

PROSPECTUS



Cardiff
Bay

RANK ORGANISATION FINANCE B.V.

(incorporated with limited liability under the laws of The Netherlands)

under the guarantee of

THE RANK ORGANISATION Plc

(incorporated with limited liability under the laws of England)

and

THE RANK ORGANISATION Plc

U.S.\$500,000,000

324504

Euro Medium Term Note Programme

On 16th January, 1995, Rank Organisation Finance B.V. ("Rank Finance") and The Rank Organisation Plc ("Rank" and, together with Rank Finance, the "Issuers" and each an "Issuer") entered into a U.S.\$500,000,000 Euro Medium Term Note Programme (the "Programme"). This Prospectus supersedes all previous prospectuses. Any Notes (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Under the Programme, the Issuers may from time to time issue notes (the "Notes") denominated in any currency (including ECU) agreed between the relevant Issuer and the relevant Dealer(s) (as defined below).

The payments of all amounts due in respect of Notes issued by Rank Finance will be unconditionally and irrevocably guaranteed by Rank (in such capacity, the "Guarantor").

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for Notes issued under the Programme during the period of twelve months from the date of this Prospectus to be admitted to the Official List of the London Stock Exchange (the "Official List"). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 17) of Notes will be set forth in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be admitted to the Official List ("Listed Notes"), will be delivered to the London Stock Exchange on or before the date of issue of the Notes of such Tranche. This Prospectus comprises the listing particulars (the "Listing Particulars") in relation to the Issuers, the Guarantor, their respective subsidiaries and the Notes issued under the Programme during the period of twelve months from the date of this Prospectus approved as such by the London Stock Exchange as required by section 142 of the Financial Services Act 1986 (the "FSA"). Copies of the Listing Particulars have been delivered for registration to the Registrar of Companies in England and Wales as required by section 149 of the FSA. Copies of each Pricing Supplement will be available (in the case of Listed Notes only) from Companies Fiche Service, operated by Extel Financial Limited, at 37-45 Paul Street, London EC2A 4PB and (in the case of all Notes) for inspection at the specified office of the Agent (as defined herein) and each of the Paying Agents (as defined herein).

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s). The Issuers may also issue unlisted Notes.

The Notes of each Tranche will initially be represented by a temporary global Note which will be deposited on the issue date with a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank"), as further described in "Form of the Notes" herein. Beneficial interests in a temporary global Note will be exchangeable for either (a) in the case of Notes in bearer form ("Bearer Notes"), beneficial interests in a permanent global Note or definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any permanent global note may be exchanged for definitive Notes upon request and/or (b) in the case of Notes in registered form ("Registered Notes"), definitive Registered Notes, in each case in accordance with the procedure described in "Form of the Notes" on page 11.

Registered Notes will only be sold by a Dealer to a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act of 1933 ("Rule 144A") or placed privately with certain sophisticated institutional investors who are in the United States or who are United States persons (as defined in the U.S. Internal Revenue Code and the regulations thereunder).

Arrangers

NatWest Markets

National Westminster Bank Plc,
Frankfurt Branch

(for Notes denominated in Deutsche Marks)

Programme Dealers

CS First Boston
NatWest Markets

J.P. Morgan Securities Ltd.
Salomon Brothers International Limited

SBC Warburg

A DIVISION OF SHINJI BANK CORPORATION

The date of this Prospectus is 4th April, 1996.

Each of Rank Finance and Rank accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of Rank Finance and Rank (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In connection with the listing of the Notes on the London Stock Exchange, each of the Issuers and the Guarantor confirms that, if at any time after preparation of the Listing Particulars for submission to the London Stock Exchange and before the commencement of dealings in any Notes following their admission to the Official List:

- (a) there is a significant change affecting any matter contained in the Listing Particulars whose inclusion was required by section 146 of the FSA or by the listing rules made by the London Stock Exchange under the FSA (the "Listing Rules") or by the London Stock Exchange; or
- (b) a significant new matter arises, the inclusion in the Listing Particulars of information in respect of which would have been so required if it had arisen when the Listing Particulars were prepared,

each of the Issuers and the Guarantor shall give to NatWest Capital Markets Limited (as agent for National Westminster Bank Plc) in its capacity as listing agent (the "Listing Agent") for the Listed Notes and each Dealer full information about such change or matter and shall publish such supplementary listing particulars as may be required by the London Stock Exchange (in a form approved by the Listing Agent), and shall otherwise comply with sections 147 and 149 of the FSA and the Listing Rules in that regard.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Deemed to be Incorporated by Reference" below). This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are incorporated and form part of this Prospectus but not part of the Listing Particulars.

Neither the Dealers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by Rank Finance or Rank. Neither the Dealers nor the Trustee accept any liability in relation to the information contained in this Prospectus or any other information provided by Rank Finance or Rank in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by Rank Finance, Rank, any of the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by Rank Finance, Rank, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of Rank Finance and/or Rank. Neither this Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of Rank Finance, Rank or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning Rank Finance and/or Rank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of Rank Finance or Rank during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of Rank Finance and/or Rank when deciding whether or not to purchase any Notes.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Rank Finance, Rank, the Dealers and the Trustee do not represent that this document may

be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Rank Finance, Rank, the Dealers or the Trustee (save for the approval of this document as listing particulars by the London Stock Exchange and delivery of copies of this document to the Registrar of Companies in England and Wales) which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and each Dealer has represented that all offers and sales by it will be made on the same terms. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Japan, The Netherlands and Germany (see "Subscription and Sale" below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "Subscription and Sale" below).

All references in this document to "U.S. dollars", "U.S.\$" "\$" and "U.S. cents" refer to the currency of the United States of America, those to "Dutch guilders", "Dfl." and "NLG" refer to the currency of The Netherlands, those to "Japanese Yen", "Yen" and "¥" refer to the currency of Japan, those to "Deutsche Marks" and "DM" refer to the currency of Germany, those to "ECU" refer to European Currency Units, those to "Stg", "£" and "Sterling" to the currency of the United Kingdom, those to "lire", "lira" and "Lit" to the currency of Italy, those to "IR£" and "Irish pounds" to the currency of the Republic of Ireland and those to "Canadian dollars" and "Can\$" to the currency of Canada.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement may over-allot or effect transactions which stabilise or maintain the market price of the Notes of the Series (as defined herein) of which such Tranche forms part at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all relevant laws and regulations.

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DOCUMENTS DEEMED TO BE INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus (provided, however, that such incorporated documents do not form part of the Listing Particulars):

- (a) the publicly available audited annual financial statements and the interim financial statements (if any) of each of Rank Finance and Rank for the most recent financial period; and
- (b) all supplements to this Prospectus circulated by Rank Finance and/or Rank from time to time in accordance with the provisions of the Programme Agreement (as defined in "Subscription and Sale" below),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Each Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written or telephone requests for such documents should be directed to each Issuer, in each case at its registered office set out at the end of this Prospectus and marked for the attention of the Finance Director or Treasurer in the case of both Rank and Rank Finance. In addition, such documents will be available from the principal office in England of the Listing Agent.

Each of Rank Finance and Rank has undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale" below) to comply with sections 147 and 149 of the FSA and the Listing Rules in that regard. In the event that supplementary listing particulars are produced pursuant to such undertaking, a copy of such supplementary listing particulars will accompany this Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided herein. A description of the restrictions applicable at the date of this Prospectus relating to the maturity and denomination of certain Notes is set out on pages 7, 8 and 9, respectively.

The Notes will be issued on a continuing basis to one or more of the Programme Dealers as defined herein and any additional Programme Dealer or Issue Dealer appointed under the Programme from time to time. The Programme Dealers and the Issue Dealers are herein referred to as the "Dealers" and references to a "Dealer" are to a Programme Dealer or, as the case may be, an Issue Dealer. References to the "relevant Dealer" are references to the Dealer or Dealers with whom the relevant Issuer has agreed the terms of an issue of Notes under the Programme.

The relevant Issuer and the Trustee may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List of the London Stock Exchange only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Under the Programme, the Issuers may from time to time issue Notes denominated in any currency (including ECU), subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement (or the relevant provisions thereof) attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes" below.

This Prospectus and any supplement will only be valid for listing Notes on the London Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all

Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$500,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as defined under "Form of the Notes" on page 13) shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as defined under "Form of the Notes" on page 12) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as defined under "Form of the Notes" on page 12) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuers:	Rank Organisation Finance B.V. and The Rank Organisation Plc.
Guarantor:	The Rank Organisation Plc (for Notes issued by Rank Finance).
Description:	Euro Medium Term Note Programme.
Arrangers:	NatWest Capital Markets Limited (as agent for National Westminster Bank Plc) National Westminster Bank Plc, Frankfurt Branch (for issues of Notes denominated in Deutsche Marks).
Programme Dealers:	CS First Boston Limited J.P. Morgan Securities Ltd. NatWest Capital Markets Limited (as agent for National Westminster Bank Plc) Salomon Brothers International Limited Swiss Bank Corporation.
Legal and regulatory requirements:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" on page 51).</p> <p>Each issue of Notes denominated in Deutsche Marks will take place in compliance with the guidelines applicable for the time being of the German Central Bank regarding the issue of DM-denominated debt securities. Under current guidelines only credit institutions domiciled in Germany or German branches of foreign credit institutions can act as Dealers in relation to such Notes except in the case of an issue of DM-denominated Notes in a syndicated transaction (which need only be lead managed by a credit institution domiciled in Germany or a German branch of a foreign credit institution).</p>
Trustee:	Prudential Trustee Company Limited.
Issuing and Principal Paying Agent and Registrar:	Morgan Guaranty Trust Company of New York.
Programme Size:	Up to U.S.\$500,000,000 (or its equivalent in other currencies calculated as described herein on page 5) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer(s), including, without limitation, Canadian dollars, Deutsche Marks, Dutch guilders, ECU, Irish pounds, Italian lire, Sterling, United States dollars and Japanese Yen (as indicated in the applicable Pricing Supplement).
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may

	<p>be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. At the date of this Prospectus, the minimum maturity of Notes denominated in Sterling or Deutsche Marks is one year and one day and two years respectively. At the date of this Prospectus, the maximum maturity of Notes denominated in Sterling is five years.</p>
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Each Tranche of Notes will be in bearer form and/or registered form. See "Form of the Notes" below.
Fixed Rate Notes:	<p>Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption.</p> <p>Interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each (or such other basis as may be agreed as indicated in the applicable Pricing Supplement).</p>
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at the rate specified in the applicable Pricing Supplement or, where ISDA Determination is specified, at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).</p> <p>The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the actual number of days in the Interest Period concerned divided by 360 (or 365/366, in the case of Notes denominated in Sterling) unless otherwise indicated in the applicable Pricing Supplement.</p>
Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes:	Such period(s) or date(s) as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).
Dual Currency Notes:	Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).
Indexed Notes:	Payments of principal in respect of Indexed Redemption Amount Notes or of interest in respect of Indexed Interest Notes will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the

applicable Pricing Supplement). Indexed Notes denominated in Deutsche Marks will be issued in compliance with the policy of the German Central Bank regarding the indexation of DM-denominated debt obligations of non-German issuers.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving, in the case of redemption by the relevant Issuer, not less than 30 nor more than 90 and, in the case of redemption by the Noteholders, not less than 30 nor more than 60, days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement. Under applicable laws and regulations at the date of this Prospectus, Notes denominated in Sterling and Deutsche Marks may not be redeemed (other than for taxation reasons or following an Event of Default) prior to one year and one day and two years, respectively, from the relevant Issue Date.

The Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (currently £100,000 in the case of Sterling), provided that all Notes issued by Rank Finance must have a minimum denomination of NLG 100,000 (or its equivalent in any other currency or currencies).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by or within the United Kingdom or The Netherlands, other than in respect of Registered Notes where Rank is the Issuer which will be made subject to the deduction of any United Kingdom withholding tax required to be withheld at source and otherwise subject as provided in Condition 8 of the Terms and Conditions of the relevant Notes.

Status of the Notes:

The Notes will constitute direct, unconditional and (subject to Condition 3(b)) unsecured obligations of the relevant Issuer and, subject as aforesaid, will at all times rank *pari passu* without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

Guarantee:

The payment of the principal and interest in respect of the Notes issued by Rank Finance will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and (subject to the provisions of Condition 3(b)) unsecured obligations of the Guarantor and (subject as aforesaid) will at all times rank *pari passu* and at least

rateably with all other present and future unsecured and unsubordinated obligations of the Guarantor but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as described in Condition 3(b).

Cross Default:

The terms of the Notes will contain a cross-default provision relating to Financial Indebtedness as defined and further described in Condition 10.

Listing:

Application has been made to list the Notes on the London Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not and, if so, on which stock exchange(s) the Notes are to be listed.

Governing Law:

The Trust Deed and the Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are certain selling restrictions in relation to the offering and sale of a particular Tranche of Notes. See "Subscription and Sale" below.

FORM OF THE NOTES

Each Tranche of Notes will be initially represented by a temporary global Note, without receipts, interest coupons or talons, which will be delivered to a common depositary for Euroclear and Cedel Bank.

Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification of U.S. beneficial ownership as required by U.S. Treasury regulations (in the form set out in the Trust Deed) has been received by Euroclear and/or Cedel Bank and Euroclear and/or Cedel Bank, as applicable, has/have given a like certification (based on the certifications it has/they have received) to the Agent. Any reference in this section "Form of the Notes" to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the relevant Issuer, the Agent and the Trustee.

On and after the date (the "Exchange Date") which is 40 days after the date on which the temporary global Note is issued, interests in the temporary global Note will be exchangeable (provided that, if it is a Partly Paid Note (as defined on page 12), all instalments of the subscription monies due before the date of such exchange have been paid) (free of charge) upon a request as described therein for either (a) in the case of Bearer Notes, interests in a permanent global Note without receipts, interest coupons or talons or for security printed definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached and/or (b) in the case of Registered Notes, for definitive Registered Notes (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described in the first sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Cedel Bank which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer(s)) after the completion of the distribution of the Notes of such Tranche.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Cedel Bank against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. Unless otherwise specified in the applicable Pricing Supplement, a permanent global Note will be exchangeable (provided that, if it is a Partly Paid Note, all instalments of the subscription monies due before the date of such exchange have been paid) (free of charge) in whole (but not in part) for security printed definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon not less than 60 days' written notice to the Agent as described therein.

Notwithstanding the foregoing, any Note sold by a Dealer to a qualified institutional buyer within the meaning of Rule 144A and any Note privately placed with a sophisticated institutional investor who is in the United States or who is a United States person will be delivered to such investor only in definitive registered form, and the Agent will exchange or procure the exchange of interests in a temporary global Note for definitive Registered Notes for such purpose as soon as is practicable, upon certification through Euroclear or Cedel Bank that such Notes have been sold to such investor in compliance with the restrictions referred to below under "Subscription and Sale".

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement and any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Cedel Bank and/or any other agreed clearance system, as appropriate.

The following legend will appear on all global Notes and definitive Notes, receipts, interest coupons and talons in bearer form:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

The Pricing Supplement relating to each Tranche of Notes will contain such of the following information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):

ISSUER: [Rank Organisation Finance B.V/The Rank Organisation Plc]

[GUARANTOR: The Rank Organisation Plc]

TYPE OF NOTE

- (1) whether such Notes are:
 - (a) Notes bearing interest on a fixed rate basis ("Fixed Rate Notes");
 - (b) Notes bearing interest on a floating rate basis ("Floating Rate Notes");
 - (c) Notes issued on a non-interest bearing basis ("Zero Coupon Notes");
 - (d) Notes in respect of which principal ("Indexed Redemption Amount Notes") and/or interest ("Indexed Interest Notes") is/are calculated by reference to an index and/or a formula (generically "Indexed Notes");
 - (e) Notes in respect of which principal and/or interest is/are or may be payable in one or more Specified Currencies other than the Specified Currency in which they are denominated ("Dual Currency Notes");
 - (f) Notes which are to be issued on a partly paid basis ("Partly Paid Notes"); or
 - (g) Notes redeemable in instalments ("Instalment Notes"), or
any combination of the foregoing or such other types of Note as may be agreed;
- (2) whether the Notes are convertible automatically or at the option of the Issuer and/or the Noteholders into Notes of another interest basis;
- (3) in the case of Instalment Notes, the amount of each such instalment (each an "Instalment Amount", the final such Instalment Amount being the Final Redemption Amount) and the dates on which each instalment is repayable (each an "Instalment Date");
- (4) in the case of Partly Paid Notes:
 - (a) the amount of each instalment (expressed as a percentage of the nominal amount of each Note) of the Issue Price for such Notes;
 - (b) the due date(s) for any subsequent instalments of the Issue Price;
 - (c) the date (if any) after which the Issuer may, at its option, elect not to accept payment of any subsequent instalment(s) and to forfeit any relevant Partly Paid Notes should payment of such instalment(s) not be made on or prior to such date together with accrued interest;
 - (d) the date (if any) after which the Issuer shall forfeit any relevant Partly Paid Notes should payment of any subsequent instalment(s) not be made on or prior to such date together with accrued interest; and
 - (e) the rate(s) of interest to accrue on the first and any subsequent instalment(s) after the due date for payment of such instalment(s);
- (5) in the case of Dual Currency Notes:
 - (a) the exchange rate(s) or basis of calculating the exchange rate(s) to be used in determining the amounts of principal and/or interest payable in the Specified Currencies (the "Rate of Exchange");
 - (b) the calculation agent, if any, responsible for calculating the amount of principal and/or interest payable in the Specified Currencies;

- (c) the provisions regarding calculation of principal and/or interest in circumstances where such calculation by reference to the Rate of Exchange is impossible and/or impracticable; and
- (d) the person at whose option any Specified Currency or Currencies is or are to be payable;

DESCRIPTION OF THE NOTES

- (6)
 - (a) whether Bearer Notes and/or Registered Notes; and
 - (b) whether interests in the temporary global Note are exchangeable for interests in a permanent global Note and (unless otherwise specified) further exchangeable for definitive Notes if requested by the holder upon not less than 60 days' notice or whether interests in the temporary global Note are exchangeable for definitive Notes and the notice period required;
- (7) whether talons for future interest coupons are to be attached to definitive Bearer Notes on issue and, if so, the date on which such talons mature;
- (8)
 - (a) the Series number; and
 - (b) details (including the date, if any, on which the Notes become fully fungible) if forming part of an existing Series;
- (9)
 - (a) the aggregate nominal amount of the Notes to be issued (the "Nominal Amount") and the aggregate nominal amount of the Series (if there is more than one issue for the Series);
 - (b) the currency (including ECU) in which such Notes are denominated and, in the case of Dual Currency Notes, the currency or currencies in which payment in respect of such Notes is to be made (each a "Specified Currency") and the denomination(s) of such Notes (the "Specified Denomination(s)");
- (10) the price (expressed as a percentage of the Nominal Amount) at which such Notes will be issued (the "Issue Price");
- (11) the date on which such Notes will be issued (the "Issue Date");
- (12) in the case of interest-bearing Notes, the date from which such Notes bear interest (if different from the Issue Date) (the "Interest Commencement Date");

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

Fixed Rate Notes

- (13)
 - (a) the rate(s) at which the Notes bear interest (which may remain the same throughout the life of the Notes or increase and/or decrease) (the "Fixed Rate(s) of Interest");
 - (b) the date(s) on which interest is payable (which may occur once or more than once in each year and which dates may or may not be the same throughout the life of the Notes) (the "Fixed Interest Date(s)");
 - (c) where the Interest Commencement Date is not a Fixed Interest Date, the amount of the first payment of interest (the "Initial Broken Amount"); and
 - (d) where the Maturity Date is not a Fixed Interest Date, the amount of the final payment of interest (the "Final Broken Amount");

Zero Coupon Notes

- (14) (a) the amortisation yield (if any) in respect of such Notes (the "Accrual Yield");
- (b) the reference price attributed to such Notes on issue which shall have been agreed (the "Reference Price"); and
- (c) any other formula or basis for determining the Amortised Face Amount (as described in Condition 7(e)(iii));

Provisions regarding the calculation of interest

- (15) (a) (i) the Interest Payment Date(s) in each year (each an "Interest Payment Date"); or
- (ii) if no express Interest Payment Date(s) is/are specified, the number of months or other period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date (as defined in Condition 5(b)(i) if no Interest Payment Dates are specified in the Pricing Supplement) and from (and including) that and each successive Interest Payment Date thereafter to (but excluding) the next following Interest Payment Date (each an "Interest Period"), which may or may not be the same number of months or other period throughout the life of the Notes;
- (b) the margin (if any) (the "Margin") (which may remain the same throughout the life of the Notes or increase and/or decrease), specifying whether such Margin is to be added to, or subtracted from, the relevant ISDA Rate (as defined in Condition 5(b)(iii)) or, as the case may be, the Reference Rate (as defined below);
- (c) the basis upon which such Notes will bear interest (which may be a fixed or floating rate or both, or index or formula linked or upon a zero coupon basis or a combination) (the "Interest Basis");
- (d) the minimum rate of interest ("Rate of Interest"), if any, at which the Notes will bear interest (which may remain the same throughout the life of the Notes or increase and/or decrease) (the "Minimum Interest Rate"); and
- (e) the maximum Rate of Interest, if any, at which the Notes will bear interest (which may remain the same throughout the life of the Notes or increase and/or decrease) (the "Maximum Interest Rate");
- (16) the manner in which the Rate of Interest is to be determined, including:
 - (a) where the Rate of Interest is to be determined by reference to the ISDA Definitions (as defined in Condition 5(b)(i) and described in Condition 5(b)(iii)) ("ISDA Determination"):
 - (i) the "Floating Rate Option";
 - (ii) the "Designated Maturity"; and
 - (iii) the "Reset Date(s)" if other than as provided in Condition 5(b)(iii)(C); or
 - (b) where the Rate of Interest is to be determined otherwise than by reference to the ISDA Definitions ("Screen Rate Determination"):
 - (i) the rate and period (the "Reference Rate") by reference to which the Rate of Interest is to be determined (the Reference Rate shall also include the relevant period by reference to which the Rate of Interest is to be calculated, e.g. three month Sterling LIBOR);
 - (ii) the dates on which the Rate of Interest is to be determined (each an "Interest Determination Date"); and
 - (iii) the page (the "Relevant Screen Page"), whatever its designation, on which the Reference Rate is for the time being displayed on the Reuter Monitor Money

Rates Service or the appropriate Associated Press-Dow Jones Telerate Service (or such other service as is specified in the applicable Pricing Supplement);

- (c) where the Rate of Interest is to be calculated otherwise than by reference to (a) or (b) above, details of the basis for determination of the Rate of Interest, any relevant Margin and any fall-back provisions;
- (d) if any Interest Payment Date (or other date) is to be subject to a business day convention, such business day convention, which may be:
 - (1) the Floating Rate Convention;
 - (2) the Following Business Day Convention;
 - (3) the Modified Following Business Day Convention;
 - (4) the Preceding Business Day Convention,each as defined in Condition 5(b)(i); or
 - (5) as otherwise specified;
- (e)
 - (i) any location to be open for business for the purposes of determining Interest Payment Dates pursuant to Condition 5(b)(i) if other than London or the principal financial centre of the Specified Currency (each an "Additional Business Centre"); and
 - (ii) the applicable definition of "Business Day" for the purposes of Condition 6 (if different from that set out in Condition 5(b)(i));
- (f) other terms relating to the method of calculating interest (including day count fractions, rounding up provisions and (if different from that set out in Condition 5(b)(vi)) the denominator to be used in the calculation of the Interest Amount (as defined in Condition 5(b)(vi)) payable in respect of the Notes);
- (g) details of the index (the "Index") to which amounts payable in respect of principal and/or interest are linked and/or the formula (the "Formula") to be used in determining the amount of principal and/or interest due (whether at maturity, on any Fixed Interest Date, any Interest Payment Date or otherwise), together with details of the agent responsible for calculating the amount of principal and/or interest due and details of the provisions regarding calculation of principal and/or interest in circumstances where such calculation by reference to the Index and/or the Formula is impossible and/or impracticable, and any other relevant terms;
- (h) details where the Notes are convertible automatically or at the option of the relevant Issuer and/or the holders of Notes into Notes of another Interest Basis, including the date(s) upon which such conversion will occur or such option(s) may be exercised, the new Interest Basis and any other terms; and
- (i) whether the Agent or another party (giving details) is to be responsible for calculating the Rate of Interest and Interest Amount in respect of any Notes;

PROVISIONS REGARDING PAYMENTS

- (17) the applicable definition of "Payment Day" (for the purposes of Condition 6) if different from that set out in Condition 6(d);

PROVISIONS REGARDING REDEMPTION/MATURITY

- (18) the day on which the Notes (unless previously redeemed or purchased and cancelled) will be redeemed (the "Maturity Date");
- (19)
 - (a) whether the Notes are to be redeemable at the option of the relevant Issuer (other than for taxation reasons) and/or the Noteholders;

- (b) the date(s) upon which redemption may occur (each an "Optional Redemption Date") and the redemption price(s) for the Notes (each an "Optional Redemption Amount") and/or the methods for calculating the same;
 - (c) in the case of Notes redeemable by the relevant Issuer in part, the minimum nominal amount of the Notes permitted to be so redeemed at any time (the "Minimum Redemption Amount") and any greater nominal amount of the Notes permitted to be so redeemed at any time (each a "Higher Redemption Amount"), if any; and
 - (d) any other terms applicable on redemption;
- (20) the amount at which each Note will be redeemed under Condition 7(a) (the "Final Redemption Amount"), generally expressed as a percentage of the nominal amount of the Notes and/or the method, if any, of calculating the same;
 - (21) the redemption amount (the "Early Redemption Amount") in respect of the Notes payable on redemption for taxation reasons or following an Event of Default and/or the method, if any, of calculating the same if required to be specified by, or if different from that set out in, Condition 7(e);

GENERAL PROVISIONS APPLICABLE TO AN ISSUE OF NOTES

- (22) details of any other relevant terms of such Notes or special conditions and of any modifications to the terms and conditions of the Notes as described below not inconsistent with the provisions of the Trust Deed;
- (23) details of any additional or alternative clearing system approved by the relevant Issuer, the Agent and the Trustee;
- (24) any additional selling restrictions which are required;
- (25) the method of distribution of the Notes (syndicated or non-syndicated) including, if syndicated, the names of the managers;
- (26) in the case of a syndicated issue, details of the stabilising manager, if any;
- (27) the Common Code for Euroclear and Cedel Bank and the ISIN; and
- (28) whether or not such Notes are to be listed on the London Stock Exchange or any other stock exchange.

If the applicable Pricing Supplement in relation to a specific Tranche of Notes specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modifications relate only to Conditions 1, 4, 5, 6, 7 (except Condition 7(b)), 11, 12, 13, 14 (insofar as Notes are not listed on any stock exchange) and 16, they will not necessitate the preparation of a supplementary prospectus. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplementary prospectus or a further prospectus describing the modification will be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and endorsed upon each definitive Note. The applicable Pricing Supplement in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, supplement, replace or modify the following Terms and Conditions for the purposes of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note. Reference should be made to "Form of the Notes" above for a description of the contents of the Pricing Supplement which will include the definition of certain terms used in the following Terms and Conditions.

This Note is one of a series of Notes constituted by a Trust Deed (the "Principal Trust Deed") dated 16th January, 1995 as modified by a First Supplemental Trust Deed (together with the Principal Trust Deed, the "Trust Deed") dated 4th April, 1996 made between Rank Organisation Finance B.V. ("Rank Finance"), The Rank Organisation Plc ("Rank") in its capacity both as an issuer of Notes and as guarantor of Notes issued by Rank Finance (in such latter capacity, the "Guarantor") and Prudential Trustee Company Limited (the "Trustee", which expression shall include any successor as trustee). References herein to the "Issuer" shall be references to the party specified as such in the applicable Pricing Supplement (as defined below). References herein to the "Notes" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Bearer Notes issued in exchange or part exchange for a global Note, (iii) definitive Registered Notes issued in exchange or part exchange for a temporary global Note and (iv) any global Note. The Notes, the Receipts and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement, as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 16th January, 1995 and made between Rank, Rank Finance, Morgan Guaranty Trust Company of New York as issuing and principal paying agent (the "Agent", which expression shall include any successor agent) and as registrar (the "Registrar", which expression shall include any successor registrar), the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), the transfer agents named therein (the "Transfer Agents", which expression shall include any additional or successor transfer agents) and the Trustee.

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes do not have Receipts or Coupons attached on issue.

The Trustee acts for the benefit of the holders of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a global Note, be construed as provided below), the holders of the Receipts (the "Receiptholders") and the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or endorsed hereon.

As used herein, "Tranche" means all Notes with the same Issue Date and which are the subject of the same Pricing Supplement and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement (which contains the form of the Pricing Supplement) and the applicable Pricing Supplement are available for inspection at the registered office of the Trustee, being (at 4th April, 1996) at 142 Holborn Bars, London EC1N 2NH, and at the specified offices of each of the

Agent, the other Paying Agents, the Registrar and the Transfer Agents save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder upon proof satisfactory to the Agent, the relevant other Paying Agent, the Registrar, the relevant Transfer Agent or the Trustee, as the case may be, as to identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form ("Bearer Notes") and/or in registered form ("Registered Notes"), as specified in the applicable Pricing Supplement, and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note, a Dual Currency Note or a Partly Paid Note, or a combination of any of the foregoing, depending upon the Interest/Payment Basis shown in the applicable Pricing Supplement.

In the case of Zero Coupon Notes references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon the registration of the transfer in the books of the Registrar. To the extent permitted by law, the Issuer, the Guarantor (where the Issuer is Rank Finance), any Paying Agent, the Registrar, any Transfer Agent and the Trustee may deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note shall be registered as the absolute owner thereof (notwithstanding any notice to the contrary (other than any notice delivered in compliance with the terms of this Note regarding transfer and exchange of Registered Notes as set forth in Condition 11) and whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and/or Cedel Bank, société anonyme ("Cedel Bank"), each person who is for the time being shown in the records of Euroclear or of Cedel Bank as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Cedel Bank as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where the Issuer is Rank Finance), the Registrar, any Paying Agent and any Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Guarantor (where the Issuer is Rank Finance), the Registrar, any Paying Agent and any Transfer Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Cedel Bank, as the case may be.

References to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent and the Trustee.

2. STATUS OF THE NOTES

The Notes and the related Receipts and Coupons constitute direct, unconditional and (subject to Condition 3(b)) unsecured obligations of the Issuer and, subject as aforesaid, will at all times rank *pari passu* and

without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

3. GUARANTEE AND NEGATIVE PLEDGE

- (a) The payment of principal and interest and all other sums payable by Rank Finance under the Trust Deed in respect of the Notes issued by Rank Finance has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the "Guarantee"). The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to paragraph (b) of this Condition) unsecured obligations of the Guarantor and will at all times rank *pari passu* and at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.
- (b) So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor (where the Issuer is Rank Finance) the Guarantor shall, and the Issuer or (where the Issuer is Rank Finance) the Guarantor shall procure that no other member of the Group will:
 - (aa) create or permit to subsist any Encumbrance on the whole or any part of its respective present or future assets; or
 - (bb) sell or dispose of any assets (other than a sale or disposal to another member of the Group) on terms whereby the asset is or may be leased or re-acquired by the Issuer, the Guarantor (where the Issuer is Rank Finance) or any of its or their Subsidiaries or Associated Companies, where the overall transaction is arranged primarily as a method of raising finance or financing the acquisition of the assets, unless the effect on the Group is that it is no longer interested in all or substantially all of the risks of ownership; or
 - (cc) sell or dispose of any receivables (other than a sale or disposal to another member of the Group) on recourse terms, except for the discounting of bills or notes in the ordinary course of trading,

except for:

- (i) liens arising by operation of law and securing amounts not more than 30 days overdue or where the payment of the amount in question is being contested in good faith; and
- (ii) any Encumbrance over any asset arising in the ordinary course of business as a result of a title-retention provision in the contract relating to the acquisition of that asset; and
- (iii) any Encumbrance on any asset if simultaneously with the creation of the Encumbrance the Notes are secured by an Encumbrance on other assets in form and substance satisfactory to the Trustee or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (iv) any Encumbrance subsisting over the property, assets or revenues of any Subsidiary prior to the date of it becoming a Subsidiary, provided that:
 - (A) the Encumbrance was not created in contemplation of the Subsidiary becoming a Subsidiary;
 - (B) the principal amount of the indebtedness intended to be secured by such Encumbrance shall not be increased after such date; and
 - (C) such Encumbrance is discharged within 12 months after the date on which such company becomes a Subsidiary or within such other period (if any) as the Trustee and Rank, may agree; and
- (v) any Encumbrance over any property or assets (or documents of title thereto) or revenues which are acquired by any member of the Group subject to such Encumbrance, but only if:

- (A) the principal amount of the indebtedness secured by such Encumbrance shall not thereafter be increased;
 - (B) such Encumbrance was not created in contemplation of the acquisition of such asset; and
 - (C) such Encumbrance is discharged within 12 months after the date of acquisition of such asset or within such other period (if any) as the Trustee and Rank may agree; and
- (vi) any Encumbrance (other than an Encumbrance included in sub-paragraphs (i), (ii) or (iii) above; and other than an Encumbrance included in sub-paragraph (iv) above to the extent that such Encumbrance has subsisted for less than 12 months (or such other period (if any) as the Trustee and Rank may agree) from the date referred to therein; and other than an Encumbrance included in sub-paragraph (v) above to the extent that the property or assets or revenues subject to which such Encumbrance subsists have been acquired for less than 12 months (or such other period (if any) as the Trustee and Rank may agree)) or sale or other disposal encompassed by paragraph (bb) or (cc) above if the aggregate of:
- (A) the aggregate amount of Financial Indebtedness secured by all such Encumbrances; and
 - (B) the aggregate principal amount of:
 - (I) indebtedness incurred in relation to any sale or disposal referred to in paragraph (bb) above; and
 - (II) the recourse element to the Group (net of any bad debt provision allowed for or to be allowed for in calculating that recourse element) in respect of receivables the subject of any sale or disposal referred to in paragraph (cc) above,
- does not exceed the higher of:
- (a) £100,000,000; and
 - (b) an amount equal to fifteen per cent. of Adjusted Share Capital and Reserves at the relevant time.

For the purpose of these Terms and Conditions:

“Adjusted Share Capital and Reserves” means the aggregate from time to time of:

- (a) the amount paid up or credited as paid up on the issued share capital of Rank; and
- (b) the amount standing to the credit of the consolidated reserves of the Group and the Group’s interest in the reserves of associated or related companies (taking into account any debit or credit balance on any share premium account, capital redemption reserve, special reserve and any credit balance on profit and loss account) all as shown by or calculated by reference to the then latest audited consolidated balance sheet of the Group but after deducting therefrom (to the extent not already eliminated in or deducted from the consolidation):
 - (i) any debit balance on profit and loss account (except to the extent that such deduction has already been made);
 - (ii) any amounts attributable to goodwill, patents and trademarks and similar intangibles and to minority interests; and
 - (iii) any revaluation reserve of the Group except to the extent that it arises from a revaluation carried out by an independent professional valuer or from a revaluation of assets on their acquisition by the Group,

and adjusted to reflect any variation in the amount of such paid up share capital, share premium account, capital redemption reserve or special reserve since the

then latest audited consolidated balance sheet of the Group, including for this purpose any underwritten element of any issue or proposed issue of shares by Rank from the date such underwriting is unconditional, all as calculated in accordance with generally accepted accounting principles in England and Wales and all subject as provided in the Trust Deed.

If as a result of:

- (i) the introduction, variation or amendment of any law or the application or interpretation thereof; or
- (ii) the introduction, variation or amendment of any recommendation or statement issued by the Institute of Chartered Accountants in England and Wales or the London Stock Exchange Limited with which Rank or the Auditors are expected to comply,

the basis upon which Rank is required for any purpose to draw up its audited consolidated financial statements is altered in any material respect then:

- (a) the Trustee and Rank shall endeavour to agree and upon any such agreement shall make such modifications to the definition of "Adjusted Share Capital and Reserves" contained in this Condition as are appropriate in the light of the alteration; or
- (b) failing such agreement, computations under such definition shall be made in accordance with such accounting principles as the Auditors shall certify as being substantially similar in effect to those in force at the date of the Trust Deed.

"Associated Company" means any company, other than a Subsidiary of Rank, any shares in which are owned by Rank or a Subsidiary of Rank.

"Auditors" means the auditors for the time being of Rank or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the terms of the Trust Deed, such other firm of chartered accountants as may be nominated by Rank and approved by the Trustee, or failing such nomination or approval as the Trustee may nominate for the purpose.

"Encumbrance" means any mortgage, pledge, lien, charge, assignment by way of security, hypothecation or security interest or any other agreement or arrangement having the effect of conferring any of the same.

"Financial Indebtedness" means any indebtedness incurred in respect of:

- (a) borrowings;
- (b) moneys raised by way of acceptance credits, finance leases or the issue of any debenture, bond, note, loan stock or other security;
- (c) documentary credits;
- (d) the acquisition cost of property, assets or services to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment was arranged primarily as a method of raising finance or financing the acquisition of the property, assets or services acquired, but excluding liabilities incurred in relation to the acquisition of property, assets or services in the ordinary course of trading;
- (e) any guarantee or indemnity or similar assurance against financial loss; and
- (f) net liabilities under interest rate exchange agreements, currency exchange agreements, interest rate cap, collar or floor agreements, forward rate agreements and other similar agreements and options with respect thereto.

"Group" means Rank and its Subsidiaries and "member of the Group" shall be construed accordingly.

"Principal Subsidiary" means at any time a Subsidiary of Rank:

- (a) whose pre-tax profits attributable to Rank (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose Adjusted Share Capital and Reserves (calculated *mutatis mutandis* as provided above but as if references to Rank were references to such Subsidiary and references to Group were references to such Subsidiary and any Subsidiaries of that Subsidiary) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant published audited consolidated accounts of the Group relate, are equal to) not less than 10 per cent. of the consolidated pre-tax profits attributable to the shareholders of Rank, or, as the case may be, the Adjusted Share Capital and Reserves, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Group; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of Rank which latter Subsidiary immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this sub-paragraph (b) on the date on which the published audited consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after such date by virtue of the provisions of sub-paragraph (a) above;

provided that (i) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated pre-tax profits attributable to Rank and Adjusted Share Capital and Reserves shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared as at the date of the latest published audited accounts of the relevant Subsidiary and agreed by the Auditors; and (ii) in all cases, the accounts used for the purposes of this definition shall be adjusted in such manner as the Auditors think fair and appropriate to take account of significant changes in the Adjusted Share Capital and Reserves, undertaking or assets of the relevant Subsidiary and its Subsidiaries (if any) and of the Group since the date of the relevant published audited accounts.

For the purposes of this definition if there shall at any time not be any relevant published audited consolidated accounts of the Group, references thereto herein shall be deemed to refer to a pro forma consolidation prepared by Rank and agreed by the Auditors of the relevant published audited accounts of the Group.

A report by the Auditors that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"Subsidiary" has the meaning ascribed to it in section 736 of the Companies Act 1985 (as amended by the Companies Act 1989) as at 16th January, 1995.

4. COMPOSITION OF THE ECU

The ECU in which any Notes (other than Dual Currency Notes) are denominated or, in the case of Dual Currency Notes, the value of the ECU in which any such Notes are payable is the same as the ECU that is from time to time used as the unit of account of the European Communities (the "EC"). Changes to the ECU may be made by the EC, in which event the ECU will change accordingly.

Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union, the currency composition of the ECU may not be changed. From the start of the third stage of European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed, and the ECU will become a currency in its own right.

5. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Fixed Interest Date(s) in each year and on the Maturity Date if that does not fall on a Fixed Interest Date. The first payment of interest will be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount. If the Maturity Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount.

If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(b) Interest on Floating Rate Notes and Indexed Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Indexed Interest Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Interest Payment Date(s) in each year (the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date being an "Interest Period")); or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

If any Interest Payment Date (or other date) which is specified in the applicable Pricing Supplement to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (i) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date (or such other date) shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) occurred; or
- (ii) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding day which is a Business Day; or
- (iv) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding day which is a Business Day.

In this Condition, "Business Day" means a day which is both:

- (A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and any other place as is specified in the applicable Pricing Supplement (each an "Additional Business Centre"); and

- (B) either (1) in relation to interest payable in a Specified Currency other than ECU, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Additional Business Centre) or (2) in relation to interest payable in ECU, an ECU Settlement Date (as defined in the 1991 ISDA Definitions, as amended, updated or replaced as at the date of issue of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions"))).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (iii), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period equal to that Interest Period; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (iii), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (iii) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under sub-paragraph (vi) below in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (iii).

(iv) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at approximately 11.00 a.m. (London time) on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this sub-paragraph (iv) in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than the London inter-bank offered rate, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such minimum Rate of Interest and/or if it specifies a maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Indexed Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Indexed Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Indexed Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 (or 365/366 in the case of Notes denominated in Sterling), or such other denominator determined by the Agent to be customary for such calculation, and rounding the resultant figure to the nearest U.S. cent (or its approximate equivalent in the relevant other Specified Currency), half a U.S. cent (or its approximate equivalent in the relevant other Specified Currency) being rounded upwards.

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (where the Issuer is Rank Finance), the Trustee and any stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and notice thereof to be given in accordance with Condition 14 as soon as possible after their determination but in no event later than the day which is the fourth London Business Day (as defined in Condition 6(c)) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(viii) Determination or Calculation by Trustee

If for any reason the Agent or, if applicable, the Calculation Agent at any time after the Issue Date defaults in its obligations to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii), (iii) or (iv) above, as the case may be, and, in each case, (vi) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or, if applicable, the Calculation Agent.

(ix) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), whether by the Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (where the Issuer is Rank Finance), the Agent, the Calculation Agent (if applicable), the Trustee, the other Paying Agents, the Registrar, the Transfer Agents and all Noteholders, Receipholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (where the Issuer is Rank Finance), the Noteholders, the Receipholders or the

Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Dual Currency Notes

In the case of Indexed Notes or Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an index and/or a formula or, as the case may be, an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of Interest

Each interest-bearing Note (or, in the case of the redemption of part only of such a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

6. PAYMENTS

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than ECU will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be an authorised foreign exchange bank) in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in ECU will be made by credit or transfer to an ECU account specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender (or, in the case of part payment of any sum due only, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender (or, in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. Subject as provided below, no payment in respect of any definitive Bearer Note or Coupon will be made upon presentation of such definitive Bearer Note or Coupon at any office or agency of the Issuer or any Paying Agent in the United States, nor will any such payments be made by transfer to an account, or by mail to an address, in the United States.

Payment of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the

manner provided in paragraph (a) above against surrender of the relevant definitive Bearer Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Indexed Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any such Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Indexed Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such definitive Bearer Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of the relevant global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) will be discharged by payment to, or to the order of, the holder of such global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Cedel as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Cedel, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). No person other than the holder of such global Note (or the Trustee, as the case may be) shall have any claim against the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of Bearer Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used in this Condition, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)):

- (a) if: (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange

controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law; and/or
- (b) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Guarantor (where the Issuer is Rank Finance), adverse tax consequences to the Issuer or the Guarantor (where the Issuer is Rank Finance).

Payments of principal in respect of definitive Registered Notes will be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Notes at the specified office of the Registrar or at the specified office of any Paying Agent. Payments of interest due on a definitive Registered Note and payments of instalments (if any) of principal on a definitive Registered Note, other than the final instalment, will be made to the person in whose name such Note is registered at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the "Record Date")) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder's registered address on the business day immediately preceding the due date. If payment is required by credit or transfer as referred to in paragraph (a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

(c) Payment in a Component Currency

If any payment of principal or interest in respect of a Note is to be made in ECU and, on the relevant due date, the ECU is used neither as the unit of account of the EC nor as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation, if, in the opinion of the Trustee, such consultation is practicable, with the Issuer and the Guarantor (where the Issuer is Rank Finance), choose a currency which was a component of the ECU when the ECU was most recently used as the unit of account of the EC or the currency of the European Union (the "chosen currency") in which all payments due on that due date with respect to such Notes, Receipts and Coupons shall be made. Notice of the chosen currency selected by the Trustee shall, where practicable, be published in accordance with Condition 14. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (c), as of the fourth London Business Day prior to the date on which such payment is due. For the purposes of this paragraph (c), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.

Without prejudice to the preceding paragraph, on the first London Business Day from which the ECU ceases to be used either as the unit of account of the EC or as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation, if, in the opinion of the Trustee, such consultation is practicable, with the Issuer and the Guarantor (where the Issuer is Rank Finance) choose a currency which was a component of the ECU when the ECU was most recently used as the unit of account of the EC or the currency of the European Union (also the "chosen currency") in which all payments with respect to Notes, Receipts and Coupons having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (c), as of such first London Business Day.

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined on the following basis by the Agent. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts which were components of the ECU.

The equivalent of the ECU in the chosen currency shall be calculated by, first, aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set forth below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

The U.S. dollar equivalent of each of the Components shall be determined by the Agent on the basis of the middle spot delivery quotations prevailing at approximately 11.00 a.m. (London time) on the Day of

Valuation, as obtained by the Agent from one or more leading banks as selected by the Agent in the country of issue of the Component in question.

If the official unit of any Component is altered by way of combination or sub-division, the number of units of that Component shall be divided or multiplied in the same proportion. If two or more Components are consolidated into a single currency, the amounts of those Components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Components expressed in such single currency. If any Component is divided into two or more currencies, the amount of that Component shall be replaced by amounts of such two or more currencies each of which shall be equal to the amount of the former Component divided by the number of currencies into which that Component was divided.

If no direct quotations are available for a Component as of a Day of Valuation from any of the banks selected by the Agent for this purpose because foreign exchange markets are closed in the country of issue of the Component or for any other reason, the most recent direct quotations for that Component obtainable by the Agent shall be used in computing the U.S. dollar equivalent of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue of each Component not more than two London Business Days before such Day of Valuation. If the most recent quotations obtained by the Agent are those which were so prevailing more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such Component and for the U.S. dollar prevailing at approximately 11.00 a.m. (London time) on such Day of Valuation, as obtained by the Agent from one or more leading banks, as selected by the Agent and approved by the Trustee, in a country other than the country of issue of such Component. If such most recent quotations obtained by the Agent are those which were so prevailing not more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if the Trustee judges that the U.S. dollar equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. Unless otherwise specified by the Trustee, if there is more than one market for dealing in any Component by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such Component shall be that upon which a non-resident issuer of securities denominated in such Component would ordinarily purchase such Component in order to make payments in respect of such securities.

All choices and determinations made by the Trustee or the Agent for the purposes of this paragraph (c) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer, the Guarantor (where the Issuer is Rank Finance) and all Noteholders, Receiptholders and Couponholders.

Whenever a payment is to be made in a chosen currency as provided in this paragraph (c), such chosen currency shall be deemed to be the Specified Currency for the purposes of the other provisions of this Condition.

(d) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), then the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Condition (unless otherwise specified in the applicable Pricing Supplement), "Payment Day" means any day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation; and
- (ii) a Business Day (as defined in Condition 5(b)(i)).

(e) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes;
- (iv) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the applicable Pricing Supplement (in the case of a Floating Rate Note).

(b) Redemption for Tax Reasons

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, (i) as a result of any change in, or amendment to, the laws or regulations of, in the case where Rank is the Issuer or in the case of the Guarantor, the United Kingdom, or, in the case of Rank Finance, The Netherlands or the United Kingdom or, in each case, any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes, on the occasion of the next payment due under the Notes or (if applicable) the Guarantee, the Issuer or the Guarantor (where the Issuer is Rank Finance) would be required to pay additional amounts as provided or referred to in Condition 8 and (ii) such requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 90 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), at their Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) would be required to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) stating that the requirement referred to in (i) above cannot be avoided by the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

(c) Redemption at the Option of the Issuer

If so specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 30 nor more than 90 days' notice in accordance with Condition 14 to the Noteholders; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee and the Agent,

(both of which notices shall be irrevocable), redeem all or some only (as specified in the applicable Pricing Supplement) of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Bearer Notes (or, as the case may be, parts of Registered Notes) to be redeemed ("Redeemed Notes") will be selected individually by lot (without involving any part of a Bearer Note), in the case of the Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Cedel, in the case of Redeemed Notes represented by a global Note, not more than 90 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the certificate numbers of such Redeemed Notes will be given in accordance with Condition 14 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 10 days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note to the specified office of any Paying Agent or, as the case may be, the Registrar at any time during the normal business hours of such Paying Agent or the Registrar within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Registrar (a "Put Notice") in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this paragraph (d).

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Pricing Supplement or, if no such amount or manner is so set out in the applicable Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of:
 - (A) the Reference Price; and

- (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable,

or such other amount as is provided in the applicable Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

Notes which are Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (c) above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) Purchases

The Issuer, the Guarantor (where the Issuer is Rank Finance) or any of their respective Subsidiaries (and any direct or indirect Subsidiary of the Guarantor) may at any time purchase or otherwise acquire Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts and Coupons appertaining thereto are attached thereto or surrendered therewith) in the open market either by tender or private agreement or otherwise, without restriction as to price. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor (where the Issuer is Rank Finance), surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with, in the case of definitive Bearer Notes, all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (h) above (together with, in the case of definitive Bearer Notes, all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date five days after all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the date five days after the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

8. TAXATION

All payments by the Issuer or by the Guarantor under the Guarantee (where the Issuer is Rank Finance) in respect of the Notes, Receipts and Coupons (other than payments of interest in respect of Registered

Notes where Rank is the Issuer which will be made subject to the deduction of any United Kingdom tax required to be withheld at source) shall be made without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of, if the Issuer is Rank or in the case of the Guarantor, the United Kingdom or any political sub-division or any authority thereof or therein having power to tax, or, if the Issuer is Rank Finance, The Netherlands or the United Kingdom or, in either case, any political sub-division or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, except where the Issuer is Rank and the Notes are Registered Notes, the Issuer or, as the case may be, the Guarantor (where the Issuer is Rank Finance) shall pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders, Receiptholders or Couponholders after such withholding or deduction shall equal the amounts which would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with, if the Issuer is Rank, the United Kingdom or, if the Issuer is Rank Finance, The Netherlands or the United Kingdom, other than the mere holding or ownership of such Note, Receipt or Coupon; or
- (ii) by or on behalf of a holder who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days on the assumption, if such is not the case, that such last day was a business day in the place of presentation; or
- (iv) in the case of a Note, Receipt or Coupon issued by Rank, at the specified office of a Paying Agent in the United Kingdom.

As used herein, the "Relevant Date" means the date on which such payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect has been duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to its having been indemnified to its satisfaction), give notice to the Issuer and the Guarantor (where the Issuer is Rank Finance) that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount together with any accrued interest as provided in the Trust Deed, in any of the following events ("Events of Default"):

- (i) if default is made in the payment of principal or interest due in respect of the Notes or any of them and such default continues for a period of ten days, in the case of principal, and fourteen days, in the case of interest; or
- (ii) if the Issuer or the Guarantor (where the Issuer is Rank Finance) fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed

and (except where the Trustee considers such failure to be incapable of remedy when no such continuation or notice as is hereafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or the Guarantor (where the Issuer is Rank Finance) of notice requiring the same to be remedied; or

- (iii) if any Financial Indebtedness of the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Subsidiary of Rank becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer, the Guarantor or any Subsidiary of Rank fails to make any payment in respect thereof on the due date for such payment as extended by any applicable grace period as provided for in the documentation evidencing such Financial Indebtedness or the security given by the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Subsidiary of Rank for any such Financial Indebtedness becomes enforceable and steps are taken to enforce the same, provided that no such event as aforesaid shall constitute an Event of Default unless the aggregate principal amount of all such Financial Indebtedness outstanding and for the time being unpaid (including the Financial Indebtedness in respect of which such event shall have occurred) shall be an amount equal to at least 3 per cent. of the Adjusted Share Capital and Reserves; or
- (iv) if the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as the section may be amended by order under section 416 or otherwise) or if the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary becomes unable to pay its debts as they fall due; or
- (v) if the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary suspends making payments (whether of principal or interest) or, in the case of Rank Finance, applies for a "*surséance van betaling*" (within the meaning of the Statute of Bankruptcy of The Netherlands ("*Faillissementswet*")) with respect to all or any class of its debts having an aggregate principal amount equal to at least 3 per cent. of the Adjusted Share Capital and Reserves or formally announces an intention to do so, save in compliance with the provisions of Condition 18 or for the purposes of reorganisation or other similar arrangement on terms previously approved in writing by the Trustee; or
- (vi) if the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary shall cease or threaten to cease to carry on the whole or substantially the whole of its business, save, in the case of a Principal Subsidiary, upon the disposal to the Issuer, the Guarantor (where the Issuer is Rank Finance) or another Subsidiary of Rank or for full consideration or, in any case, in compliance with the provisions of Condition 18 or for the purposes of reorganisation or other similar arrangement on terms previously approved in writing by the Trustee; or
- (vii) if any kind of composition, scheme of arrangement, compromise or similar arrangement involving the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary and their respective creditors generally (or any class of them) being creditors in respect of indebtedness having an aggregate principal amount equal to at least 3 per cent. of the Adjusted Share Capital and Reserves is entered into save in compliance with the provisions of Condition 18 or for the purposes of reorganisation or other similar arrangement on terms previously approved in writing by the Trustee; or
- (viii) if any administrative or other receiver or any manager of the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary is appointed over the whole or a substantial part of their respective property, or any charge or other security over the whole or a substantial part of the Issuer's, the Guarantor's (where the Issuer is Rank Finance) or any Principal Subsidiary's property is enforced or any kind of attachment, sequestration, distress or execution against the whole or a substantial part of the Issuer's, the Guarantor's (where the Issuer is Rank Finance) or any Principal Subsidiary's property is levied, enforced or sued out and is not removed, discharged or paid out within 14 days; or
- (ix) if any order is made or resolution passed for the winding up of the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary except for an order or resolution for the solvent winding up of a Principal Subsidiary where the assets thereof

attributable directly or indirectly to the Issuer or the Guarantor (where the Issuer is Rank Finance) are distributed to any one or more of the Issuer, the Guarantor (where the Issuer is Rank Finance) and Rank's Subsidiaries, or an administration order is made in relation to the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary, save in each case in compliance with the provisions of Condition 18 or for the purposes of reorganisation or other similar arrangement on terms previously approved in writing by the Trustee; or

- (x) if there occurs, in relation to the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary, in any country or territory in which it carries on business or to the jurisdiction of whose courts it or any of its property is subject any event which appears to the Trustee to correspond in that country or territory with any of those mentioned in paragraphs (iv) to (ix) inclusive above or the Issuer, the Guarantor (where the Issuer is Rank Finance) or any Principal Subsidiary otherwise becomes subject, in any such country or territory, to any law relating to insolvency, bankruptcy or liquidation, save in compliance with the provisions of Condition 18 or for the purposes of reorganisation or other similar arrangement on terms previously approved in writing by the Trustee; or
- (xi) if, where the Issuer is Rank Finance, the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect;

provided, in the case of any such Events of Default other than those described in sub-paragraphs (i) and (in the case of winding up of the Issuer or the Guarantor (where the Issuer is Rank Finance)) (ix) above, the Trustee shall have certified to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

11. TRANSFER AND EXCHANGE OF REGISTERED NOTES AND REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Upon the terms and subject to the conditions set forth in the Agency Agreement and the Trust Deed, a definitive Registered Note may be transferred in whole or in part (in the principal amount of U.S.\$150,000 or any integral multiple of U.S.\$50,000 or not less than the equivalent in any other currency as specified in the applicable Pricing Supplement) by the transferor depositing the definitive Registered Note for registration of the transfer of the Registered Note (or the relevant part of the definitive Registered Note) at the specified office of either the Registrar or a Transfer Agent, with the form of transfer endorsed thereon, or accompanied by a written instrument of transfer in a form satisfactory to the Issuer and the Registrar in each case duly completed and signed by or on behalf of the transferor or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent after due and careful enquiry being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar (with the prior approval of the Trustee) may prescribe, including any restrictions imposed by the Issuer on transfers of definitive Registered Notes originally sold to a U.S. person.

Subject as provided above, the Registrar or the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by regular uninsured mail to such address as the transferee may request a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

If so specified in the applicable Pricing Supplement, upon the terms and subject to the conditions set out in the Agency Agreement and the Trust Deed, a definitive Bearer Note (provided that all unmatured Coupons and Receipts (if any) appertaining to the definitive Bearer Note are attached) may be exchanged for a definitive Registered Note of a like aggregate nominal amount by surrender of the definitive Bearer Note, Coupons and Receipts (if any) to the Registrar or the relevant Transfer Agent at its specified office, together with a written request for the exchange in the form for the time being available from the specified office of the Registrar or a Transfer Agent, provided that a definitive Bearer Note surrendered in exchange

for a definitive Registered Note after a Record Date and on or before the next following Interest Payment Date or Fixed Interest Date (as the case may be) is not required to be surrendered with the Coupon maturing on the next following Interest Payment Date or Fixed Interest Date (as the case may be). Interest on a definitive Registered Note issued on exchange will accrue as from the immediately preceding Interest Payment Date or Fixed Interest Date (as the case may be) or the Issue Date or the Interest Commencement Date (as the case may be) if the exchange is to take place prior to the first Interest Payment Date or Fixed Interest Date (as the case may be) for the Notes, except where issued in respect of a definitive Bearer Note surrendered after a Record Date and on or before the next following Interest Payment Date or Fixed Interest Date (as the case may be), in which event interest shall accrue as from the next following Interest Payment Date or Fixed Interest Date (as the case may be). Within three business days (as aforesaid) of the request, the Registrar or the relevant Transfer Agent will authenticate and deliver at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the request a Registered Note of a like aggregate nominal amount to the definitive Bearer Note exchanged. Whilst any definitive Bearer Notes are represented by a permanent global Note, any Noteholder wishing to exchange his interest in such permanent global Note for a definitive Registered Note shall give notice to such effect to the Registrar or the relevant Transfer Agent via Euroclear and/or Cedel whereupon the Registrar or the relevant Transfer Agent will authenticate and deliver a definitive Registered Note in like aggregate nominal amount to the Bearer Note exchanged in the manner provided above, and shall arrange for the nominal amount of Bearer Notes represented by such permanent global Note to be reduced accordingly.

No exchange of a Registered Note for a Bearer Note will be permitted.

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required:

- (a) to register the transfer of definitive Registered Notes (or parts of definitive Registered Notes) during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (b) to register the transfer of any definitive Registered Note, or part of a definitive Registered Note, called for partial redemption; or
- (c) to exchange any Bearer Note called for partial redemption;

except that a Bearer Note so called for redemption may be exchanged for a definitive Registered Note which is simultaneously surrendered not later than the relevant Record Date.

Noteholders will not be required to bear the costs and expenses of effecting any exchange or registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration or exchange.

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Replacement Agent, in the case of a Bearer Note, Receipt or Coupon, or the Registrar, in the case of a Registered Note, or any other place approved by the Trustee of which notice shall have been given in accordance with Condition 14, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENT, PAYING AGENTS, REGISTRAR AND TRANSFER AGENTS

The names of the initial Agent, the other initial Paying Agents, the initial Registrar and the initial Transfer Agents and their initial specified offices are set out below.

The Issuer and the Guarantor (where the Issuer is Rank Finance) are, with the prior approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Agent) and/or, as appropriate, a Transfer Agent (which may be

the Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

- (ii) there will at all times be a Paying Agent (other than the Registrar) (which may be the Agent) and/or, as appropriate, a Transfer Agent (which may be the Agent) with a specified office in a city approved by the Trustee in continental Europe;
- (iii) there will at all times be an Agent; and
- (iv) there will at all times be a Registrar with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange.

In addition, the Issuer and the Guarantor (where the Issuer is Rank Finance) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the last but one paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. EXCHANGE OF TALONS

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon Sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

14. NOTICES

- (a) All notices regarding the Bearer Notes shall be valid if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* or another daily newspaper in London approved by the Trustee or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe. Any such notice will be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.
- (b) All notices to holders of Registered Notes will be valid if mailed to their registered addresses. Any such notice shall be deemed to have been given on the fourth day after the date on which it is mailed.
- (c) Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Euroclear and Cedel Bank, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Cedel Bank for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Cedel Bank.
- (d) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent and/or the Registrar. Whilst any of the Notes are represented by a global Note, such notice may be given by any Noteholder to the Agent and/or the Registrar via Euroclear and/or Cedel Bank, as the case may be, in such manner as the Agent and/or the Registrar and Euroclear and/or Cedel Bank, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interest, including the sanctioning by Extraordinary Resolution of a modification of any of

these Terms and Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of these Terms and Conditions (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons) or certain provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (subject as provided above) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or may determine that any condition, event or act which, but for such determination, would constitute an Event of Default, shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

In connection with the exercise by it of any of its trusts, powers, authorities, or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Noteholders, Receiptholders or Couponholders, to create and issue further notes ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) with the outstanding Notes and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. ENFORCEMENT

The Trustee may at its discretion and without further notice take such proceedings against the Issuer and/or the Guarantor (where the Issuer is Rank Finance) as it may think fit to enforce the obligations of the Issuer and/or the Guarantor (where the Issuer is Rank Finance) under the Trust Deed and the Notes, Receipts and Coupons, but it shall not be bound to take any such proceedings or any other action unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by holders of at least one-fifth in nominal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor (where the Issuer is Rank Finance) unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

18. SUBSTITUTION

The Trustee may, without the consent of the Noteholders, the Receiptholders or the Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition)

as the principal debtor under the Trust Deed in respect of the Notes, the Receipts and the Coupons of (a) any Subsidiary of the Guarantor, subject to (i) the Guarantor unconditionally and irrevocably guaranteeing all amounts payable under the Trust Deed in respect of the Notes, the Receipts and the Coupons on terms *mutatis mutandis* to those set out in the Guarantee, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with or (b) the Guarantor (where the Issuer is Rank Finance).

19. INDEMNIFICATION

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Trust Deed (including the Guarantee), the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

Rank Finance has irrevocably agreed in the Trust Deed to submit, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, to the jurisdiction of the English courts to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons may be brought in such courts and has in the Trust Deed further irrevocably waived any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained herein shall limit any right to take Proceedings against Rank Finance in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Rank Finance has in the Trust Deed appointed Rank at its registered office for the time being as its agent for service of process in England in respect of any Proceedings and has agreed that, in the event of Rank ceasing to act, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes.

DESCRIPTION OF RANK ORGANISATION FINANCE B.V.

RANK ORGANISATION FINANCE B.V.

Rank Organisation Finance B.V. is an indirect subsidiary of Rank and was incorporated with limited liability in The Netherlands on 27th June, 1991 for an unlimited period under Netherlands law and has been registered in the Commercial Register of the Chamber of Commerce of Amsterdam under number 230.508. Rank Finance has an authorised share capital of Dfl. 200,000 consisting of 200 ordinary shares of Dfl. 1,000 each, of which Dfl. 100,000 is issued and fully paid. Rank Holdings (Netherlands) B.V. (a wholly owned subsidiary of Rank Overseas Holdings Limited, itself a wholly owned subsidiary of Rank) owns all the issued share capital of Rank Finance. The business of Rank Finance is the raising of finance for the purpose of lending it to Rank and its subsidiaries (the "Group"). The registered and head office of Rank Finance is Hoekenrode 6-8, 1000 BL Amsterdam. Rank Finance has no subsidiaries.

BOARD OF DIRECTORS

The Board of Directors of Rank Finance consists of:

Mr John H. Watson — Executive Vice-President and Chief Financial Officer, Rank America Inc.

Mr Wesley S. Walton — Partner, Keck, Mahin, & Cate, Attorneys at law, Chicago.

Mr Nigel V. Turnbull — Finance Director, The Rank Organisation Plc.

Amro Trust B.V. — part of ABN AMRO Bank N.V.

The business address for the above is Hoekenrode 6-8, 1000 BL Amsterdam.

Rank Finance is managed by Amro Trust B.V. which is owned by ABN AMRO Trust. The Supervisory Directors of ABN AMRO Trust are: R.W.F. van Tets — Member of the Managing Board of ABN AMRO Bank N.V. J. Vroegop — Executive Vice-President of ABN AMRO Bank N.V.

CAPITALISATION OF RANK ORGANISATION FINANCE B.V.

The following table sets out the capitalisation of Rank Finance as at 31st December, 1995 (as extracted from the audited annual accounts).

	Authorised	Issued and fully paid up
	Dfl	Dfl
Share Capital	200,000	100,000
Accumulated Deficit		(64,663)
		<hr/> 35,337 <hr/>

Note 1: There has been no material change in the capitalisation of Rank Finance since 31st December, 1995.

Note 2: Rank Finance has no outstanding loan capital, indebtedness or contingent liabilities.

Report of the Auditors

We have examined the financial information set out on pages 41 to 43 of the U.S.\$500,000,000 Medium Term Note Prospectus dated 4th April, 1996.

In our opinion the financial information is consistent with the annual accounts of Rank Organisation Finance B.V. for the three periods ended 31st December, 1995, 31st October, 1994 and 31st October, 1993, which we audited in accordance with generally accepted Auditing Standards in The Netherlands and on which we reported without qualification that the accounts gave a true and fair view.

Amstelveen
4th April, 1996
KPMG Accountants N.V.
The Netherlands

THREE YEAR FINANCIAL INFORMATION OF RANK ORGANISATION FINANCE B.V.

The following table sets out the assets and liabilities of Rank Finance at 31st October, 1993 and 1994 and 31st December, 1995 and its results for the three periods then ended as extracted from the audited annual accounts.

Balance Sheet	1995 Dfl	1994 Dfl	1993 Dfl
Current Assets			
Securities	0	6,775,740	0
Receivable from Group Companies	41,408	0	9,744
Cash at Banks	381	806	914
Total Assets	41,789	6,776,546	10,658
Capital and Reserves			
Share Capital	100,000	100,000	40,000
Accumulated Deficit	(50,967)	(31,639)	(20,316)
Current Period Result	(13,696)	(19,328)	(11,323)
Shareholders Funds	35,337	49,033	8,361
Current Liabilities			
Accrued Expenses	6,452	2,693	2,297
Due to Group Companies	0	6,724,820	0
Total Liabilities	41,789	6,776,546	10,658
Profit and Loss Account	1995 Dfl	1994 Dfl	1993 Dfl
Interest Income	2	0	5
General and Administrative expenses	(35,715)	(19,328)	(11,328)
Corporate income tax benefit	22,017	0	0
Result for period before and after taxation	(13,696)	(19,328)	(11,323)

NOTES TO THE ANNUAL ACCOUNTS AS AT 31ST DECEMBER, 1995

Accounting Principles

General

The annual accounts have been drawn up on the basis of the historical cost convention. The financial year 1995 has been lengthened to 31st December, 1995. Future book years will now coincide with the calendar years.

Balance Sheet Valuation

Assets and liabilities are stated at their face value, unless indicated otherwise.

Securities

Securities are stated at the lower of cost and net realisable value.

Determination of results

The result determined is calculated as the difference between income and expenses. Profits and losses on transactions are accounted for in the year in which the transactions occur.

Foreign Currencies

Amounts in foreign currencies relating to the balance sheets have been translated to Dutch Guilders at the rates prevailing at the end of the year, unless otherwise stated. Transactions in foreign currencies are recorded in Dutch Guilders, translated at rates ruling at the time of the transactions.

Provisions regarding profit appropriation

Under article 14 of the Articles of Association the profit shall be at the disposal of the General Meeting of Shareholders.

The General Meeting of Shareholders shall have power to allow one or more interim dividends to be made payable.

At 31st December, 1995 the balance of capital and reserves is below Dfl 40,000. Under Dutch law, no profit can be distributed to shareholders as long as the capital and reserves do not exceed this amount.

Appropriation of the result

It is proposed to add the loss for the period amounting to Dfl 13,696 to the accumulated deficit.

Issued share capital

The authorised share capital amounts to Dfl 200,000, divided into 200 shares, with a par value of Dfl 1,000 each. At 31st December, 1995 100 shares have been subscribed.

Issued and Paid-in Capital

	Dfl
Balance as at 31st October, 1994	100,000
Issuance of Shares	0
Balance as at 31st December, 1995	100,000

Accrued expenses

	1995 Dfl	1994 Dfl	1993 Dfl
Management fee	6,452	2,693	2,297
	6,452	2,693	2,297

Securities

As at 31st October, 1994 the securities consisted of the 285,000 shares in A. Kershaw & Sons, Plc stated at cost to the company of Dfl 6,775,740.

General and administrative expenses

	1995 Dfl	1994 Dfl	1993 Dfl
Management fee	18,193	8,425	11,637
Tax advisory fees	10,692	0	0
Legal fees	5,232	10,046	493
Chamber of Commerce	54	57	89
Official Gazette	114	92	0
Telephone, telex and fax	1,002	0	0
Bank charges	428	108	109
Capital transfer tax	0	600	0
Other	0	0	(1,000)
	35,715	19,328	11,328

Corporate Income Tax Benefit

The Company is part of the fiscal entity of Rank Holdings (Netherlands) B.V. and the Company's fiscal result forms part of the group tax return. As a result of this the Company is severally liable for the fiscal obligations of the fiscal entity as a whole. Due to the fiscal loss of the group in 1993/1994 the losses of the Company in 1993/1994 could not be settled in the group's tax return of 1993/1994.

Directors

The Company has a Managing Board consisting of four members, of which only AMRO Trust B.V. has been paid a total remuneration of Dfl 18,193 during the financial period. There were no loans and advances granted to any members of the Managing Board.

Employees

The Company has no employees and hence incurred no wages, salaries and related social security charges during the financial period.

Corporate Matters

Rank Finance was founded on 27th June, 1991 and is a wholly owned subsidiary of Rank Holdings (Netherlands) B.V., a company incorporated in the Netherlands. Reference to "group companies" in the financial statements concern companies whose ultimate holding company is The Rank Organisation Plc.

DESCRIPTION OF THE RANK ORGANISATION PLC

PRINCIPAL ACTIVITIES

The Rank Organisation Plc is the parent company in the Group and is engaged in the world's film and television industries and leisure and entertainment in the United Kingdom, Europe and North America.

Rank has a major investment in Rank Xerox, which is owned jointly with Xerox Corporation, and is an equal partner in Universal Studios Florida, a major theme park in Orlando.

Rank Finance is the Dutch finance company to the Group.

BOARD OF DIRECTORS

Chairman

Sir Denys Henderson

A Director since 1994. A Director of Barclays Bank PLC, The RTZ Corporation PLC, Market and Opinion Research International Limited and Schlumberger Limited.

Executive Directors

Michael B. Gifford

Managing Director and Chief Executive since 1983. A Director of English China Clays Plc, The Gillette Company, Rank Xerox Limited and Fuji Xerox Co. Limited.

Angus Crichton-Miller

A Director since 1982. Managing Director of the Holidays Division. A Director of Transport Development Group plc.

James Daly

A Director since 1982. Managing Director of the Film and Television Division.

John F. Garrett

A Director since 1992. Managing Director of the Recreation Division.

Terence H. North

A Director since 1990. Managing Director of the Leisure Division.

Andrew H. Teare

Appointed a Director on 1st January, 1996. He will become Chief Executive on 10th April, 1996. A Director of English China Clays plc and Prudential Corporation plc.

Nigel V. Turnbull, FCA

A Director since 1987. Finance Director. A Director of LASMO Plc and Rank Xerox Limited.

Douglas M. Yates

A Director since 1982. Commercial Director. A Director of CAMAS plc and Rank Xerox Limited.

Non-Executive Directors

Dr David V. Atterton, CBE

A Director since 1987. Chairman of Guinness Mahon Holdings plc.

James A. Harmon

A Director since 1993. Chairman of Schroder Wertheim & Co. Inc, a Director of Schroders PLC and Questar Corporation.

Peter J. Jarvis, CBE

A Director since 1995. Chief Executive of Whitbread PLC and a Director of Barclays Bank PLC and The Burton Group PLC.

Hugh R. Jenkins

Appointed a Director on 1st October, 1995. A Director of Thorn EMI plc, Johnson Matthey PLC and Gartmore European Investment Trust.

Michael C. J. Jackaman

A Director since 1992. A Director of Kleinwort Benson Group plc.

Anthony W. P. Stenham

A Director since 1987. Chairman of Arjo Wiggins Appleton p.l.c., Deputy Chairman of Telewest Communications plc and a Director of Standard Chartered PLC, Trafalgar House plc and Unigate PLC.

The business address for each of the above is 6, Connaught Place, London W2 2EZ.

CAPITALISATION OF THE GROUP

The following table sets out the consolidated capital and reserves of Rank and its subsidiaries as at 31st December, 1995 (as extracted from the audited consolidated accounts).

	Authorised	Issued and fully paid
	£ million	
<i>Capital and Reserves</i>		
Share Capital		
U.S.\$ cumulative preference shares	3	0
Convertible cumulative redeemable preference shares of 20p each	60	46
Ordinary shares of 10p each	109	83
	<hr/> 172	<hr/> 129
	<hr/>	<hr/>
Share premium account		522
Capital redemption reserve		1
Revaluation reserves		186
Other reserves		1,164
		<hr/> 2,002
		<hr/>

INDEBTEDNESS STATEMENT

The following table sets out the consolidated borrowings of Rank and its subsidiaries at 31st December, 1995 (as extracted from the audited consolidated accounts).

	£ million
<i>Borrowings</i>	
Bank overdrafts	12
Amounts repayable within one year	51
Amounts repayable after one year	676
	<hr/> 739
	<hr/>
Secured borrowings and obligations under finance leases	38
Unsecured borrowings	701
	<hr/> 739
	<hr/>
Total Borrowings	<hr/> 739
	<hr/>

Notes:

1. As at 2nd March, 1996, total gross borrowings had risen by some £24 million. Changes in exchange rates since the year end have increased the amount of foreign currency borrowings by some £5 million. The remaining increase in borrowings represents primarily the usual seasonal cash outflow.
2. Save as disclosed in note 1 above, since 31st December, 1995 there has been no material change in the consolidated capital and reserves or the consolidated borrowings or indebtedness of the Group.
3. The table does not include borrowings of Rank Xerox and Universal Studios Florida, both associates.

FIVE YEAR REVIEW OF THE GROUP

The following table summarises the results of the Group and its associates for the five years ended 31st December, 1995 as extracted from the 1995 Annual Report and Accounts for the year ended 31st December, 1995.

	14 months to 31st December, 1995 £m	Year to 31st October, 1994 £m	Year to 31st October, 1993 £m	Year to 31st October, 1992 £m	Year to 31st October, 1991 £m
Turnover					
Current operations	2,600	2,139	1,943	1,783	1,802
Former operations	14	60	164	229	312
	<u>2,614</u>	<u>2,199</u>	<u>2,107</u>	<u>2,012</u>	<u>2,114</u>
Operating Profit					
Current operations	269	232	208	166	173
Former operations	(2)	(5)	(7)	11	6
	<u>267</u>	<u>227</u>	<u>201</u>	<u>177</u>	<u>179</u>
Non-operating items (including share of associates)	248	(31)	2	(108)	(5)
Rank Xerox before restructuring costs	192	214	151	137	159
Rank Xerox restructuring costs	0	(62)	0	0	0
Other associates	9	11	11	7	(1)
Interest (net)	(58)	(75)	(88)	(87)	(93)
Profit before tax	<u>658</u>	<u>284</u>	<u>277</u>	<u>126</u>	<u>239</u>
Tax	(130)	(111)	(104)	(81)	(102)
Minority interests	(3)	(5)	(5)	(5)	(7)
Preference dividends and appropriations	(24)	(21)	(21)	(21)	(25)
Earnings	<u>501</u>	<u>147</u>	<u>147</u>	<u>19</u>	<u>105</u>
Earnings per Ordinary Share	<u>60.3p</u>	<u>17.9p</u>	<u>18.6p</u>	<u>2.4p</u>	<u>13.4p</u>
Headline earnings per Ordinary Share	<u>31.3p</u>	<u>21.2p</u>	<u>18.5p</u>	<u>15.2p</u>	<u>14.0p</u>
Total Dividend per Ordinary Share	<u>15.75p</u>	<u>13.25p</u>	<u>12.16p</u>	<u>12.16p</u>	<u>12.16p</u>
Group Funds Employed					
Fixed assets	1,672	1,515	1,523	1,620	1,822
Investments	655	810	813	766	636
Other assets (net)	126	41	152	44	40
Total funds employed at year end	<u>2,453</u>	<u>2,366</u>	<u>2,488</u>	<u>2,430</u>	<u>2,498</u>
Financed by					
Ordinary share capital and reserves	1,790	1,350	1,279	1,178	1,291
Preference share capital including premium	212	209	207	205	203
Minorities	25	48	47	45	43
	<u>2,027</u>	<u>1,607</u>	<u>1,533</u>	<u>1,428</u>	<u>1,537</u>
Net borrowings	426	759	955	1,002	961
	<u>2,453</u>	<u>2,366</u>	<u>2,488</u>	<u>2,430</u>	<u>2,498</u>
Average number of employees (000's)	<u>39.2</u>	<u>39.7</u>	<u>41.0</u>	<u>42.0</u>	<u>45.0</u>

Earnings per Ordinary Share and Dividends per Ordinary Share have been restated to reflect the effects of the Enhanced Share Alternative approved in September 1993 and the subdivision of Ordinary shares which took place in March 1994.

TAXATION

UNITED KINGDOM

The comments below are of a general nature based on the Issuers' understanding of current United Kingdom law and practice. They relate only to aspects of the withholding tax treatment of interest paid on the Notes and as such do not cover any other United Kingdom tax issues (which are numerous and which will depend on the type of Note issued). They do not necessarily apply where the interest is for tax purposes deemed to be the income of any other person.

For the purposes of this section, the "Bill" refers to the Finance Bill ordered, by the House of Commons, to be printed on 5th December, 1995, and statement in this section as to the legal position before and after the Bill is enacted are based on the assumption that the Bill will be enacted in a form substantially similar to its current form.

Interest on Notes issued by Rank

1. Notes issued by Rank will constitute "quoted Eurobonds" within the meaning of section 124 of the Income and Corporation Taxes Act 1988 ("the Act") as long as they continue to be quoted (prior to 1st April, 1996) or listed (on and after 1st April, 1996) on a "recognised stock exchange" within the meaning of section 841 of the Act. Accordingly, payments of interest on the Notes may be made before the Bill is enacted without withholding on account of income tax:
 - (a) where the Notes and related Coupons are held in a "recognised clearing system" within the meaning of section 124 of the Act (Euroclear and Cedel are currently so designated); or
 - (b) where payment is made through an overseas paying agent; or
 - (c) where payment is made by or through a person in the United Kingdom and it is proved to the Inland Revenue that the beneficial owner of the Notes and related Coupons (or the person whose income the interest is deemed to be for United Kingdom tax purposes) is not resident in the United Kingdom.

For payments after the Bill is enacted, it is envisaged that similar rules will apply.

In all other cases an amount must be withheld on account of income tax at the applicable rate (the applicable rate is currently 25 per cent., but under the Bill is expected to be reduced from 6th April, 1996 to the lower rate, which for the year 1996-7 will be 20 per cent.) subject to any direction to the contrary by the Inland Revenue under an applicable double taxation treaty.

2. Interest on the Notes issued by Rank constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, from April 1996, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Interest on Notes issued by Rank Finance

3. Payments of interest on the Notes issued by Rank Finance may be made before the Bill is enacted without withholding on account of United Kingdom income tax:
 - (a) where the Notes and related Coupons are held in a "recognised clearing system" within the meaning of section 124 of the Income and Corporation Taxes Act 1988 (the "Act") (Euroclear and Cedel are currently so designated); or
 - (b) where payment is made through an overseas paying agent; or
 - (c) where payment is made by or through a person in the United Kingdom and it is proved to the Inland Revenue that the beneficial owner of the Notes and related Coupons is not

resident in the United Kingdom and the interest is not deemed to be the income of any other person for United Kingdom tax purposes.

For payments after the Bill is enacted, it is envisaged that similar rules will apply but the position under the first draft of the Bill is unclear.

In all other cases an amount must be withheld on account of income tax at the applicable rate (see paragraph 1 above), subject to any direction to the contrary by the Inland Revenue pursuant to the provisions of an applicable double taxation convention.

Collecting Agents — Notes issued by Rank or by Rank Finance

4. Where a United Kingdom collecting agent receives or obtains payment of interest on behalf of a Noteholder before the Bill is enacted, the collecting agent will be required to withhold on account of income tax at the applicable rate (see paragraph 1 above):

- (a) if the relevant Notes are held in a “recognised clearing system”; or
- (b) if payment of the interest was not entrusted to or (in the case of interest on a Note issued by Rank) made by a United Kingdom paying agent.

No such withholding will be required, however, if it is proved to the Inland Revenue that the beneficial owner of the Notes and related Coupons is not resident in the United Kingdom and that the interest is not deemed for United Kingdom tax purposes to be the income of any other person.

Where a United Kingdom collecting agent, after the Bill is enacted, either:

- (a) acts as custodian of the Notes and receives interest on the Notes or directs that interest on the Notes be paid to another person or consents to such payment; or
- (b) collects or secures payment of or receives interest on the Notes for a Noteholder or a Couponholder (except by means of clearing a cheque or arranging for the clearing of a cheque),

the collecting agent will be required to withhold on account of income tax at the applicable rate (see paragraph 1 above) unless:

- (i) the relevant Notes are held in a “recognised clearing system” and the collecting agent either:
 - (A) pays or accounts for the interest directly or indirectly to the “recognised clearing system”; or
 - (B) is acting as depositary in respect of the relevant Notes; or
- (ii) the person beneficially entitled to the interest is either not resident in the United Kingdom and beneficially owns the relevant Notes or is specified by regulations; or
- (iii) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom); or
- (iv) the person beneficially entitled to the interest is eligible for certain reliefs from tax in respect of the interest; or
- (v) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

In the case of each of the above exceptions, conditions imposed by further regulations may have to be satisfied for the relevant exception to be available.

Interest on Registered Notes issued by Rank

5. Payments of interest on Registered Notes issued by Rank will be made under deduction of United Kingdom income tax at the applicable rate (see paragraph 1 above) by Rank unless Rank has

previously been directed by the Inland Revenue, in relation to a particular holding of Registered Notes, to make payment free of deduction or subject to a reduced deduction by virtue of relief available to the holder of such Registered Notes under an applicable double taxation treaty. Such directions will be issued only on prior application to the relevant tax authorities by the Noteholders in question.

Notwithstanding that interest is received subject to a deduction of income tax, holders of Registered Notes issued by Rank who are resident in the United Kingdom for tax purposes or holders who are non-resident and carrying on a trade in the United Kingdom through a branch or agency may either be liable to pay further United Kingdom tax on the interest received or be entitled to a refund of all or part of the tax deducted depending on their individual circumstances.

Rank will not pay any additional amounts to holders of Registered Notes by way of compensation for any withholding or deduction for or on account of tax that it is, or may in the future be, required to make in respect of interest paid on the Registered Notes.

Returns on Notes other than Interest

6. Any return on a Note in the form of a discount or premium which does not constitute interest will not be subject to withholding for or on account of United Kingdom tax (regardless of whether the return is otherwise subject to United Kingdom tax).

IN VIEW OF THE CURRENT UNCERTAINTIES SURROUNDING THE WAY IN WHICH THE BILL WILL BE ENACTED, NOTEHOLDERS ARE ADVISED TO SEEK INDEPENDENT ADVICE IN RELATION TO THEIR TAX POSITION.

THE NETHERLANDS

The comments below are of a general nature and are based on current Netherlands legislation. In giving the comments it is assumed that any amount payable or paid under the Programme Agreement or the Trust Deed (the "Agreements"), or to a holder of the Notes (which for the purposes of this section includes global Notes and definitive Notes) will be at arm's length and not related to either the profits of Rank Finance or the distribution of profits by Rank Finance. As the taxation consequences of holding any Notes will depend on the terms and conditions of issue of the particular Notes, Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than The Netherlands should seek independent tax advice.

1. All payments under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.
2. A holder of a Note will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gains realised on the disposal of the Notes, provided that:
 - (a) such holder is not a resident or deemed resident of The Netherlands; and
 - (b) such holder does not have an enterprise, or an interest in any enterprise, which in its entirety or in part is carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or to which part of an enterprise the Notes are attributable; and
 - (c) such holder does not carry out and has not carried out employment activities in The Netherlands with which the holding of the Notes is connected; and
 - (d) such holder neither has, nor has during the last five years had, a substantial interest or a deemed substantial interest in the share capital of Rank Finance or, in the event that he does have such an interest, it forms part of the assets of an enterprise.
3. A holder of a Note will not be subject to Netherlands net wealth tax in respect of such Note, provided that such holder is not an individual or, if he is an individual, provided that the conditions mentioned under 2(a) and 2(b) above are met.

4. No gift, estate or inheritance taxes will arise in The Netherlands on the transfer of a Note by way of a gift by, or on the death of, a holder who is neither a resident nor a deemed resident of The Netherlands, provided that:
 - (a) such transfer is not construed as a gift by or on behalf of a person who is a resident or a deemed resident of The Netherlands; and
 - (b) such Note is not attributable to an enterprise which in its entirety or in part is carried on through a permanent establishment or permanent representative in The Netherlands and which enterprise the donor or the deceased owned or in which enterprise the donor or the deceased owned an interest; and
 - (c) such individual holder does not die within 180 days after the date of the gift while being a resident or a deemed resident of The Netherlands.
5. No Netherlands registration tax, customs duty, capital duty, stamp duty or any other similar tax or duty other than court fees is payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of the Notes and the Agreements or the performance of Rank Finance's obligations under the Notes.
6. Neither Rank Finance, nor a holder of a Note, shall be obliged to withhold Netherlands turnover tax with respect to the issuing of the Notes as such, the payment of interest and any redemption amounts under the Notes or on the transfer of the Notes.

The above is only included for general information and is a summary of The Netherlands tax implications as they affect investors. Persons who are unsure of their tax position are strongly advised to consult their own professional advisers.

SUBSCRIPTION AND SALE

The Programme Dealers have in a programme agreement (the "Principal Programme Agreement") dated 16th January, 1995 as modified by a first supplemental programme agreement (the "First Supplemental Programme Agreement" and, together with the Principal Programme Agreement, the "Programme Agreement") dated 4th April, 1996 agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, the Issuers and the Guarantor have agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme. The Issuers may also agree to issue Notes to the Issue Dealers on, and subject to, the terms of the Programme Agreement.

1. United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the Securities Act). Notwithstanding the foregoing, a Dealer may arrange for the private offer and sale of Registered Notes to a limited number of sophisticated institutional investors in the United States, under restrictions and other circumstances designed to preclude a distribution that would require registration of the Notes under the Securities Act. In connection therewith, each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that:

- (i) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption (including the exemption afforded by Rule 144A of the rules and regulations promulgated under the Securities Act) from the registration requirements of the Securities Act;
- (ii) offers, sales, resales and other transfers of Notes made in the United States will be made only to institutional investors that are reasonably believed to qualify as accredited investors (as defined in Rule 501(a) of the Securities Act Rules) (each such institutional investor being hereinafter referred to as an "accredited investor") or, in the case of Notes resold or otherwise transferred pursuant to Rule 144A, to institutional investors that are reasonably believed to qualify as qualified institutional buyers (as therein defined) (each such institutional investor being hereinafter referred to as a "qualified institutional buyer");
- (iii) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising will be used in connection with the offering of the Notes in the United States;
- (iv) no sale of the Notes in the United States to any one purchaser will be for less than U.S.\$150,000 principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$150,000 principal amount of the Notes; and
- (v) each Note sold as a part of the private placement in the United States shall contain the legend stating that such Note has not been, and will not be, registered under the Securities Act, that any resale or other transfer of such Note or any interest therein may be made only:
 - (a) to a Dealer;
 - (b) through a Dealer to an accredited investor or a qualified institutional buyer in a transaction which meets the requirements of Rule 144A and is approved by such Dealer;
 - (c) directly to an accredited investor; or
 - (d) directly to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A;

and, in the case of a transfer pursuant to (c) or (d) above, upon receipt by the relevant Issuer of certification as to compliance therewith by the parties to such transfer.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issue of Indexed Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer or Dealers shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each Programme Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

2. United Kingdom

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to Notes which have a maturity of one year or more and which are to be listed on the London Stock Exchange, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Act;
- (b) in relation to Notes which have a maturity of one year or more and which are not to be listed on the London Stock Exchange, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of any Notes, other than, in relation to any Notes to be listed on the London Stock Exchange, any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995 or is a person to whom such document may otherwise lawfully be issued or passed on; and
- (d) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

3. The Netherlands

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that:

- (1) In respect of all Notes issued by Rank Finance, with the exception of those having a denomination equal to or in excess of NLG 1,000,000 (or its equivalent in any other currency) or U.S.\$500,000:
 - (a) that it has not, directly or indirectly, offered, sold, transferred or delivered and will not, directly or indirectly, offer, sell, transfer or deliver any of the Notes (including rights representing an interest in the Temporary Global Note or Permanent Global Note) to the account of any person, other than to banks, investment banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international and supranational organisations and other entities, including, *inter alia*, treasuries and finance companies of large enterprises, which are active on a regular and professional basis in the financial markets for their own account; and
 - (b) that it will have sent to each person to which it sells Notes (including rights representing an interest in the Temporary Global Note or Permanent Global Note) a confirmation or other notice setting forth the above restrictions and stating that by purchasing any such Note, each purchaser represents and agrees that it will send to any other person to whom it sells any such Note a notice containing substantially the same statement as is contained in this sentence.
- (2) Zero Coupon Notes in definitive form may only be transferred and accepted through the mediation of either the relevant Issuer or a member of the Amsterdam Stock Exchange in accordance with The Netherlands Savings Certificates Act ("*Wet inzake Spaarbewijzen*") of 2nd May, 1985 (the "Act"), and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders in the meaning of the agreement of 2nd February, 1987 attached to the Royal Decree of 11th March, 1987 (State Gazette 129), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. These restrictions do not apply to:
 - (i) the transfer and acceptance of Zero Coupon Notes in definitive form by individuals not acting in the conduct of a business or profession; or
 - (ii) the transfer and acceptance of Zero Coupon Notes in definitive form within The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Notes in global form) are issued outside The Netherlands and are not distributed within The Netherlands as part of their initial distribution or immediately thereafter.

For the purposes of this paragraph "Zero Coupon Notes" are Notes in bearer form which constitute a claim for a fixed sum against the relevant Issuer and on which no interest becomes due during their tenor.

- (3) It has not, directly or indirectly, offered and will not, directly or indirectly:
 - (1) offer any Notes issued by Rank in The Netherlands as part of its initial distribution; or
 - (2) offer any Notes issued by Rank to others for reoffering, directly or indirectly, in The Netherlands,

except for Notes issued by Rank with a denomination of at least NLG 100,000 or its equivalent in other currencies or in accordance with any of the other exemptions set forth in the exemption regulation ("*Vrijstellingsregeling Wet Toezicht Effectenverkeer*") issued pursuant to the provisions of the Supervision of the Securities Trade Act ("*Wet Toezicht Effectenverkeer*").

4. Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Programme Dealer has represented and agreed and each further

Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

5. Germany

In connection with the initial placement of any Notes in Germany, each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will offer and sell Notes (i) unless otherwise provided in the relevant Syndication Agreement or Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least DM 80,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

6. General

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief having made all reasonable enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor and any other Dealer shall have any responsibility therefor.

None of the Issuers, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

LISTING

The listing of the Listed Notes on the London Stock Exchange will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of that Tranche. The listing of the Programme in respect of such Notes is expected to be granted on 10th April, 1996.

AUTHORISATION

The establishment of the Programme and the issue of Notes by Rank Finance under the Programme have been duly authorised by a resolution of the Board of Directors of Rank Finance passed on 13th January, 1995 and the establishment of the Programme, the issue of Notes by Rank under the Programme and the giving of the guarantee by Rank in respect of Notes to be issued under the Programme by Rank Finance has been duly authorised by a resolution of the Board of Directors of Rank passed on 9th November, 1994 and a resolution of the Finance Committee of the Board of Directors passed on 5th January, 1995. The amendment of the Programme was authorised by a resolution of the Board of Directors of Rank Finance passed on 1st April, 1996, by a resolution of the Board of Directors of Rank passed on 21st February, 1996 and by a resolution of the Finance Committee of the Board of Directors of Rank passed on 3rd April, 1996.

DOCUMENTS AVAILABLE FOR INSPECTION

Throughout the duration of the Programme, copies of the following documents will, when available, be available for inspection at the registered office of Rank Finance and Rank and from the specified office of the Paying Agent in London:

- (i) the Articles of Association (in English) of Rank Finance and the Memorandum and Articles of Association of Rank;
- (ii) the financial statements (in English) of Rank Finance in respect of the financial year ended 31st October, 1994 and the financial period ended 31st December, 1995 and the consolidated financial statements of Rank in respect of the financial year ended 31st October, 1994 and the financial period ended 31st December, 1995;
- (iii) the most recent publicly available audited annual financial statements of Rank Finance (in English) and Rank and the most recent publicly available interim financial statements (if any) of Rank Finance (in English) and Rank;
- (iv) the report (in English) of KPMG Accountants N.V. Amstelveen in relation to Rank Finance included in this Prospectus;
- (v) the Principal Programme Agreement, the First Supplemental Programme Agreement, the Principal Trust Deed (which contains the forms of the Guarantee, the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons), the First Supplemental Trust Deed and the Agency Agreement;
- (vi) a copy of this Prospectus;
- (vii) any future prospectuses, offering circulars, information memoranda, supplementary listing particulars and supplements (excluding Pricing Supplements relating to Notes not listed on any Stock Exchange) to this Prospectus and any other documents incorporated herein or therein by reference; and
- (viii) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

CLEARING SYSTEMS

The Notes have been accepted for clearance through Euroclear and Cedel Bank. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Cedel Bank will be specified in the relevant

Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Pricing Supplement.

SIGNIFICANT OR MATERIAL CHANGE

Save as disclosed on page 45, there has been no significant change in the financial or trading position of either Rank Finance or Rank or Rank and its subsidiaries, taken as a whole, and no material adverse change in the financial position or prospects of either Rank Finance or Rank or Rank and its subsidiaries, taken as a whole, since 31st December, 1995.

LITIGATION

A subsidiary undertaking of Rank is involved in class action suits in the USA. The actions are being vigorously contested and the Directors believe that none of these actions will result in a material adverse effect on the financial condition of the Group.

Save as disclosed above, none of Rank Finance, Rank or any of Rank's subsidiaries is involved in, nor are there, so far as each of Rank Finance and Rank is aware, pending or threatened, any other legal or arbitration proceedings which may have or have had during the previous 12 months a significant effect on Rank Finance's or Rank's financial position or that of Rank and its subsidiaries, taken as a whole.

AUDITORS

The auditors of Rank Finance are KPMG Accountants N.V. Amstelveen who have audited Rank Finance's accounts, without qualification, in accordance with generally accepted auditing standards in The Netherlands for each of the financial periods ending 31st October, 1993, 31st October, 1994 and 31st December, 1995, respectively. KPMG Accountants N.V. Amstelveen have given and have not withdrawn their written consent to the issue of this Prospectus with their report in relation to Rank Finance included in the form and context in which it appears and have authorised the contents of that part of the listing particulars containing its report for the purposes of section 152(1)(e) of the FSA.

The auditors of Rank are KPMG, Chartered Accountants, who have audited the accounts of Rank, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the financial periods ended 31st October, 1993, 31st October, 1994 and 31st December, 1995, respectively.

STATUTORY ACCOUNTS

The financial information contained in this document relating to Rank and its subsidiaries does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). Statutory accounts for each financial year to which such financial information relates have been delivered to the Registrar of Companies in England and Wales. KPMG have made a report under Section 235 of the Act on the statutory accounts for each such financial year which was not qualified within the meaning of Section 262 of the Act and did not contain a statement made under Section 237(2) or Section 237(3) of the Act.

YEN NOTES

Under the Foreign Exchange and Foreign Trade Control Law of Japan, as amended, and the cabinet orders and ministerial ordinances thereunder, the issue of Notes denominated or payable in Yen ("Yen Notes") by either Issuer under the Programme is, in principle, subject to a prior approval requirement. However, once the Ministry of Finance of Japan (the "MOF") grants such approval, the relevant Issuer may issue Yen Notes without such prior approval for a period of one year from the date of approval, subject to certain reporting requirements of the MOF. Each Issuer has filed such prior general application for approval with the MOF and has obtained an approval on 12th January, 1996 from the MOF so that each Issuer may offer and issue Yen Notes under the Programme as contemplated herein.

REGISTERED AND HEAD OFFICES OF THE ISSUERS AND GUARANTOR

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AGENT, REGISTRAR AND TRANSFER AGENT

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PAYING AND TRANSFER AGENTS

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60 Victoria Embankment
London EC4Y 0JP

NatWest Capital Markets Limited
(as agent for National Westminster Bank Plc)
135 Bishopsgate
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Salomon Brothers International Limited
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AUDITORS

To The Rank Organisation Plc

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To Rank Organisation Finance B.V.

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