



## **RBOS Shareholders Action Group**

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05 August 2009

## **Update No. 8**

### **Introduction**

These newsletters are sent to everyone who has contacted us about the RBOS Shareholders Action Group. It covers news on what our Group is doing, and also tries to cover general information on the Royal Bank of Scotland that may be of interest to our supporters – most supporters will still be holding RBS shares and not everyone has access to the financial press. We hope you find the information relevant, but we try to keep the newsletters brief. All past newsletters are present in the News section of our web site ([www.rbosaction.org](http://www.rbosaction.org)).

### **RBS Prospects**

Some shareholders have responded to our mailing with suggestions that although they have sympathy with our cause they think the bank will quickly recover if left to do so, and hence the capital lost will be recovered and dividends will sooner or later resume at the old level. This view may be mistaken, although we are inhibited from providing specific investment advice for legal reasons. Although the imminent interim results of RBS are forecast by the financial press to probably show a profit due to exceptional items and one-off gains, many analysts are not positive about the prospects for the company.

For example, the Share Centre, a leading retail stockbroker, had this to say on RBS in a recent newsletter: *"Pre-credit crunch, RBS took on the world with its over-priced acquisition of ABN Amro. While a façade of 'hands off' control is paraded by UKFI – real influence is exercised by the Treasury. But the Government will gain no votes from overseas activities, so expect drastic scaling back of such ambitions. So what you see is a strategy shot to pieces. And the damage is probably permanent".* They also said *"RBS don't seem to have learned their lesson as details of the new CEOs pay packet are released..... we remain sellers"*.

According to the Digital Look web site, 12 analysts rated RBS a "sell" at the time of writing whereas only 4 rate it a buy.

JP Morgan have also raised the issue that RBS might need an additional £8.5bn of capital to meet the new guidelines on the capital required by investment banks, which might imply more fund raising and shareholder dilution before 2010. With threats from the European Commission regarding the level of state aid, it is not at all obvious that RBS is yet on a clear road to recovery. Any legal action to recover your losses may not be certain of a positive outcome, but it may be a better bet than hoping for recovery in the value of RBS shares – bear in mind that if any recovery does take place, the Government will be the main beneficiary rather than the original shareholders as the former now holds the vast majority of the "economic value" of the company.

## **Campaign Status**

We have taken expert advice from a leading QC on the merits of a legal case, and are currently doing the necessary collection of evidence and financial analysis to justify a claim based on the prospectus for the rights issue in May 2008. This may take some weeks. In the meantime we will continue to build up our supporters.

Incidentally if you have any information that we may not be aware of concerning the financial position of RBS before the rights issue, and in particular the status of the ABN Amro acquisition at that time, please let us know – simply call 020-8467-2686.

As you may be aware, there is another group also pursuing a claim on RBS and apologies for any confusion that has resulted. You should at least sign up with one or other of us, although of course we believe our structure is more appropriate. However, it is in everyone's interests that as many people as possible support this attempt to get some restitution for the massive erosion of the investment value of RBS shares, and the money wasted on the rights issue. In our opinion this was not just a case of the normal risks associated with stock market investment.

## **A Common Question**

One question that has come up several times from potential supporters is as follows:

How can we be assured that we will receive information on what the group is doing and where our money has been spent? As a "company limited by guarantee" we have to file some "Report & Accounts" with Companies House annually and these will be made available to all members. In addition a general meeting of all members must be held to approve those accounts, re-elect directors and deal with other business and members will of course be able to ask questions at that meeting. We will also be issuing newsletters on a regular basis concerning the activities of the organisation and the status of the campaign.

This has been added to the list of common questions and answers on our web site on this page: [www.rbosaction.org/Questions.htm](http://www.rbosaction.org/Questions.htm) . You may care to review it if you have not already done so. There is a lot of background information about our Group, who the directors are, about the rights issue and the recent history of RBS which can all be accessed from this page of the web site: [www.rbosaction.org/About.htm](http://www.rbosaction.org/About.htm) . Please take the time to read it.

## **Registration Reminder**

If you have not registered your interest in the proposed legal action you are reminded that you need to do so as soon as possible. Please use the form you can obtain from this page of our web site: [www.rbosaction.org/Membership.htm](http://www.rbosaction.org/Membership.htm) .

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*Note that all "Update" reports are posted on the News section of our web site ( [www.rbosaction.org](http://www.rbosaction.org) ) as soon as they are issued.*