

## Letter to shareholders

Financial results for the year ended 31 December 2009  
and the 2010 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser (who, in the United Kingdom, should be authorised under the Financial Services and Markets Act 2000).

If you have sold or transferred all your shares in The Royal Bank of Scotland Group plc please pass this document and the accompanying proxy form to the stockbroker, bank or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

This document is being sent for information only to certain categories of share option holders.

The attention of shareholders is drawn to the notice of the Annual General Meeting of the company which appears in Section 1 of this letter. The Annual General Meeting will be held on Wednesday, 28 April 2010 at 1.00 p.m. in the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh.

## Contents

Chairman's letter to shareholders

Section 1 The Notice of Annual General Meeting

Section 2 Explanatory notes on the resolutions to be proposed at the Annual General Meeting

Section 3 General information in relation to the Annual General Meeting and Report and Accounts

Appendix 1 The full text of resolutions 12 to 19

Appendix 2 Summary of the proposed RBS 2010 Long Term Incentive Plan

Appendix 3 Summary of the proposed The Royal Bank of Scotland Group plc Employee Share Ownership Plan

Appendix 4 Summary of the principal changes to the company's Articles of Association

**Philip Hampton**  
Chairman



PO Box 1000  
Gogarburn  
Edinburgh EH12 1HQ

Telephone: 0131 556 8555

17 March 2010

Dear Shareholder

I have pleasure in sending you our 2009 Annual Review and Summary Financial Statement, or our full Report and Accounts. I also have pleasure in inviting you to attend our Annual General Meeting which will be held in the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh on Wednesday 28 April 2010 at 1.00pm. The Notice of Meeting and supporting information accompany and form part of this letter. A location map is provided at the end of this document.

I am pleased to confirm the appointment on 10 March 2010 of Brendan Nelson as a Non-executive Director of the Group with effect from 1 April 2010. It is intended that Brendan will succeed Archie Hunter as Chairman of the Group Audit Committee with effect from the conclusion of the Annual General Meeting at which he will offer himself for election. I look forward to working with Brendan as a member of our Board.

As you will be aware, 2009 was a year of profound change and substantial challenges for the Group. In the course of the year, we have put in place the building blocks of our recovery plan and have begun the process of restoring the company to good health. We will have the opportunity to discuss the Group's performance and future strategy at the meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Hampton', is located below the 'Yours sincerely' text. The signature is fluid and cursive.

## Section 1

### Notice of Meeting

Notice is hereby given that the forty-second Annual General Meeting of the members of The Royal Bank of Scotland Group plc will be held in the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh on 28 April 2010, at 1.00 p.m. for the following purposes:

1. To receive and approve the accounts for the financial year ended 31 December 2009 and the reports of the directors and auditors thereon.
2. To approve the Remuneration Report contained within the Report and Accounts for the financial year ended 31 December 2009.
3. To elect Sir Sandy Crombie as a director.
4. To elect Bruce Van Saun as a director.
5. To elect Philip Scott as a director.
6. To elect Penny Hughes as a director.
7. To elect Brendan Nelson as a director.
8. To re-elect Joe MacHale as a director.
9. To re-elect Philip Hampton as a director.
10. To re-appoint Deloitte LLP as auditors.
11. To authorise the Audit Committee to fix the remuneration of the auditors.
12. To renew the directors' authority to allot ordinary shares.
13. To renew the directors' authority to allot shares on a non-pre-emptive basis.
14. To approve consolidation and sub-division of shares.
15. To permit the holding of General Meetings at 14 days' notice.
16. To approve the RBS 2010 Long Term Incentive Plan.
17. To approve the renewal of the Employee Share Ownership Plan.
18. To adopt new articles of association.
19. To authorise political donations and expenditure by the company in terms of Section 366 of the Companies Act 2006.

The resolutions to be proposed as additional business at the Annual General Meeting in respect of items 12 to 19 above are set out in full in Appendix 1 to the circular letter to shareholders dated 17 March 2010 of which this notice forms part.

Information on all the resolutions is contained in section 2.

By order of the board,

Miller McLean  
Secretary

36 St Andrew Square, Edinburgh  
10 March 2010

Notes:

- (1) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended, the company gives notice that only those shareholders entered on the register of members of the company at close of business on 26 April 2010, or, if the Annual General Meeting is adjourned, on the register of members of the company 48 hours before the time of the adjourned meeting, will be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register after close of business on 26 April 2010 will be disregarded in determining the rights of any person to attend or vote at the meeting and the number of votes any person may cast at the meeting.
- (2) Every member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of the member. A proxy need not be a member of the company. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. A form appointing a proxy is enclosed with this notice and may be returned in the enclosed pre-paid envelope. To appoint a proxy, (a) the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and sent to the company's transfer office at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note (5) below, or (c) the proxy appointment must be registered electronically on the website at [www.rbs.com/e-proxy](http://www.rbs.com/e-proxy), in each case so as to be received no later than 1.00 p.m. on 26 April 2010. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
- (3) Any person to whom this Annual General Meeting Notice has been sent, whose shares are held on their behalf by another person and who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (4) The statement of the rights of shareholders in relation to the appointment of proxies in notes (2) above and (5) below do not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders.
- (5) CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Please refer to the CREST manual at [www.euroclear.com/CREST](http://www.euroclear.com/CREST).
- (6) As at 10 March 2010 (being the latest practicable date prior to the printing of this document), the issued share capital of the company conferring the right to vote at the Annual General Meeting consisted of 56,365,721,284 ordinary shares of 25p each carrying one vote each on a poll, 400,000 5.5 per cent. cumulative preference shares of £1 each carrying four votes each on a poll, and 500,000 11 per cent. cumulative preference shares of £1 each carrying four votes each on a poll. Therefore, the total number of voting rights in the Company as at 10 March 2010 was 56,369,321,284.
- (7) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

- (8) Any member attending the meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or good order of the meeting that the question be answered.
- (9) A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found at [www.rbs.com](http://www.rbs.com).
- (10) Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required under section 527 of the Companies Act 2006 to publish on a website.
- (11) The following documents will be available for inspection at the company's registered office and at Linklaters LLP, One Silk Street, London EC2Y 8HQ during normal business hours until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting:
- (i) copies of the executive directors' service contracts;
  - (ii) copies of the letters of appointment for non-executive directors;
  - (iii) the rules of the RBS 2010 Long Term Incentive Plan;
  - (iv) the rules of The Royal Bank of Scotland Group plc Employee Share Ownership Plan; and
  - (v) the existing memorandum and articles of association of the company, the proposed new articles of association of the company and a copy of the existing articles of association marked up to show the changes proposed in resolution 18.

## Section 2

Information on the Resolutions to be proposed at the Annual General Meeting

At the meeting there will be a number of items of ordinary business. These are:

**Report and Accounts (resolution number 1)** You will be asked to approve the 2009 Report and Accounts.

**Remuneration Report (resolution number 2)** You will be asked to approve the Remuneration Report. The Remuneration Report can be found in the Governance section of the Report and Accounts and a summary is included in the Annual Review and Summary Financial Statement.

**Election of Directors (resolutions numbered 3 to 9)** Under the company's articles of association, any director appointed since the last Annual General Meeting and any directors with more than three years' service since their last re-election must seek election or re-election. Sir Sandy Crombie, Bruce Van Saun, Philip Scott, Penny Hughes and Brendan Nelson were appointed since the last Annual General Meeting and therefore are standing for election. Joe MacHale offers himself for re-election.

In accordance with the recommendations set out in the Walker Review of corporate governance in UK Banks, I will submit myself for re-election on an annual basis, starting this year.

All of the non-executive directors offering themselves for election or re-election are highly experienced and have a broad knowledge of the international financial services industry. In view of their career experience and connections with other organisations, the Board considers that they each bring valuable skills to the Board and provide an objective perspective.

The Combined Code requires that, when non-executive directors are proposed for re-election, confirmation is given that, following formal evaluation, their performance continues to be effective and demonstrates commitment to the role of non-executive director. I am very pleased to give this confirmation in relation to Joe MacHale who is seeking re-election.

Biographical details of all the directors, with the exception of Brendan Nelson whose appointment as Non-executive Director with effect from 1 April 2010 was confirmed after completion of the Report and Accounts, are contained in the Annual Review and Summary Financial Statement and in the Report and Accounts.

Biographical details of Brendan Nelson are set out below:

### **Brendan Nelson, Non-executive Director**

Brendan Nelson has wide-ranging experience of financial services and audit, including responsibility for the KPMG Financial Services practice worldwide. He has held a number of senior positions within KPMG for over 25 years including as a member of the KPMG UK board from 1999 until 2006 and as Vice Chairman from 2006. He has been a Board member of the Financial Services Skills Council since 2008 and was Chairman of the Audit Committee of the Institute of Chartered Accountants of Scotland from 2005 until 2008.

**Auditors (resolutions numbered 10 and 11)** You will be asked to vote on the re-appointment of Deloitte LLP as the company's auditors until the next Annual General Meeting, and to authorise the Audit Committee to fix the auditors' remuneration. The company's Audit Committee has recommended to the Board that Deloitte LLP be re-appointed. Details of the auditors' remuneration can be found in Note 5 of the Notes on the Accounts of the Report and Accounts.

In addition you will be asked to vote on the following items of additional business:

**Authority to allot Ordinary Shares (resolution number 12)** This resolution will, if approved, renew the directors' authority to allot unissued ordinary share capital until the Annual General Meeting in 2011. The authority will replace the authority given to the directors at the Annual General Meeting in 2009.

The relevant resolution is set out in Appendix 1. Sub-paragraph (i) of the resolution, if passed, will give the directors authority to allot shares or grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal value of £4,697,143,440.25 (representing one-third of the company's issued ordinary share capital on 10 March 2010 (the latest practicable date before the printing of the notice)). The company has passed resolutions on this basis at the Annual General Meeting for a number of years.

In accordance with the latest institutional guidelines issued by the Association of British Insurers ("ABI"), sub-paragraph (ii) of the resolution, if passed, will give the directors authority to allot, including the shares referred to in sub-paragraph (i) of the resolution, shares in the company in connection with a pre-emptive offer by way of a rights issue to shareholders up to a maximum nominal amount of £9,394,286,880.50, representing two-thirds of the company's issued ordinary share capital on 10 March 2010 (the latest practicable date before the printing of the notice).

The company has no present intention of undertaking a rights issue, or of allotting new shares other than in connection with the company's employee share schemes or the possible conversion of securities into ordinary shares. However, it is considered prudent to maintain the maximum flexibility permitted by institutional guidelines. If they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

**Authority to allot Shares free from pre-emption restrictions (resolution number 13)** This resolution (which will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting) will, if approved, renew the directors' authority to allot equity securities for cash, free from the pre-emption restrictions set out in the Companies Act 2006. This authority, is limited to allotments of shares up to an aggregate nominal value of £704,571,516 (representing 5% of the issued ordinary share capital of the company) and to allotments in connection with a rights issue. The authority will also include any sale by the company of shares held as treasury shares. Paragraph (B) of the resolution, if passed, will renew the authority in the company's articles of association to disapply any statutory pre-emption rights which holders of B Shares or the Dividend Access Share in the company would otherwise have. The relevant resolution is set out in Appendix 1.

If approved, the authority will expire at the end of the Annual General Meeting in 2011 (or on 30 June 2011 if earlier). The directors intend to observe the institutional guidelines in respect of allotments of shares for cash. These presently require that no more than 7½% of the issued ordinary share capital should be allotted for cash on a non pre-emptive basis in any rolling three-year period.

**Consolidation and Sub-division of Shares in connection with conversion of Preference Shares (resolution number 14)** Resolution 14 is an ordinary resolution to grant authority under the Companies Act 2006 to consolidate and sub-divide shares in connection with any conversion of series 1 non-cumulative convertible preference shares of £0.01 each into ordinary shares in the company. The company currently has in issue 200,000 series 1 non-cumulative convertible preference shares, which were issued in 2000. These confer on the holders the right to convert their shares into ordinary shares by giving a conversion notice to the company between 3 September 2010 and 2 October 2010. Under the company's articles of association, the procedure for conversion may involve a consolidation and sub-division of shares, and Resolution 14 will, if passed, confer the necessary authority. The relevant resolution is set out in Appendix 1.

**Notice Periods for General Meetings (resolution number 15)** The EU Shareholder Rights Directive has extended the notice period for general meetings of a company to 21 days. The Directive does however, allow companies to retain a 14 day notice period provided that certain conditions are met, including the passing of an appropriate resolution at an Annual General Meeting. The proposed resolution, which will be proposed as a special resolution, will enable the company to retain the flexibility of holding general meetings (other than an Annual General Meeting) on 14 days' notice. It is intended that the shorter notice period will only be used where it is, in the opinion of the directors, merited in the interests of shareholders as a whole. The approval will be effective until the company's Annual General Meeting in 2011, when it is intended that a similar resolution will be proposed. The relevant resolution is set out in Appendix 1.

**Approval of the RBS 2010 Long Term Incentive Plan (resolution number 16)** The company proposes to introduce a new Long Term Incentive Plan and to make no further awards under the existing Medium-Term Performance Plan and the Executive Share Option Plan. We have committed to positioning the Group at the leading edge of the financial services sector reform of remuneration and with this new Plan we are seeking to meet current best practice, including the ability to apply clawback.

Awards made to Executive Directors under the Plan in 2010 will vest after completion of a three year performance period, subject to the following performance conditions:

- A satisfactory risk review by the Board Risk Committee.
- A satisfactory review of financial and non financial performance in line with the Strategic Plan agreed by the company's Board.
- One half of the award will vest based on the achievement of targets for incremental economic profit in 2012 relative to the base year 2009. Maximum vesting (100%) will be triggered by early delivery of the Strategic Plan giving positive returns above the cost of capital in 2012.
- One quarter of the award will vest based on RBS Total Shareholder Return ("TSR") relative to a weighted basket of comparator companies. Vesting will be on the third anniversary of the award. 20% of this element of the award will vest at median performance against the weighted comparators and 100% at upper quartile.
- One quarter of the award will vest based on absolute TSR growth, expressed as a share price, over the period from the date of the award to the third anniversary of the award. Threshold vesting of 30% of the award will be at 50p and 100% at 75p.

Subject to the risk and overall performance reviews, 22.5% of the award will vest if all tests are met at the threshold level, with 100% of the award vesting only if performance on all three tests is at the maximum level.

Awards to Executive Directors in 2010 will be within the normal maximum annual limit under the Plan of 400% of salary. While the Plan rules allow the Remuneration Committee to give participants the opportunity to convert part of their share award into options, the Remuneration Committee has decided not to offer this choice for the initial grant under the Plan, although there will be flexibility to offer this choice in respect of future awards.

The plan is summarised in Appendix 2. The relevant resolution is set out in Appendix 1.

**Approval of the Renewal of the Employee Share Ownership Plan (resolution number 17)** The company's Employee Share Ownership Plan (the "Plan"), an all-employee share plan approved by HM Revenue & Customs, will come to the end of its ten year life this year. The Plan is currently offered to all eligible UK employees so that they can buy shares in the company using deductions from their gross salary up to a value of £125 per month. The Plan has facilitated wider employee share ownership and, accordingly, your directors are seeking shareholder approval to renew the Plan for a further ten years. The Plan has been updated to reflect changes in the relevant tax legislation and market practice. The main terms of the Plan and how it is currently operated are summarised in Appendix 3 to this letter and the relevant resolution is set out in Appendix 1.

**Adoption of new Articles of Association (resolution number 18)** It is proposed in resolution 18 to adopt new articles of association (the "New Articles"), primarily to reflect the coming into force of the remaining provisions of the Companies Act 2006 and the recent implementation of the Shareholder Rights Directive in the UK. The current articles of association of the company (the "Current Articles") were adopted at the Annual General Meeting in 2008, and took account of the provisions of the Companies Act 2006 which were being implemented at that time. When we asked shareholders to approve these articles, we explained that, as the new Act was being brought into force in stages, it was likely that further changes would be proposed at subsequent Annual General Meetings. As the last parts of the Companies Act 2006 came into force in October 2009, further changes to the articles of association are required this year. Certain clarifying changes are also proposed.

The principal changes introduced in the New Articles are summarised in Appendix 4 to this letter. Other changes which are of a minor, technical or clarifying nature (including those which merely reflect changes made by the Companies Act 2006 or the Companies (Shareholders' Rights) Regulations 2009) have not been noted in the summary. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 6 of this document.

Resolution 18, which is set out in Appendix 1, will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting.

**Political Donations (resolution number 19)** The Companies Act 2006 requires companies to seek prior shareholder approval for any political donations or political expenditure in respect of an EU political party or other EU political organisation or an independent election candidate in the EU. Neither the company nor any of its subsidiaries has any intention of making any political donation or incurring any political expenditure. However the definitions of political donations and political expenditure used in the 2006 Act are very widely drafted, and we have been advised that the

definitions could include activities such as allowing staff paid leave to act as local councillors or to stand for election in local government, national or European parliament elections. In keeping with most companies our employment policies do allow paid leave in these circumstances. Contributions to “think tanks” or bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it may also be deemed to be political donations or expenditure as defined by the 2006 Act.

The penalties for breach of the legislation are severe, even if the breach is inadvertent. At the Annual General Meeting in 2006 shareholders approved resolutions to protect the company and its officers by approving political donations and expenditure of up to £500,000 per annum in aggregate across the Group. We now seek to renew this authority up to an aggregate of £500,000 which will not be used for any purpose other than a continuation of our normal business and employment practices.

The approval will, if granted, expire at the Annual General Meeting of the company in 2011.

The relevant resolution is set out in Appendix 1.

### **Recommendation**

The directors consider that all the proposals described in this letter are in the best interests of the company and its shareholders as a whole, and recommend all shareholders to vote in favour of all the resolutions, as the directors intend to do in respect of their own beneficial holdings, with the exception of resolution 16 on which the executive directors will not vote as they are potential beneficiaries under the new Long Term Incentive Plan.

## Section 3

General information in relation to the Annual General Meeting and Report and Accounts

### Report and Accounts

Unless you have elected for electronic communication you will have received either:

- (1) the full "Report and Accounts". This is sent only to shareholders who have asked to receive it or who have not previously had the opportunity of choosing which document they wish to receive; or
- (2) the "Annual Review and Summary Financial Statement" which includes the Chairman's statement, the Group Chief Executive's review and Divisional review. The main difference from the Report and Accounts is that the accounting information has been summarised.

**If you wish to change your election in this regard please contact our Registrar on +44 (0)870 702 0135.**

### Shareholder Questions

At the Annual General Meeting members attending the meeting have the right to ask questions. The company must cause to be answered any such questions relating to the business of the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or good order of the meeting that the question be answered. You can also write to us with your questions at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or contact us at [rbsagm2010@computershare.co.uk](mailto:rbsagm2010@computershare.co.uk) and we will respond to your questions as soon as possible. Our customer services and shareholder enquiries teams at the meeting will also be pleased to help you.

### Forms of Proxy and voting at the Annual General Meeting

A Form of Proxy is enclosed which covers all resolutions to be proposed at the Annual General Meeting and which is for use by holders of ordinary shares of 25p, 5½% cumulative preference shares of £1 and 11% cumulative preference shares of £1. If you are a person nominated under section 146 of the Companies Act 2006 to enjoy information rights, please read note (3) to the Notice of the Meeting.

Completed Forms of Proxy should be returned in the pre-paid envelope as soon as possible, but in any event no later than 1.00 p.m. on Monday 26 April 2010. In addition, it is now possible to appoint and instruct your proxy electronically by following the instructions on the enclosed Form of Proxy. Completion of a Form of Proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish. To appoint more than one proxy (each of whom must be appointed to exercise rights attached to different shares held by you), see Note 2 on the reverse of the Form of Proxy.

At the Annual General Meeting we will disclose, for each resolution, the total of the proxy votes received and any votes cast at the meeting, the proportion for and against each resolution and the number of votes withheld. Votes withheld will not be counted in the calculation of the proportion of votes 'for' and 'against' a resolution.

Voting at the Annual General Meeting in respect of each resolution will be conducted by way of a poll. Voting on a poll is more transparent and equitable, since it allows the votes of all shareholders who wish to vote to be taken into account, and it reflects evolving best practice. Shareholders who attend the meeting will still be able to ask questions relevant to the business of the meeting prior to voting on the resolutions.

### Arrangements for Shareholders in need of assistance at the Annual General Meeting

Special arrangements have been made to help shareholders in need of assistance. An induction loop will be available for shareholders who are hard-of-hearing and shareholders wishing to use this service should ask the ushers for directions to the seats with the optimum signal. There will also be facilities for shareholders who are wheelchair users. Anyone who accompanies a shareholder who is in need of assistance will be admitted to the meeting.

### Contact Details

Shareholder enquiries Registrar Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ Telephone: 0870 702 0135 Facsimile: 0870 703 6009	Group Secretariat The Royal Bank of Scotland Group plc PO Box 1000 Gogarburn Edinburgh EH12 1HQ Telephone: 0131 556 8555 Facsimile: 0131 626 3081 Registered office	36 St Andrew Square Edinburgh EH2 2YB Telephone: 0131 556 8555 website <a href="http://www.rbs.com">www.rbs.com</a>	Auditors Deloitte LLP Chartered Accountants and Registered Auditors Edinburgh
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## Appendix 1

The following resolutions (numbered as in the Notice of Meeting) will be proposed as additional business at the Annual General Meeting of the company convened for 28 April 2010 at 1.00 p.m. in the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh.

Resolutions 13, 15 and 18 will be proposed as special resolutions.

### 12 Ordinary Resolution

That the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

- (i) up to an aggregate nominal amount of £4,697,143,440.25 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under sub-paragraph (ii) below in excess of £4,697,143,440.25); and
- (ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £9,394,286,880.50 (such amount to be reduced by any shares allotted or rights granted under sub-paragraph (i) above) in connection with an offer by way of a rights issue (that is, an offer to subscribe for further securities by means of the issue of a renounceable letter or other negotiable document which may be traded for a period before payment for the securities is due):
  - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (b) to holders of other equity securities if this is required by the rights of those equity securities or, if the Directors consider it necessary, as permitted by the rights of those equity securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter.

This authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2011, save that the Company may before such expiry (A) pursuant to the authority conferred by sub-paragraph (i) above, make any offer or agreement which would or might require shares to be allotted, or rights to subscribe for, or convert securities into, shares to be granted, after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if the authority so conferred had not expired, and (B) pursuant to the authority conferred by sub-paragraph (ii) above, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority so conferred had not expired.

This authority is in addition and without prejudice to any other subsisting unutilised authorities conferred upon the Directors under section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006.

### 13 Special Resolution

That subject to the passing of Resolution 12:

- (A) the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by Resolution 12 or by way of a sale of treasury shares, as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:
  - (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 12(ii), by way of a rights issue as described in that Resolution only) to or in favour of (a) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings, and (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the right of those securities, but subject to such exclusions or other arrangements as the

Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical problems arising under the laws of any territory or the requirements of any relevant regulatory body or any stock exchange or any other matter; and

- (ii) the allotment (otherwise than pursuant to sub-paragraph (i)) of equity securities pursuant to the authority granted under Resolution 12(i) and/or by virtue of section 560(3) of the Companies Act 2006, up to a maximum nominal amount of £704,571,516.

This power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2011, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

This power is in addition and without prejudice to any other subsisting unexercised powers conferred upon the Directors under section 95 of the Companies Act 1985 or section 571 of the Companies Act 2006; and

- (B) the powers conferred on the Directors by sub-paragraphs (2A) and (2B) of article 13(B) of the Company's existing articles of association (or, if Resolution 18 is passed, the corresponding sub-paragraphs in the new articles of association adopted by that Resolution) be renewed for the period ending at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2011.

#### 14 Ordinary Resolution

That such amount of the Company's share capital as the Directors may determine be consolidated and sub-divided and/or such number of the Company's shares as the Directors may determine be consolidated and/or sub-divided (whether into shares of the same class and/or different classes), being such amount and/or number as the Directors may determine for the purposes of or in connection with converting any 7.387% series 1 non-cumulative convertible preference shares of £0.01 each into ordinary shares and/or Non-Voting Deferred Shares in accordance with their terms of issue (including the consolidation and sub-division of the ordinary shares into ordinary shares of a lower nominal value and/or Non-Voting Deferred Shares), and that the Directors be and are hereby authorised to take all such other steps as they may deem necessary or desirable to implement such consolidation and sub-division.

#### 15 Special Resolution

That a General Meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

#### 16 Ordinary Resolution

That:

- (A) The Rules of the RBS 2010 Long Term Incentive Plan (the "Plan") referred to in the Chairman's Letter to Shareholders dated 17 March 2010 and Appendix 2 to the Notice of Annual General Meeting dated 10 March 2010 and produced in draft to this Meeting and for the purposes of identification initialled by the Chairman be approved and the Directors be authorised to make such modifications to the Plan as they may consider necessary to take account of the requirements of the Financial Services Authority and best practice and to adopt the Plan as so modified and do all acts and things necessary to operate the Plan; and
- (B) The Directors be authorised to establish such further plans for the benefit of employees outside the UK and relevant employees in the ABN AMRO Group based on the Plan. The Plan may be subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation provided that any ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual participation, or overall participation in the Plan.

#### 17 Ordinary Resolution

That the renewal of the rules of The Royal Bank of Scotland Group plc Employee Share Ownership Plan (the "Plan"), referred to in the Chairman's Letter to Shareholders dated 17 March 2010, in the form produced to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (i) to do all such acts and things as they may consider appropriate for the renewal of the Plan; and
- (ii) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

#### 18 Special Resolution

That:

- (A) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company's articles of association; and
- (B) the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company, in substitution for, and to the exclusion of, the existing articles of association.

#### 19 Ordinary Resolution

That, in accordance with section 366 of the Companies Act 2006 (the "2006 Act") the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised to: (a) make political donations to political parties, political organisations other than political parties, or independent election candidates, not exceeding in total £250,000; and (b) incur political expenditure not exceeding in total £250,000, in each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of the Company to be held in 2011 or on 30 June 2011, whichever is the earlier, provided that the maximum amounts referred to in (a) and (b) may consist of sums in any currency converted into sterling at such rate as the Directors may in their absolute discretion determine. For the purposes of this resolution, the terms 'political donations', 'political parties', 'political organisations', 'independent election candidates' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the 2006 Act.

## Appendix 2

### Summary of the main features of the proposed RBS 2010 Long Term Incentive Plan (the “LTIP”).

#### 1 Eligibility

Employees of the Company and its subsidiaries (including Executive Directors and ABN AMRO group employees) may be selected by the Remuneration Committee (the “Committee”) to participate.

#### 2 Form of awards

The plan allows for awards to take the form of rights to receive free shares, nil-cost or market value options. For the first operation of the LTIP, it is intended to grant rights to receive free shares only, shortly after the AGM.

If market value options are awarded in future, the exercise price will be set by reference to the share price around the time of grant.

#### 3 Performance

The vesting of awards will normally be subject to the satisfaction of performance conditions which will be set by the Committee for each award.

The performance condition for the first set of awards will be tested over three years from the year in which the awards are granted. For Executive Directors, the proposal for awards in 2010 is based on a range of stretching measures including improvement in Economic Profit, relative TSR performance against a comparator group and absolute TSR performance. In addition, awards will only vest if the Committee is satisfied that risk management during the performance period has been effective and that financial and non financial performance has been satisfactory in line with the Group's Strategic Plan.

#### 4 Reduction of awards (clawback)

Awards may be reduced and/or forfeited after reviewing the performance of the Company, any member of the Group, any business area or team or the relevant individual and any other matter which appears relevant.

#### 5 Vesting/exercise of awards

The Committee will set the date or dates on which each award will vest.

It is intended that awards will normally vest following the end of the period over which the Performance Condition is tested.

Once vested, an option can be exercised at any time up to the tenth anniversary of the date of grant or earlier if there is a corporate event or the participant leaves (see below).

Awards are normally satisfied by the issue or transfer of shares but the Committee can decide to settle them in cash or debt.

#### 6 Leaving employment and death

Awards will normally lapse when a participant leaves employment.

However, in the circumstances below, the award will continue and vest on the normal timescale (or earlier if the Committee so decides), to the extent that any performance conditions are then satisfied. The number of shares which vests will also be reduced to reflect the portion of the period the participant was employed, unless the Committee decides otherwise. The circumstances are if employment ends:

- due to ill health, injury or disability;
- due to retirement by agreement;
- due to redundancy;
- due to the sale of the employing company or business; or

- in other circumstances allowed by the Committee, and usually only where the participant does not join a competitor or engage in detrimental activity.

Any unexercised options will lapse 12 months after vesting.

If the employee dies, his award will vest in full.

## **7 Corporate events**

Awards vest on a change of control of the Company, but (unless the Committee decides otherwise) only to the extent that any performance conditions are then satisfied and with a pro rata reduction to reflect the portion of the period between award and vesting that has elapsed.

If there is a variation in share capital, demerger, distribution (other than an ordinary dividend), delisting or other transaction affecting the current or future value of the shares, awards are not affected but the Committee can decide that awards will:

- vest in whole or in part subject to any conditions, performance or otherwise, that may be imposed;
- lapse wholly or in part;
- be exchanged for equivalent new awards; and/or
- be adjusted, as to the number of shares and/or any other terms;

or the Committee may take such other action as it considers appropriate.

## **8 Dividend equivalents**

An award may be made on the basis that, on vesting, the employee will be paid (in cash or shares) an amount equal to the dividends which would have been payable on the number of shares then vesting over the period from grant to vesting.

## **9 Individual limit**

Except where the Committee considers that there are exceptional circumstances, the market value of shares subject to awards made to any one person in any financial year will not be more than 400% of salary if it is made in the form of performance shares. The Committee may adjust this limit, whilst broadly maintaining the same expected value, to the extent that the award is made in the form of market priced share options.

## **10 Limit on number of shares issued**

In any 10 year period, not more than 10% of the issued ordinary share capital of the Company (including B shares) may be issued or committed to be issued under the LTIP and all other employee share plans operated by the Company.

In addition, in any 10 year period, not more than 5% of the issued ordinary share capital of the Company (including B shares) may be issued or committed to be issued under the LTIP and other discretionary share plans adopted by the Company.

Awards which have lapsed are not counted and commitments to transfer treasury shares will be counted as if they were commitments to issue new shares (for so long as it is best practice to do so).

## **11 Amendments**

The Committee can amend the rules of the LTIP but shareholders must approve in advance amendments to certain provisions which are to the advantage of participants. These provisions relate to: eligibility; individual and plan limits; the basis for determining a participant's entitlement to benefits under the LTIP and any adjustment if there is a variation of capital and the amendment power itself.

Also, shareholder approval is not required:

- to make minor amendments to facilitate the administration of the LTIP, to comply with or take account of any proposed or existing legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or participant; or,
- if anything happens which causes the Committee reasonably to consider it appropriate, to change or waive any performance condition.

## **12 Other provisions**

Awards under the LTIP are not pensionable. Awards are not transferable, except on death when they may be transferred to the participant's personal representatives.

Participants will not be entitled to vote in relation to conditional rights to shares, until the shares have been issued or transferred to them.

Any shares issued on exercise or vesting will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

## Appendix 3

### Summary of the principal terms of The Royal Bank of Scotland Group plc Employee Share Ownership Plan

#### Operation

The remuneration committee of the board of directors of the Company (the “**Committee**”) supervises the operation of the Plan. The Plan is approved by HM Revenue & Customs.

The Plan is currently used to offer all eligible UK employees the opportunity to buy ordinary shares in the Company (“Shares”) on a monthly basis using deductions from their gross salaries up to a value of £125 per month. This element of the Plan is known as the “Partnership Shares” element. The relevant tax legislation allows companies to offer two other elements, known as “Matching Shares” and “Free Shares”, and the Plan contains the facility to also offer these elements. However, the current intention of the Committee is to continue to offer only the Partnership Shares element. More details on each of the three elements are set out below.

#### Partnership Shares

The market value of Partnership Shares which an employee can agree to purchase in any tax year may not exceed £1,500 (or 10% of the employee's salary, if lower), or such other limit as may be permitted by the relevant legislation. If the Committee so decides, salary deductions may be accumulated over a period of up to 12 months and then used to buy Shares at the lower of the market value of the Shares at the start and at the end of the accumulation period. However, the Committee currently allows only monthly purchases of Shares.

#### Matching Shares

Matching Shares are free Shares which may be awarded to an employee who purchases Partnership Shares. The Committee may award Matching Shares to an employee who purchases Partnership Shares up to a maximum of two Matching Shares for every one Partnership Share purchased (or such other maximum ratio as may be permitted by the relevant legislation). The same Matching Share ratio will apply to all employees who purchase Partnership Shares on the same occasion.

#### Free Shares

Free Shares are Shares which may be awarded to eligible employees. The market value of Free Shares awarded to any employee in any tax year may not exceed £3,000 or such other limit as may be permitted by the relevant legislation. Free Shares may be awarded on a number of bases: equally for all employees; on the basis of salary, length of service or hours worked; or on the basis of performance, as permitted by legislation.

#### Eligibility

Employees of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate and all eligible employees must be invited. The Board may also allow non-UK tax resident taxpayers to participate. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to be eligible to participate.

#### Retention of Shares

The trustee of the Plan trust acquires and holds Partnership Shares on behalf of participants. Participants can withdraw their Partnership Shares from the Plan at any time. If a participant ceases to be employed by the Company's group after acquiring Partnership Shares then his/her Shares are transferred out of the Plan.

If any Matching Shares and/or Free Shares are awarded then those Shares would usually be held by the Plan trustee for a period of at least three years. The Committee may decide that such Shares will be forfeit if participants cease to be employed in the Company's group within three years of the award unless they leave by reason of death, injury, disability, redundancy, retirement on or after reaching 60, or if the business or company for which they work ceases to be part of the Company's group. In any of those cases, the participants' Shares will be transferred out of the Plan.

**Dividends**

Any dividends paid on Shares held by the Plan trustee on behalf of participants may be either used to acquire additional Shares for participants or distributed to participants. The current policy of the Committee is for dividends to be distributed to participants.

**Other rights attaching to Plan Shares**

A participant is treated as the beneficial owner of the Shares held on his behalf by the Plan trustee. Accordingly, in the case of corporate transactions affecting the Company and variations of share capital of the Company, Shares held in the Plan are usually treated in the same way as any other Shares. In the event of a corporate reorganisation, Shares held on behalf of participants may be replaced by equivalent shares in a new holding company.

Any Shares allotted under the Plan rank equally with Shares then in issue except for rights attaching to such Shares by reference to a record date prior to their allotment.

**Overall Plan limits**

The Plan may operate over new issue Shares, treasury shares or Shares purchased in the market. In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company (including B shares) under the Plan and any other employee share plan adopted by the Company. Treasury shares will count as new issue Shares for the purposes of this limit unless institutional investor bodies decide that they need not count. Awards which have lapsed are not counted and commitments to transfer treasury shares will be counted as if they were commitments to issue new shares (for so long as it is best practice to do so).

**Alterations to the Plan**

The Committee may, at any time, amend the Plan in any respect, except that the prior approval of shareholders in general meeting is required for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, Shares to be acquired and the adjustment of awards.

The requirement to obtain prior shareholder approval does not, however, apply to any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or any company in the Company's group.

**General**

An award of Shares may not be made under the Plan later than ten years after shareholder approval of the renewal of the Plan.

No benefits received under the Plan are pensionable.

**Overseas plans**

The shareholder resolution to approve the Plan will allow the Committee, without further shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

## Appendix 4

### Summary of the principal changes to the company's articles of association

#### 1 The company's objects

The provisions regulating the operations of the company are currently set out in the company's memorandum and articles of association. The company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 ("the 2006 Act") significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

The 2006 Act further states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the company's articles of association. Resolution 18(A) confirms the removal of these provisions for the company. As the effect of this resolution will be to remove the statement currently in the company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

#### 2 Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 Act, a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the company's name.

#### 3 Redeemable shares

Under the law formerly in force, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The company has no plans to issue redeemable shares.

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

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act, a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

The Current Articles restrict the maximum price payable by the company to purchase any of its own non-cumulative preference shares listed on the London Stock Exchange. The New Articles will disapply this restriction whenever non-cumulative preference shares are issued in the future, unless such restriction is expressly applied by the directors in relation to an issuance of non-cumulative preference shares.

#### 5 Directors' power to allot securities

The provisions regulating authority to allot shares and the disapplication of pre-emption rights are currently set out in the company's articles. In line with market practice, the company proposes to delete these provisions from the New Articles and instead to pass resolutions at the Annual General Meeting to obtain these authorities on an annual basis. The Resolutions to be proposed as Resolutions 12 and 13 at the 2010 Annual General Meeting will, if passed, confer these authorities.

## **6 Fractional entitlements**

If, following a consolidation or subdivision of shares, a member is entitled to a fraction of a share the directors have power to sell those fractions and distribute the proceeds to the entitled members. The company proposes to include a new provision in the articles so that if the entitlement is less than a nominal amount to be decided by the directors, the directors may give that amount to charity rather than the entitled member. This is in line with the Model Articles for public companies produced by the Department for Business, Innovation and Skills, and ensures that the directors are not obliged to distribute nominal sums to members where the cost of doing so might be greater than the amount to be distributed.

## **7 Closure of share register**

The 2006 Act has abolished a company's ability to close its register of members for up to 30 days each year. The company proposes to amend its articles to reflect the fact that this is no longer permitted.

## **8 Notice of general meetings**

The Companies (Shareholders' Rights) Regulations 2009 (the "Shareholder Rights Regulations") amend the 2006 Act to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual General Meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

An adjourned meeting may be called at shorter notice than applied to the original meeting, but where a meeting is adjourned for lack of a quorum, the 2006 Act, as amended by the Shareholder Rights Regulations, only allows shorter notice if the adjourned meeting is held at least ten days after the original meeting and does not include any new business. The New Articles reflect this requirement.

## **9 Meeting at more than one place**

The Current Articles allow the company to use overflow rooms for general meetings where the people attending the meeting cannot all be accommodated in the main meeting room. Any overflow room must have appropriate links with the main meeting room to enable audio-visual communication throughout the meeting. In line with emerging market practice, the New Articles extend the scope of these arrangements to give the company a general power to hold meetings at more than one place. This may assist with the organisation and administration of general meetings and enable the company, in appropriate circumstances, to make arrangements that will be more convenient to shareholders.

## **10 Proxies**

The Shareholder Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes.

The New Articles also provide that there is no obligation on the company to check and ensure that a proxy is voting at a general meeting in accordance with the voting directions provided by the appointing member.

The New Articles make a minor amendment to the time limit for lodging appointments of proxies where a poll is being taken after the meeting at which it is demanded but not more than 48 hours after the poll was demanded.

## **11 Voting by corporate representatives**

The Shareholder Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles rely on the provisions dealing with voting by corporate representatives which are contained in the 2006 Act.

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

The New Articles remove the provision giving the chairman of a general meeting a casting vote in the event of an equality of votes, as this is no longer permitted under the 2006 Act.

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

The articles specify the circumstances in which a director must vacate office, and the opportunity has been taken in the New Articles to add an express statement that a director will automatically vacate office if he has been appointed for a fixed term and the term expires.

## **14 Directors' interests**

The Current Articles, reflecting the 2006 Act, contain rules and safeguards for dealing with situations in which a director has, or could have, a conflict, or potential conflict, of interest. The shareholders can suspend or relax these provisions by special resolution. In line with market practice, it is proposed that the New Articles provide for an ordinary resolution to be sufficient for this purpose.

## **15 Written resolutions of directors**

Under the Current Articles, a written resolution of the directors need not be signed by a director who is abroad at the relevant time. As modern communications mean that there may be no particular obstacle to sending a written resolution to a director who is abroad, the New Articles provide that the resolution must be signed by all the directors who would have been entitled to vote upon the resolution at a directors' meeting. This is in line with the Model Articles for public companies.

## **16 Use of seals**

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the 2006 Act, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for the execution of documents where the company's common seal is used. In addition to the previously stated options, a document bearing the seal may be signed by one director or other authorised person in the presence of a witness.

## **17 Capitalisation of reserves in relation to employee share options**

The Current Articles contain a provision whereby, if an adjustment is made to the option price payable by an option holder under any employees' share scheme which results in the adjusted price per ordinary share payable on the exercise of any option in respect of any share being less than the nominal value of such share, the directors may, when the option is exercised, capitalise reserves to pay up the difference between the adjusted price and the nominal value of any new share to be allotted ("new share"). The company proposes to extend this provision in the New Articles so that reserves may be used to pay up the nominal value of a new share where no adjustment of an option price has been made. This will not provide any additional benefit to participants in the employee share schemes.

## **18 Sending notices and other documents to shareholders**

The Current Articles allow the company to communicate with members by electronic and/or website communications, and the opportunity has been taken in the New Articles to restate these provisions in clearer language which conforms more closely with that in the 2006 Act.

Access to the EICC Loading Bay is from the West Approach Road.

There are a number of car parks within walking distance of the EICC, they are marked on the map. For further details on car parking please visit our website.

Please note that there are a number of one way streets in close proximity to the EICC. There are also roadworks in the area which may increase journey times and restrict availability of parking.

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