

Letter from the Joint Liquidators of RT Group PLC

RT GROUP PLC

(In Members' Voluntary Liquidation)

16 December 2005

Dear Shareholder,

As you are aware, RT Group PLC formerly Railtrack Group PLC ("the Company") was placed into liquidation on 18 October 2002. The Joint Liquidators have already made three distributions to shareholders totalling 252 pence per share. We are very pleased to announce a fourth distribution of 8.5 pence per share to bring the total distribution to 260.5 pence per share so far. A cheque in respect of your entitlement to this fourth distribution is attached. At the time of the liquidation, the Directors' initial estimate of the total distribution was between 252 pence and 260 pence per share so we are pleased that distributions have now exceeded the top of this range.

The Joint Liquidators are required to summon a general meeting of the Company following the end of the third year of the liquidation. The purpose of the meeting is for the Joint Liquidators to give an account of their acts and dealings, and of the conduct of the winding-up, during the preceding year. The Joint Liquidators will also be proposing a resolution to approve the fees and disbursements they have drawn on account during the year. Notice of the annual meeting is attached. You will see that this also includes a resolution to appoint a replacement liquidator as I will be resigning as Joint Liquidator at the meeting, as explained in paragraph 7 below.

The report detailed below will be presented to the meeting. You do not need to attend the meeting unless you so wish. Attendance at the meeting and/or completion of the attached form of Proxy will not affect your entitlement to the final distribution.

We attach as Appendix 1 a summary of the Joint Liquidators' Receipts and Payments for the third year of the liquidation.

1 JOINT LIQUIDATORS' ACCOUNT OF RECEIPTS AND PAYMENTS (APPENDIX 1)

We would like to draw your attention to the following receipts and payments which have occurred during the year:

1.1 RECEIPTS

RT Group Holdings Limited - £3,475,181

During the year, a dividend was received from the Company's subsidiary RT Group Holdings Limited ("Holdings"). Holdings was placed into Members' Voluntary Liquidation on 20 July 2005. Further details are provided in paragraph 2.1 below.

Bank Interest Gross - £2,781,077

The funds held in the liquidation account are earning interest at the rate of 4.6% gross per annum, currently.

Receipts Re Tax Losses - £4,751,400

In accordance with a contractual arrangement following the sale of certain of the Company's assets prior to its liquidation, we paid £4,751,400 in order to secure the tax benefit of certain group reliefs. The arrangement also provided for this sum to be recovered from the

purchaser as an addition to the purchase price. There is therefore a receipt of £4,751,400 and a matching payment for the same amount, shown under paragraph 1.2 below.

VAT Repayments and Refunds - £100,809

The Company has been deregistered with effect from 1 January 2004 and we have agreed refunds of VAT incurred since that date. We expect to receive further refunds during the rest of the liquidation period of the VAT incurred on the liquidation expenses.

Sundry Receipts - £3,888

This represents a contribution recovered towards the Joint Liquidators' legal fees in defending an action brought in error against the Company.

1.2 PAYMENTS

Professional Fees - £109,378

These include payments of £52,741 to the Company's lawyers, Ashurst, who have continued to act, advising on issues arising in the liquidation. Fees totalling £28,040 have been paid to my firm, Deloitte & Touche LLP, in respect of company secretarial services (£8,040) and for audit services provided to Holdings (£20,000), including the audit of the accounts for the year ended 31 March 2003.

Share Registrar Fees - £188,540

This payment relates to services not covered under the negotiated rate for the Registrar's fees until the closure of the liquidation. The Company now has approximately 224,000 shareholders.

VAT Payments - £140,117

This represents the input VAT paid on various fees and expenses, which is recoverable in the liquidation.

Inland Revenue - £15,818

This payment relates to tax deducted from bonus payments made to former employees, as outlined below.

Payment for Tax Relief - £4,751,400

This is the matching payment to the receipt of £4,751,400 mentioned above.

Intercompany - £57,991

A payment of £57,991 was made to settle an outstanding liability of Holdings in respect of the employment costs of staff in early 2003. This sum will be recovered from the liquidation of Holdings.

Sundry Payments - £31,101

These include payments totalling £30,497 made to former employees, as an agreed bonus following the successful sale of certain of the Company's assets.

2 JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

A resolution was passed on 18 October 2002 that the remuneration of the Joint Liquidators should be fixed at their normal charging rates by reference to the time properly given to matters arising in the winding up. The Joint Liquidators were authorised to draw sums on account of their remuneration from time to time as the Liquidation progresses but agreed to present their itemised bills to the Company in general meeting for approval.

We detail below the work we have carried out in the third year of the liquidation and the hours spent on each category by various grades of staff.

Nature of Work	Hours	Grade	Hours
Realisation of assets	193.7	Partners	72.8
Litigation/Legal issues	26.5		
Creditor & employee issues	27.9	Directors	291.7
VAT	76.6		
Tax	588.7	Managers	740.8
Shareholder issues, distributions, meetings etc.	498.7		
Investment of funds, cashiering, bank issues	115.0	Associates	546.3
Record maintenance, administration and compliance	124.5		
Total Hours	1,651.6	Total Hours	1,651.6
Total Cost	£509,307		

A more detailed breakdown will be available at the annual meeting, if required.

The Joint Liquidators' disbursements during the third year of the liquidation totalled £480. This represents out of pocket expenses such as courier charges, taxis and train fares.

In accordance with the resolution passed on liquidation, we have drawn remuneration of £509,307 and disbursements of £480 during the year. The major tasks we have performed have included the matters shown below.

2.1 Liquidation of RT Group Holdings Limited ("Holdings")

Holdings was placed into Members' Voluntary Liquidation on 20 July 2005. Nick Dargan and I were appointed as Joint Liquidators. Immediately prior to its liquidation, Holdings paid a dividend of £3,475,181 to the Company. Holdings currently has a balance at bank of £1,677,873 which will, subject to costs and in the absence of any creditor claims in the liquidation of Holdings, be distributed to the Company in due course.

2.2 Tax Issues

In the last year we have made substantial progress in closing enquiries from HM Revenue and Customs for pre-liquidation periods, and are therefore now able to release a significant element of the provision held to cover potential exposures. Negotiations are ongoing to obtain agreement on the outstanding queries for the periods to March 2003.

2.3 Distributions to shareholders

A first payment of 200 pence per share was made on 10 January 2003, a second payment of 43 pence per share was made on 18 August 2003 and the third payment of 9 pence per share was paid on 24 December 2004. The fourth payment of 8.5 pence per share is announced today and a cheque representing your entitlement is attached. We have now returned a total of £1,353,661,361 to shareholders.

3. FUTURE DISTRIBUTION TO SHAREHOLDERS

Following the fourth distribution to shareholders, we are now holding £6,901,117 in the liquidation account, which represents just over one pence per share. The funds remaining in the liquidation account, including the future distribution from Holdings and any other realisations in the intervening period, will be paid to shareholders as a final distribution, subject to the further costs of the liquidation and liabilities of the Company. As mentioned in paragraph 2.2 above, the main focus of the Joint Liquidators' work during this period will be to finalise the Company's tax liabilities.

The Joint Liquidators have always stated their intention to retain at least one pence per share for a period of six years from the commencement of the liquidation. The final distribution will therefore not take place until late 2008 at the earliest.

4 SHARE TRANSFERS

The Company's shares are no longer listed on the London Stock Exchange. Private transfers of the Company's shares may not take place without the consent of the Joint Liquidators. If a request is made for the Joint Liquidators' consent, an administration fee of £10 per transfer must be made directly to the Registrars, Computershare Investor Services PLC. Please note that the fee is not payable to the Company. Probate transfers will be registered free of charge throughout the course of the liquidation.

5 DONATIONS OF SHARES TO CHARITY

With last year's report, we enclosed a form to allow shareholders to donate their shares to ShareGift, the charity share donation scheme, a registered charity which uses the proceeds from donated shares to support a wide range of different UK charities. We enclose another ShareGift transfer form, should you now wish to donate any future entitlement to distributions in the liquidation to this charity. Once the transfer is completed, any future distributions will be made to ShareGift. Further information is available on 0870 702 0104. There is no administration fee in respect of a transfer of your shares to ShareGift.

6 TAXATION FOR UK RESIDENT INDIVIDUAL SHAREHOLDERS

For the purposes of UK taxation of chargeable gains, cash returned to UK resident individual shareholders in the Company's members' voluntary liquidation is a capital distribution and will be therefore not be taxed as income.

Broadly speaking, if a UK resident individual shareholder paid more for their shares than they receive back through all distributions by the Joint Liquidators, then they should have no tax to pay.

A summary of the tax consequences for a UK tax resident is set out in Appendix 2 to this letter. However, this is provided to you for information only, and should not be considered as tax advice. Shareholders are recommended to obtain their own tax advice from a professional adviser such as a qualified accountant, tax or other financial adviser.

7 REPLACEMENT OF JOINT LIQUIDATOR

As I am retiring as a partner in Deloitte & Touche LLP on 31 May 2006, I believe it appropriate that I should resign as Joint Liquidator at the annual meeting on 16 January 2006 to save the costs of convening a separate meeting of shareholders later in the year for this purpose. It is proposed that another partner in my firm, Nick Edwards, be appointed in my place, to act as Joint Liquidator with Nick Dargan. A resolution to this effect is included in the notice of the meeting.

As required by the Insolvency legislation when a liquidator resigns, I must inform you that the liquidators' account has been reconciled with the account held by the Secretary of State (relating to the Insolvency Services Account) up to the date of its closure and that there is currently no account held by the Secretary of State. A summary of the Joint Liquidators' Receipts and Payments for the whole period of the liquidation to date is shown in Appendix 1.

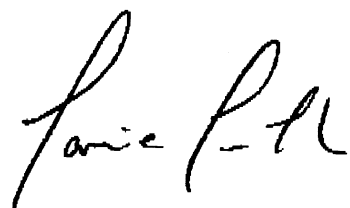
8 ANNUAL MEETING

We enclose notice of the meeting and a form of proxy for your completion if you wish to appoint someone to attend and vote on your behalf. The meeting to be held is a formal meeting where this report will be presented. The two resolutions to be tabled are in respect of the Joint Liquidators' remuneration and the appointment of the replacement liquidator, as shown on the notice.

9 FURTHER INFORMATION AND QUERIES

If you have further questions, please call our helpline on 0870 702 0104, or visit the Company's website, www.rtgroup.co.uk Please note the helpline is not able to answer tax-related questions.

Yours faithfully



J R D Smith
Joint Liquidator
RT Group PLC (in members' voluntary liquidation)
(as agent without personal liability)

JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 17 OCTOBER 2005
AND FOR THE WHOLE LIQUIDATION TO 16 DECEMBER 2005

	Year to 17.10.05	Period 18.10.02 to 17.10.05		Whole Period of Liquidation 18.10.02 to 16.12.05	
	£	£	£	£	£
RECEIPTS					
Cash at Bank			1,225,727,699		1,225,727,699
Intercompany - RT Group Holdings Limited	3,475,181		121,475,181		121,475,181
Investment Income			13,478,297		13,478,297
Bank Interest Gross	2,781,077		10,813,987		11,204,270
Receipts re tax losses	4,751,400		6,290,825		6,290,825
VAT Repayments and Refunds	100,809		3,617,728		3,650,256
Retention Account Payment			991,188		991,188
Intercompany - Others			549,003		549,003
Sundry receipts	3,888		68,098		68,098
	<u>11,112,355</u>		<u>1,383,012,006</u>		<u>1,383,434,817</u>
PAYMENTS					
Professional Fees	109,378	4,063,604		4,066,624	
Registrar Fees	188,540	2,959,055		2,959,055	
Pre-appointment creditors		1,882,988		1,882,988	
Liquidators' Fees	509,307	2,208,074		2,208,074	
VAT Payments	140,117	1,198,447		1,198,592	
Inland Revenue	15,818	3,903,121		3,903,121	
Payment for tax relief	4,751,400	5,251,400		5,251,400	
Liquidators' Disbursements	480	376,652		376,652	
Intercompany	57,991	405,862		405,862	
Customs & Excise		347,637		347,637	
Sundry Payments	31,101	208,716		208,833	
Statutory Advertising		63,502	22,869,058	63,502	22,872,340
	<u>5,804,132</u>		<u>1,360,142,948</u>		<u>1,360,562,477</u>
ORDINARY SHAREHOLDERS					
First Distribution - 200p per share		1,039,279,356		1,039,279,356	
Second Distribution - 43p per share		223,445,062		223,445,062	
Third Distribution - 9p per share		46,767,571		46,767,571	
Fourth Distribution - 8.5p per share				44,169,373	
			<u>1,309,491,989</u>		<u>1,353,661,362</u>
BALANCE			£ 50,650,959		£ 6,901,115

APPENDIX 2 – UNITED KINGDOM TAXATION

The following is intended as a general guide only for UK resident individual shareholders who hold their shares as an investment and is based on current UK tax legislation. Shareholders are strongly recommended to consult their own professional advisers if they are in any doubt as to their taxation position.

Cash returned to shareholders via a solvent liquidation is a capital distribution for the purposes of UK taxation of chargeable gains and should not be treated as income.

Broadly, you only need worry about the following tax implications if you think you have a capital gain, i.e. you paid less for any of your shares than 260.5 pence (the amount distributed to date) OR you expect to have other capital gains in excess of your personal allowance in the current or future years that you may wish to offset with any capital loss arising from your RT Group PLC shares.

Calculation of capital gain/loss

For a UK resident shareholder, the calculation of the capital gain or loss arising on each distribution by the Company will be based on the amount received less a proportion of your capital gains base cost (the original cost of your shares). To simplify the process of calculating the correct proportion of the capital gains base cost the Inland Revenue have agreed a formula.

Application of this formula means that the proportion of the base cost used in the capital gains calculation for the fourth distribution of 8.5 pence per share should be 0.1%. If you wish to understand how this is calculated, please see the section entitled Inland Revenue Agreement below.

To calculate your capital gain or loss in respect of the fourth distribution you need to take the following steps:

- Step 1:* Find out the price you paid for your shares (or the average if bought at different times) – THE BASE COST
- Step 2:* Multiply your base cost by 0.001 – THE PROPORTION OF YOUR BASE COST
- Step 3:* From the fourth distribution of 8.5 pence subtract the PROPORTION OF YOUR BASE COST calculated in Step 2. This is your capital loss or gain. If you have a capital gain, you may be entitled to further relief by way of indexation allowance or taper relief. In these circumstances it is recommended that you consult your professional adviser.

Inland Revenue Agreement

As the calculation of the proportion of base cost attributable to each distribution depends on the market value of the shares after the distribution, the Inland Revenue has agreed a simple formula to arrive at an estimate of this. Because the shares were listed until shortly before the first distribution, the formula is based on the average of the closing share price of the shares over the five business days ending 27 December 2002. The average closing share price so calculated was 252.3 pence and therefore the remaining proportion of your base cost used in the capital gains computation in respect of the fourth distribution should be 0.1%.

Shareholders are still able to negotiate their own market values and base cost proportions directly with the Inland Revenue outside the above agreement if they so wish. If Shareholders have any queries on the above they should consult their own professional advisers.

Note:

1. The purchase price of shares in the Railtrack Share Offer in May 1996 was 390 pence (380 pence if purchased in the UK Public Offer, 365 pence if purchased in the UK Public Offer with Instalment Discount).
2. "Free" bonus shares distributed to eligible shareholders in June 1999 are deemed to have been purchased at the market price of the shares as at 31 May 1999, which was 1279 pence per share.

RT GROUP PLC
(IN MEMBERS' VOLUNTARY LIQUIDATION)
*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 2904614)*

NOTICE TO SHAREHOLDERS OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that, pursuant to Sections 92 and 93 of the Insolvency Act 1986 and Rule 4.142 of the Insolvency Rules 1986, a **GENERAL MEETING** of RT Group PLC (In Members' Voluntary Liquidation) will be held at The Insurance Hall, The Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY on 16 January 2006 at 11.30 am. This meeting is summoned by the Joint Liquidators of the Company for the purpose of:-

- a) Receiving an account of the Joint Liquidators' acts and dealings and of the conduct of the winding up during the third year of the liquidation
- b) Receiving the resignation of James Robert Drummond Smith as Joint Liquidator
- c) Appointing Nicholas Guy Edwards of Deloitte & Touche LLP as Joint Liquidator to replace Mr Smith

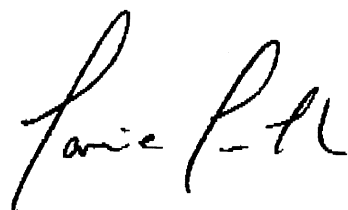
The meeting will consider and, if thought fit, pass the following resolutions, which will be proposed as Ordinary Resolutions:

Ordinary Resolutions

- 1 "THAT the remuneration and disbursements of the Joint Liquidators of the Company for the third year of the liquidation be approved".
- 2 "THAT Nicholas Guy Edwards of Deloitte & Touche LLP, 66 Shoe Lane, London EC4A 3WA be appointed as Joint Liquidator to fill the vacancy arising on the resignation of James Robert Drummond Smith as Joint Liquidator".

A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form.

Dated: 16 December 2005



J R D Smith
Joint Liquidator