

### *Voting rights*

9. As at 18 March 2010, being the latest practicable date prior to the printing of this Notice, the issued share capital of the Company was 390,529,314 ordinary shares of 13 8/9 pence each (excluding treasury shares) with each ordinary share carrying one vote. Therefore the total voting rights in the Company as at 18 March 2010 were 390,529,314.

### *Right to ask questions*

10. A shareholder attending the Meeting has the right to ask questions relating to the business being dealt with at the Meeting in accordance with section 319A of the Act. In certain circumstances prescribed by section 319A of the Act, the Company need not answer a question.

### *Shareholder requests under section 527 of the Act*

11. Under section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last annual general meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

### *Communicating with the Company in relation to the Meeting*

12. Except as provided above, shareholders who wish to communicate with the Company in relation to the Meeting should do so using the following means:
  - (a) by writing to the Company Secretary at the Company's registered office address at Statesman House, Stafferton Way, Maidenhead, Berkshire SL6 1AY; or
  - (b) by writing to the Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice or in any related documents (including, without limitation, the annual report and accounts 2009 and the form(s) of proxy) to communicate with the Company for any purpose other than those expressly stated in this Notice or in such other related documents.

### *Inspection of documents*

13. The directors' service agreements, the terms and conditions of appointment of non-executive directors, a copy of the New Articles, a copy of the Current Articles and a blackline showing the differences between the New Articles and the Current Articles and the Rules of The Rank Group Plc 2010 Long Term Incentive Plan are available for inspection at the registered office of the Company during normal business hours. All of these documents will also be available for inspection on the date of the Meeting at Fredrick's Hotel, Shoppenhangers Road, Maidenhead, Berkshire SL6 2PZ for a period of at least 15 minutes prior to the commencement of the Meeting and until the Meeting closes. In addition, the New Articles, the Current Articles and the Rules of The Rank Group Plc 2010 Long Term Incentive Plan will be available for inspection until the time of the Meeting during normal business hours at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS.

#### *Voting Results*

14. The results of the voting at the Meeting will be announced through a Regulatory Information Service and will appear on our website at [www.rank.com](http://www.rank.com)

#### *Website*

15. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.rank.com](http://www.rank.com)

#### **Explanatory notes to resolutions**

These notes are intended to explain the business to be transacted at the Meeting.

#### *Resolution 1 – Report and financial statements*

The directors of the Company are required to present to shareholders the financial statements, the directors' report and the auditors' report on the financial statements.

#### *Resolution 2 – Approval of remuneration report*

UK listed companies are required to put before shareholders in general meeting a resolution inviting shareholders to approve the directors' remuneration report.

The directors' remuneration report can be found on pages 48 to 54 of the 2009 annual report and financial statements. As required by the Directors' Remuneration Report Regulations 2002, the Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the directors' remuneration report capable of being audited and their report can be found on pages 53 and 54 of the 2009 annual report and financial statements. The shareholders are being asked to vote on the remuneration report in relation to directors. The vote is advisory and the directors' entitlement to remuneration is not conditional upon the resolution being passed.

#### *Resolution 3 – Dividend*

Shareholders are required to approve the amount of the final dividend being recommended by the directors in respect of the financial year ended 31 December 2009.

#### *Resolutions 4 and 5 – Re-appointment of directors*

Under the Current Articles, one third of the directors are required to retire by rotation each year and, in addition, no director may serve for more than three years without being re-elected by shareholders. Therefore Peter Johnson and Richard Greenhalgh will be retiring by rotation. Peter Johnson is chairman of the Company and chairman of the nominations and finance committees. He does not have a service agreement with the Company. Richard Greenhalgh is the senior independent director, chairman of the remuneration committee and a member of the audit and nominations committees. He also does not have a service agreement with the Company. Biographical details of both directors seeking re-election are set out on page 40 of the annual report and financial statements.

#### *Resolutions 6 and 7 – Appointment of directors*

Both Tim Scoble and Mike Smith are standing for election to the board of directors. If appointed, both directors would be nominated shareholder representatives of Guoco Group Limited which, as a parent company of the Company's largest shareholder, owns 114,235,699 ordinary shares in the Company, representing 29.25% of voting rights. As such, they would not be regarded as being independent in character and judgement for the purposes of the Financial Reporting Council's Combined Code on Corporate Governance. Biographical details of the directors seeking election are set out in Appendix C to this Notice.

#### *Resolutions 8 and 9 – Re-appointment and remuneration of auditors*

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next general meeting. As a result of the recent audit tender process and on the recommendation of the audit committee, the board proposes that PricewaterhouseCoopers LLP not be re-appointed as auditors of the Company and Ernst & Young LLP be appointed as auditors of the Company. Additionally, the board proposes that the audit committee be authorised to agree the auditors' remuneration.

#### *Resolution 10 – Political donations*

The Act requires the Company to seek shareholders' authority for political donations and political expenditure (each as defined in the Act) made by the Company. It has been the Company's long-standing practice not to make cash payments to political parties and it intends that this will remain the case. However, the Act is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and matching employees' donations to certain charities.

Accordingly, the directors have decided to seek shareholders' authority for political donations and political expenditure (each as defined in the Act) in case any of the Company's activities are inadvertently caught by the legislation. The authority sought would be capped at £100,000 for the next year and, although the Act permits shareholders to grant authority for up to four years, the directors will seek to renew this authority at each annual general meeting in accordance with current best practice.

#### *Resolution 11 – Short notice of general meetings*

Under the Act general meetings (other than annual general meetings) may be called on 14 clear days' notice. However, The Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"), which came into force on 3 August 2009, increased the notice period required for general meetings of a company to 21 clear days. Companies do have the ability pursuant to the Act to reduce this notice period to not less than 14 clear days, provided that they offer facilities for shareholders to vote and appoint

## Notice of Annual General Meeting continued

proxies by electronic means and that, annually, shareholder approval is obtained to reduce the minimum notice period from 21 clear days to 14 clear days. Annual general meetings must continue to be held on at least 21 clear days' notice.

The directors are, therefore, proposing this resolution to seek this shareholder approval for 14 clear days to be the minimum period of notice for all general meetings of the Company, other than annual general meetings. The approval will expire at the conclusion of the next annual general meeting, when it is intended that renewal of this authority will be sought.

### *Resolution 12 – Adoption of New Articles*

It is proposed in resolution 12 that the Company adopt the New Articles in order to update the Current Articles, primarily to reflect the implementation of the remaining provisions of the Act which the Company has not incorporated into its Current Articles and changes required as a result of the coming into force of the Shareholders' Rights Regulations. It is proposed that the New Articles will take effect immediately following the conclusion of the Meeting.

The material differences between the Current Articles and the New Articles are summarised in Appendix A to this Notice. Other changes, which are of a technical or clarifying nature and also some more minor changes which reflect changes made by the Act, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001, or which conform the language of the New Articles with that used in the model articles for public companies as set out in the Companies (Model Articles) Regulations 2008 (which came into force on 1 October 2009) ("**Model Articles**"), have not been mentioned specifically in the Appendix. The New Articles are available for inspection as noted on page 4 of this Notice.

Pursuant to the Act, as from 1 October 2009, all provisions of the Memorandum (apart from the subscriber clause) were deemed to be contained in the Current Articles. By virtue of resolution 12, all of these provisions now contained in the Current Articles (except for the limited liability clause, which is restated in the New Articles) will be removed. This includes the objects clause previously contained in the Memorandum (which sets out the scope of the Company's permitted operations) such that, if this resolution is passed, the Company will be operating under unrestricted objects. On the basis that the existing objects clause of the Company is very broad in its scope of permitted operations, having unrestricted objects will not result in a significant broadening of the permitted operations of the Company from the current position.

### *Resolution 13 – approval of a new long-term incentive plan*

The Company's 2005 Long-Term Incentive Plan expires in April 2010 and it is proposed in resolution 13 to adopt a new employee share plan to be known as The Rank Group Plc 2010 Long Term Incentive Plan (the "**2010 LTIP**"). The rules of the 2010 LTIP are available for inspection as noted on page 4 of this Notice and are summarised in Appendix B to this Notice. For further information with regard to the 2010 LTIP please see pages 51 and 52 of the remuneration report within the annual report and financial statements.

### *Recommendation*

The directors consider that each of these resolutions is in the best interests of the Company and the shareholders as a whole. Accordingly, the directors unanimously recommend that all shareholders vote in favour of all resolutions, as the directors intend to do in respect of their own beneficial holdings.

## APPENDIX A: PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

### **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Memorandum and the Current Articles. The Memorandum contains, among other things, the objects clause which sets out the scope of activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Act significantly reduces the constitutional significance of a company's memorandum of association. The Act provides that a memorandum of association will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the Act, the objects clause and all other provisions that are currently contained in a company's memorandum of association are deemed to be contained in a company's articles of association, but a company can remove these provisions from the articles of association by special resolution.

Furthermore, the Act states that, unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause, together with all other provisions of its Memorandum which, by virtue of the Act, are treated as forming part of the Current Articles from 1 October 2009.

Resolution 12(a) confirms the removal of these provisions for the Company. Among other things, the effect of resolution 12(a) will be to remove the Company's objects clause so that, if passed, the Company would be operating under unrestricted objects. On the basis that the existing objects clause of the Company is very broad in its scope of permitted operations, having unrestricted objects will not result in a significant broadening of the permitted operations of the Company from the current position.

As the effect of this resolution will be to remove the statement currently in the Company's Memorandum regarding limited liability, the New Articles include an express statement regarding the limited liability of the shareholders.

### **Authorised share capital and unissued shares**

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can allot at any time because an allotment authority continues to be required under the Act, save in respect of employee share schemes.

### **Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**

Under the 1985 Act a company was required to have specific enabling provisions in its articles of association in order to purchase its own shares (including to hold any such shares as treasury shares), to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act, a company only requires shareholder authority to do any of these things and it is no longer necessary for articles of association to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

### **Use of seals**

Under the 1985 Act, a company was required to have authority in its articles of association in order to have an official seal for use abroad. Under the Act, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles reflect new provisions in the Act for the execution of documents by the Company and the signatories required.

### **Suspension of registration of share transfers**

The Current Articles permit the directors to suspend the registration of share transfers. Under the Act, share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

### **Vacation of office by directors**

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the Model Articles, as well as to clarify and simplify the provisions with respect to bankruptcy of a director and compositions made with a director's creditors.

### **Remuneration for non-executive directors**

Guidelines from the ABI require that a company's articles of association contain a monetary cap on the aggregate fees payable to non-executive directors. The New Articles, therefore, provide that the Company's non-executive directors shall not receive, in aggregate, more than £500,000 per annum (excluding amounts paid for special services performed outside the scope of the ordinary duties of a director), which is consistent with current market practice. Shareholders will need to approve any increase in this figure by the passing of an ordinary resolution at a general meeting of the Company.

### **Voting by proxies on a show of hands**

The Shareholders' Rights Regulations have amended the Act so that it now provides that each proxy appointed by a shareholder has one vote on a show of hands, unless the proxy is appointed by more than one shareholder, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more shareholders to vote for the resolution and by one or more shareholders to vote against the resolution. The New Articles reflect these changes.

## Notice of Annual General Meeting continued

### **Voting by corporate representatives**

The Shareholders' Rights Regulations have amended the Act in order to enable multiple representatives appointed by the same corporate shareholder to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

### **Chairman's casting vote**

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes, as this is no longer permitted under the Act.

### **Notice of general meetings**

The Shareholders' Rights Regulations amended the Act to require a company to give 21 clear days' notice of general meetings, unless the company offers shareholders an electronic voting facility and a special resolution reducing the period of notice to not less than 14 clear days has been passed. Annual General Meetings must still be held on 21 clear days' notice. The New Articles amend the Current Articles so as to be consistent with the Shareholders' Rights Regulations.

### **Adjournments for lack of quorum**

Under the Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 days after the original meeting. The New Articles reflect this requirement by making the chairman's discretion to set the time and place of a general meeting subject to the provisions of the Act.

### **Voting record date**

Under the Act as amended by the Shareholders' Rights Regulations, the Company must determine the right of shareholders to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles reflect this requirement.

### **Proxies to vote in accordance with instructions**

Under the Act as amended by the Shareholders' Rights Regulations, proxies are required to vote in accordance with instructions given by the shareholder by whom the proxy is appointed. The New Articles confirm that the Company is not required to confirm that a proxy has followed instructions and they also confirm that a failure to vote as instructed does not invalidate the proceedings on the resolution.

### **Form of resolution**

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision has been amended in the New Articles as the concept of extraordinary resolution has not been retained under the Act.

### **Conflicts of interest**

The Act sets out directors' general duties which largely codify the existing law but with some changes. Under the Act, from 1 October 2008 directors have been required to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the directors' intention to report annually on the Company's procedures for ensuring that the board's powers to authorise conflicts are operated effectively and that the procedures have been followed.

### **General**

The New Articles reflect the implementation of those final provisions of the Act which came fully into force on 1 October 2009, the changes required as a result of the coming into force of the Shareholders' Rights Regulations on 3 August 2009 and the Uncertificated Securities Regulations 2001, as well as changes in the Financial Reporting Council's Combined Code on Corporate Governance and ABI Guidelines.



## APPENDIX B: SUMMARY OF THE RANK GROUP PLC 2010 LONG TERM INCENTIVE PLAN (the “2010 LTIP”)

### 1. General

The 2010 LTIP is to be administered by the Remuneration Committee of the Board of directors of the Company (the “Committee”) and will last for 10 years following its adoption. The schedule to the 2010 LTIP (the “CSOP Schedule”) provides for the grant of HM Revenue & Customs approved options over ordinary shares. Approval for the CSOP Schedule will be sought from HM Revenue & Customs (“HMRC”) following its adoption. Save to the extent required in order to obtain and retain HM Revenue & Customs approval of the CSOP Schedule, options granted under the CSOP Schedule will be subject to the main provisions of the 2010 LTIP as summarised below.

### 2. Eligibility

The Committee may select employees and executive directors of the Company or any of its subsidiaries to be granted awards (provided, in the case of options granted under the CSOP Schedule, they are employees or full time directors).

### 3. Grant of awards

The Committee may grant an award on behalf of the Company in one of six forms:

- 3.1 a contingent share award, where a participant will receive free ordinary shares automatically on the vesting of his award;
- 3.2 an option (with an exercise price set by the Committee), where a participant can decide when to exercise the award during a period of seven years after it has vested;
- 3.3 a restricted share award, where a participant becomes the beneficial owner of shares at grant but subject to a risk of forfeiture of that ownership in certain circumstances;
- 3.4 a market value option under the CSOP Schedule, where a participant can decide when to exercise the option during a period of seven years after it has vested and in doing so should be able to receive favourable tax treatment;
- 3.5 a share appreciation right, where a participant receives a right to receive a cash payment by reference to the value of a number of ordinary shares; or
- 3.6 an award of cash.

Alternatively, the Committee may choose, instead of using ordinary shares to satisfy awards originally granted in the form described in 3.1 to 3.4 above, to pay award holders to whom such awards have been granted, a cash sum calculated with reference to the underlying value of the ordinary shares subject to the relevant awards.

Other than where the Committee considers there are exceptional circumstances, awards may only be granted within the 42 days after (i) the adoption of the 2010 LTIP; (ii) the announcement of the Company’s final, interim, or quarterly results; (iii) for a new joiner, he starts employment with a member of The Rank Group; or (iv) in the case of options granted under the CSOP Schedule, the approval of the CSOP Schedule by HMRC. Awards may not be granted during a close period of the Company.

Awards are personal to the participant and may not be transferred, except on death. Benefits received under the 2010 LTIP are not pensionable.

### 4. CSOP option price

The acquisition price payable on the exercise of an option granted under the CSOP will be the mid-market quotation for an ordinary share on the Official List at the close of business on the dealing day immediately preceding the date of grant or, if the Committee so determines, the average of such quotations at the close of business on the three or five dealing days immediately preceding the date of grant.

### 5. Overall limits

The 2010 LTIP may operate over new issue ordinary shares, treasury shares or ordinary shares purchased in the market.

The aggregate number of unissued shares which may be allocated under the 2010 LTIP from time to time may not, when taken with the unissued shares allocated under any other:

- (i) discretionary employee share plans adopted by the Company, exceed 5 per cent. of the Company’s issued ordinary share capital in any 10-year period; and
- (ii) employee share plans adopted by the Company, exceed 10 per cent. of the Company’s issued ordinary share capital in any 10-year period.

Shares which are the subject of awards which lapse or are waived will be excluded from these limits.

Treasury shares will count as newly issued ordinary shares for the purposes of these limits (unless institutional investor bodies determine that this is no longer appropriate).

In addition to the above limits, the Committee is also currently proposing to limit the aggregate number of unissued shares which may be allocated under the 2010 LTIP from time to time, when taken with unissued shares allocated under any discretionary employee share plans adopted by the Company, to 0.5% of the issued ordinary share capital of the Company in any financial year of the Company.

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### 6. Individual limits

An individual's annual participation in the 2010 LTIP will be limited such that the value of the ordinary shares which can be the subject of an award granted to him in any financial year cannot exceed 150% of his base salary, in normal circumstances, and 200% of his base salary, in exceptional circumstances, as determined by the Committee.

An option may not be granted to an individual under the CSOP Schedule if, or to the extent that, it would cause the total market value of ordinary shares the subject of options granted to that individual under the CSOP Schedule and any other HMRC approved share option scheme established by the Company (or certain other companies) to exceed £30,000 or such other limit as may be imposed by statute.

### 7. Vesting of awards

Awards will normally vest (and become exercisable, in the case of awards granted in the form of options) following the third anniversary of grant once the Committee has determined the extent to which any applicable performance targets (see below) have been satisfied and provided the participant is still, subject to the leaver provisions set out below, employed within The Rank Group. Awards may be granted on a different basis, at the discretion of the Committee. To the extent that they have not previously been exercised, options (including any granted under the CSOP Schedule) will cease to be exercisable and will lapse 10 years after their date of grant.

### 8. Leaving the Rank Group

If a participant ceases employment with the Rank Group, his awards will normally lapse unless he ceases employment as a result of his death, injury, ill-health, disability, redundancy (within the meaning of the Employment Rights Act 1996), if his employing company or business is sold or transferred out of the Group, or in any other circumstances at the discretion of the Committee. If any of these circumstances arise, the Committee will have discretion to determine whether awards vest and, in exercising such discretion, may have regard to the extent that any performance conditions have, in the opinion of the Committee, been achieved and the proportion of any relevant vesting period that has elapsed if the cessation occurs during the relevant vesting period. In the case of any awards granted in the form of options which vest, such options will become exercisable for the period of six months following such cessation (or 12 months in the case of cessation due to death).

In addition, if a participant has been granted options under the CSOP Schedule, such options may become exercisable if the participant ceases employment with The Rank Group in any of the above circumstances and additionally on his retirement on or after reaching the "retirement age" of 55, again subject, at the discretion of the Committee, to any pro-rating for time and performance.

### 9. Change of Control

In the event of a takeover, scheme of arrangement (under Part 26 of the Companies Act 2006) or winding up of the Company, the Committee will have discretion to determine whether awards vest and, in exercising such discretion, may have regard to the extent that any performance conditions have, in the opinion of the Committee, been achieved in the relevant period and the proportion of the vesting period that has elapsed if the relevant corporate event occurs during that period.

Alternatively, with the agreement of the acquiring company, participants may exchange their awards for equivalent awards over shares in the acquiring company or its parent company.

In the event of an internal corporate reorganisation, and unless the Committee determines that awards should vest, awards may be replaced by equivalent awards over shares in a new holding company, provided that in the case of options granted under the CSOP Schedule, such replacement options are granted in compliance with Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003.

Any award granted in the form of an option (whether under the CSOP Schedule or otherwise) may, ordinarily, to the extent it vests on a corporate event, be exercised during the period of six months following the vesting date, after which to the extent unexercised, it shall lapse automatically.

### 10. Performance targets

It is currently intended that all awards will be subject to performance targets set by the Committee for each grant. These will be objective and deemed by the Committee to be challenging.

There will be no provision to re-test any performance target at the end of the initial vesting period.

For the first grant of awards under the 2010 LTIP, it is currently intended that the performance target will relate to the Company's earnings per share ("EPS") growth with an underpin pursuant to which the Committee will also take into account the Company's Total Shareholder Return performance over the performance period (compared to the FTSE 350) (the "TSR Underpin").

The EPS growth element of the performance target would be calculated as follows:

	EPS Target	Percentage of award vesting
Threshold	9.5p	25%
Maximum	11.5p	100%

Awards will vest pro-rata on a straight-line basis for EPS growth of between the threshold and maximum amounts above, subject to the discretion of the Committee taking into account the TSR Underpin.

#### **11. PAYE/NIC**

The 2010 LTIP provides an indemnity to the Company from the award holder in respect of income tax, employee's and, if the Committee so determines, employer's National Insurance contributions liabilities which arise in connection with awards granted under the 2010 LTIP.

#### **12. Rights attaching to ordinary shares**

Other than in respect of restricted awards, award holders have no voting or dividend rights in respect of the ordinary shares which are the subject of their awards. Any ordinary shares acquired by participants following the vesting of an award (other than a restricted award) will rank equally in all respects with the then existing ordinary shares, with the exception of rights attaching by reference to a record date on or before the date of allotment.

#### **13. Adjustment of awards**

If there is a variation in the share capital of the Company, the Committee may make such adjustments as it considers appropriate to the number of ordinary shares subject to awards and the exercise price payable, if any (subject to HMRC approval in the case of options granted under the CSOP Schedule). Awards (but not options granted under the CSOP Schedule) may also be adjusted in the event of a demerger or other similar event. The Committee also has discretion to determine that awards should vest on a demerger or other similar event, in which case awards will vest on the basis set out in paragraph 9 above.

#### **14. Alteration of the 2010 LTIP**

The Committee may at any time amend the 2010 LTIP in any respect provided that no amendment to the advantage of participants may be made to the provisions relating to:

- who can be a participant;
- the individual or overall limits (see above at paragraphs 5 and 6); and
- the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of awards,

without the prior approval of the shareholders in general meeting unless the amendment is minor and made to benefit the administration of the 2010 LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. Any amendment which adversely affects the subsisting rights of the participants cannot be made unless the participants give their consent on the same basis as would be required for a variation of class rights under the Company's articles of association. Any amendment to a key feature of the CSOP Schedule must also be agreed in advance with HMRC.

#### **15. Overseas jurisdictions**

The Committee may, at any time, without the need to secure shareholder consent, establish additional schedules to the 2010 LTIP rules to operate the 2010 LTIP outside the UK. These schedules can vary the 2010 LTIP rules to take account of any securities, exchange control or taxation laws or regulations. The shares issued (or treasury shares transferred) for these purposes will count towards the individual and overall limits.

### **APPENDIX C: BIOGRAPHICAL DETAILS OF DIRECTORS SEEKING ELECTION**

#### **Tim Scoble – proposed non-executive director**

Tim Scoble, 53, is currently chief executive officer of GuocoLeisure Limited, a Singapore listed company controlled by Guoco Group Limited (a parent company of the Company's largest shareholder) and is also the UK chief executive of Guoman Hotels (formerly Thistle Hotels). Tim is a qualified chartered accountant and was previously the managing director of Moat House Hotels from 2001 to 2003 and the chief executive of Little Chef and a director of Travelodge from 2003 to 2005.

#### **Mike Smith – proposed non-executive director**

Mike Smith, 46, is currently chief financial officer of Clermont Leisure (UK) Limited, a UK casino business controlled by Guoco Group Limited (a parent company of the Company's largest shareholder). Mike (not to be confused with the former chief executive of the Company) is a qualified chartered accountant and has had a long career in finance operational roles, including 16 years with Whitbread PLC.

