To Bradford & Bingley Shareholders

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UK Shareholders Association
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Bradford & Bingley Action Group – Update No. 11

Public Meeting Reminder

Supporters are reminded that there is a public meeting this coming Saturday (the 7th March) in Bingley for everyone who has an interest in Bradford & Bingley. See our web site at www.uksa.org.uk/B&B_Meeting.htm for more details. It is of course free and anyone can attend – all you need to do is turn up.

SFO Investigation

We told you in our last newsletter that we had submitted a complaint to the Serious Fraud Office about the events at Bradford & Bingley prior to the nationalisation, in effect asking them to investigate the affairs of the company including the statements of senior executives, and their dealings with the FSA. We understand that the SFO is considering launching such an investigation and we would ask everyone who feels that they have suffered financial loss as a result of such events to write to the SFO with the details. If you purchased shares, either in the open market, or in the rights issue, based on the statements by the company, their investor relations staff, or the directors or other senior executives of the company and you believe those statements were misleading, please write to the SFO giving as many details as you can.

Similarly if you held back from selling shares based on such statements, or have any other information about the affairs of the company, please tell the SFO.

The address to write to is as follows: Mr R. Alderman, Director, Serious Fraud Office, Elm House, 10-16 Elm Street, London, WC1X 0BJ.

FSA Conversation

One interesting piece of evidence that came to light recently was a telephone conversation that took place between one of our supporters and the FSA just prior to nationalistion. This is how it went:

Transcript of Conversation between Kevin Knowles and David [Downey] of the FSA on the 18th September 2008. *Some sections of the conversation have been omitted for both brevity and reasons of confidentiality. Indistinct words are in square brackets.*

Knowles: I hold about xxxxxxxxx in a B&B E-Savings Account. Have just phoned them to ask how safe is my money. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx They said they were unable to give me any information and I should contact the FSA. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

I bought a lot of B&B shares. I did expect the shares to bounce back but they haven't done. It brings into question as to how safe by money is with them. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Downey: xxxxxxx. We appear to be heading towards recession. There is speculation [*mentions several companies other than B&B*]. But Bradford & Bingley remains authorised and regulated by the FSA. There are no issues so far as the FSA is concerned with its capital – having sufficient capital to be authorised. So you can be satisfied there aren't any [prudential] concerns relating to the Bradford & Bingley at the moment. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx They are an authorised firm. They are on our register. There are no issues.

This tends to support our view that the FSA was either concealing the extent of the problems at Bradford & Bingley from the public, or that the problems were not as severe as would have justified the subsequent nationalisation.

Subordinated Bonds

Although this Action Group is primarily dealing with the interests of the Ordinary Shareholders, we are also representing those investors who held the undated Subordinated Bonds (previously called PIBs). Although these bonds are still trading, the market price is very low because of uncertainty as to what will happen to these bonds as effectively the company is being wound up. The interest on them has been paid to date however (although it is at the option of the company, and hence the new owners), and we understand that the interest due on the 7th April will also be paid. However, a recent Order made in Parliament under the Bradford and Bingley nationalisation Act bodes ill for investors. This order affects the dated subordinated bonds that were mainly held by institutions. The Order (see www.opsi.gov.uk/si/si2009/pdf/uksi_20090320_en.pdf) effectively gives the Government powers to rewrite the bond terms at their whim.

To quote one investment analyst "*We are very disappointed. It's bad news for B&B bondholders and it's bad for the bank capital market*". Another said "*it looks as though the Government can do anything it likes*". In effect, it shows the Government is willing to default on the agreed terms of the bonds and change the rules as they see fit.

Media Contact List

We get a lot of requests from the press, or from TV/radio stations to talk to Bradford & Bingley shareholders. They typically wish to talk to "ordinary" shareholders rather than members of our committee, often from particular parts of the country. If you would be willing to speak to journalists, or give short TV or radio interviews, then please let us know so that we can build up a "panel" for future use. You would of course only be speaking on your own behalf and giving your own personal views so there is no responsibility entailed. But it would assist us in getting across to the public what the impact of nationalisation has been. Please send an email to uksa1@btconnect.com if you are willing to do this, mentioning you want to be added to the media contact list and include a telephone number.

Roger Lawson
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Note that all previous information issued by UKSA in respect of Bradford & Bingley is present on the following web site page: www.uksa.org.uk/BradfordBingley.htm