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## **Update No. 1 – RBS General Meeting Report**

Two General Meetings for Royal Bank of Scotland shareholders were held on the 3<sup>rd</sup> April in Edinburgh – one was the normal “Annual” meeting and the other to approve the latest capital raising proposals and redemption of the preference shares.

About 500 people attended the meeting, and it was enlivened by a small group of G20 demonstrators and a “Fred Goodwin” lookalike in a mask. We also handed out leaflets promoting our Group and you can see a video showing Vicky Cappin doing this on this web page: <http://www.youtube.com/watch?v=9usAmrN6EI> . A copy of the leaflet we issued is present at: [www.rbosaction.org/RBOS\\_Leaflet.pdf](http://www.rbosaction.org/RBOS_Leaflet.pdf) and it was nicely displayed in the Financial Times report on the meeting. In addition I did about 6 TV and radio interviews for various channels and talked to a number of reporters from the print media.

### **Question/Answer Session**

Over two hours were spent on answering shareholders’ questions by the Chairman, Sir Philip Hampton after he gave an opening presentation. He had already made a couple of significant points in a BBC radio interview in the morning, and reiterated these in the meeting:

A – That the ABN-AMRO acquisition was clearly a mistake, and in fact RBS would probably have made a profit in 2008 if it had not been for the write-offs associated with the assets of that company. In the meeting he said “It can now be seen as the wrong price, the wrong way to pay, at the wrong time and the wrong deal”.

B – The legal issues associated with Sir Fred Goodwin’s pension arrangements were being looked at by lawyers – indeed in the meeting he said “more lawyers than you can shake a stock at”. But he would like to dispose of this issue quickly.

The plan was to return the company to stand-alone strength over 3 to 5 years, but he made no commitments about future expected profits or dividends.

The Formula One sponsorship has been canned and the corporate jet is up for sale. He emphasised that most RBS staff earn relatively little, and that the problems the company has experienced were down to a tiny minority of staff (only a few hundred), most of whom have now left the group. He asked that the “public flogging” of the company be stopped.

Several shareholders questioned whether directors who were there when the mistakes were made should remain on the board (for example, Gordon Pell). UKSA member Stan Grierson even suggested they should go by "tea-time" the same day. But the Chairman brushed off these demands by saying that they made a useful contribution and that there had already been a lot of board changes.

Tony Peterson suggested that it was all "Kafkaesque" – RBS looks like it's a living bank, but in fact is a bank on a life support machine.

Tony Galloway said he had talked to an ABN-AMRO retiree who had mentioned that due diligence only took 3 days (editor: surely that cannot be right?). The Chairman responded that it turned out to be an "absolutely disastrous acquisition".

Another shareholder pointed out that if the company had been allowed to go bust before the rights issue, then shareholders who subscribed for that would have been better off. A good point indeed because their losses would have been less!

Regrettably the Chairman did not take a question from me on whether the rights issue was misleading – perhaps he deliberately avoided doing so?

### **Meeting Votes**

All the resolutions at the two meetings were carried by an overwhelming majority (about 90%), except for the vote on the Remuneration Report, which was lost with 90% against versus 10% for. This was not unexpected due to the furore over Goodwin's pay and bank bonuses in general. Also UKFI, representing the Government stake, had pre-announced they were voting against. Unfortunately this vote is only advisory although the Chairman promised to take note of the result.

### **Summary**

In summary, a useful meeting to attend but whether all the problems that RBS faced can be assigned to the decision to take on ABN-AMRO is questionable.

Note: I hoped to use the opportunity of the visit to Edinburgh to take some photographs of the RBS headquarters for use on our new web site, but it was foggy in the morning. If anyone can supply such photographs (copyright free) then please send them to me.

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