

RSPCA on alert as the fur flies at BA

BRITISH Airways trade unions' eye-catching demonstration of live lemmings at the annual meeting almost didn't happen. The unions brought the lemmings in a bid to illustrate that BA staff should not follow the airline's management over the cliff to oblivion as, according to folklore, the small rodents are wont to do. But the demonstration only got under way after the RSPCA arrived to check on the lemmings' welfare. The RSPCA's officer gave the little creatures the all-clear but declined to comment on the conditions of BA's demonstrating cabin crew.

■ **THE bunker mentality that is besieging the communications department at British Airways saw the beleaguered flag carrier yesterday restrict the amount of**

■ **RELATIONS between BA and Virgin are at their frostiest since the great dirty tricks episodes of the 1990s. Especially as current and former BA executives face court soon over price-fixing after they were turned in by their Virgin counterparts. Asked whether BA should co-operate with Virgin on issues like air tax, BA chief Willie Walsh flashed back, albeit with a glint in his eye: "We don't talk to Virgin...as you may know."**

...while Walsh is cagey over profits

ONE veteran shareholder insisted at length that in its accounts BA should split out its long-haul profits from its short-haul ones to show just how heavily lossmaking its domestic and European flights are.

Walsh insisted it is impossible to do this because of BA's large number of transfer passengers jumping from short-haul to long-haul flights and vice versa. And in any case, there are commercial confidentiality issues.

That was just before he wrecked his own premise by telling the meeting that the last time BA split out short-haul performance was in the boom year of 2005-6 when short-haul actually made a profit.

■ **IRISHMAN Walsh is telling anyone who will listen that business class passengers have left**

media coming along to the meeting in Westminster. Certain newspapers were told they could only have one representative. The last company that attempted these sort of shenanigans – and it too was (ill-) advised by City PR firm Brunswick – was Marconi. And looked what happened to it.

■ **SIR Richard Branson is still getting under BA's skin. After the Virgin Atlantic boss recently warned the Government against intervening to bail out heavily lossmaking BA, the flag carrier's chairman Martin Broughton spluttered at the annual meeting: "He is rather worried about his own airline. And he knows quite a lot about subsidies because he's been welcoming them into his train operations for years."**

the airline and won't be back any time soon. So BA will be scrapping its ambitious plans to run a business class-only service replete with flat beds to New York from London City Airport from the autumn? "No, we are going ahead," says Walsh. There's some logic there somewhere.

■ **IN these straitened times and with industrial action looming, are BA directors, partners and their children still allowed to fly free on the airline? You bet. When Broughton sought to clarify this, however, he only succeeded in sparking much unintended ironic mirth by insisting that they can only fly "if there is space on the flight". For the record, BA passenger numbers are down by around 1.5 million a year.**



Nominated: Geoffroy de la Bourdonnaye, the boss of Liberty

French say 'oui' to our top jobs

THE City has long resounded with Gallic accents as Paris's finest bankers and lawyers flee the stifling parochialism of their local firms.

But it's only once you put them all together that you realise how many of 'em have started running our companies over the past year or so.

It strikes home when you see them all lined up together at this week's nominations for the Français of the Year award, where high-flying London grenouilles vote for their favourite fellow expats.

Under the categories for businessman, you have Xavier Rolet at the London Stock Exchange, Geoffroy de la Bourdonnaye at Liberty, Tidjane Thiam at the Pru, Arnaud de Puyfontaine at NatMags and Andre Lacroix at Inchcape.

Only arch-smoothie Arnaud Bamberger at Cartier UK has been in place for longer.

■ **HERE'S Goldman Sachs spokesman Lucas Van Praag, defending the bank from an article in Rolling Stone that blames the Wall Street giant for, well, most things: "To give just two examples, even with the worst will in the world, the blame for creating the internet bubble cannot credibly be laid at our door, and we could hardly be described as having been a major player in the mortgage market, unlike so many of our current and former competitors."**

Goldman was certainly a major player in the internet flotation bubble, though it may not have been the worst offender. It really doesn't take the worst will in the world to think Goldman was in some way responsible for that catastrophe. And as to not being a major player

in the mortgage market – by some estimates it had 7%.

That's fairly significant, it just happens to be lower than some rivals. Still, if you work for Goldman Sachs, you perhaps get used to people assuming that what you say is true, just because you say it.

■ **ROLLING STONE, you will remember, thinks Goldman (which yesterday reported quarterly profits of \$3.44 billion) is "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money". There's no particular justification for running this description again. We just like it.**

PwC to return \$11bn of assets at Lehman

Hugo Duncan

ADMINISTRATORS to Lehman Brothers' today paved the way for the bust bank to return \$11 billion (£6.8 billion) of frozen assets to clients as early as next year.

PricewaterhouseCoopers, which controls the collapsed bank's European operations, applied for court approval in London to block any claims for assets after the end of this year, freeing it to start handing back money in early 2010.

About 700 hedge funds and investment firms lost control of \$23 billion of assets when Lehman collapsed in September last year, an event which sparked a global financial crisis. PwC said it has

returned about \$12 billion of assets since then by negotiating individual agreements but that it had been a painstaking process.

Steven Pearson, joint administrator of Lehman Brothers International Europe and partner at PwC, said the new plan "proposes a compromise on all sides to cut through the multiplicity of complex issues to deliver a fair solution".

The plan has the unanimous support of the creditors' committee and PwC will meet with industry groups over the coming weeks to discuss the detail.

It needs High Court approval and the support of 75% of creditors.

Pension fund giant set to sue rating agencies

Robert Lea

THE world's top rating agencies are to be sued by one of America's most powerful institutional investors over their role in credit boom and bust.

Moody's, Standard & Poor's and Fitch have been accused in court filings by Calpers, the wealthy Californian state pension fund, of bandying around AAA-ratings on some of the most toxic debt packages.

The lawsuit says the agencies gave structured investment vehicles "wildly inaccurate and unreasonably high" ratings before they imploded in the financial crisis. They are

formally accused of "negligent misrepresentation" which, says Calpers, has left its pension funds with losses that could run to more than \$1 billion.

The agencies are further accused of using methodologies to rate complicated mortgage-backed securities that were "seriously flawed in conception and incompetently applied".

The rating agencies have been pilloried by politicians and investors over their role in the credit crunch but Calpers' move is the first high-profile attempt to make Moody's, S&P and Fitch pay for their alleged failings.

Investors oppose BT bosses' bonus deal

Simon English

ONE in 10 big City investors is so angered by BT's recent performance that they voted against the telecom giant's latest pay deal for executives.

At the annual meeting 11% of shareholders refused to approve a bonus scheme to pay chief executive Ian Livingston £5.6 million for hitting performance targets.

The Association of British Insurers earlier slapped an "amber top" rating on the company, indicating it is far from supportive of the remuneration deal.

Investor advisory group Pirc described the new pay deal as "potentially excessive" and the performance targets as not

"sufficiently challenging". Small shareholders also queried the £2.9 million "golden goodbye" given to Francois Barrault, former boss of the troubled Global Services division which was forced to write-off £2 billion.

Chairman Sir Michael Rake agreed this performance was unacceptable.

He said BT will make cuts of £1 billion this year to benefit investors, while improving customer service.

As for the 6.5p dividend, he said: "The board is committed to delivering attractive returns for shareholders. "We believe that operational improvements will generate sufficient cash flow to allow the dividend to grow."

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