

Press Release

For immediate release

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UKSA's Advice to Bradford & Bingley Shareholders

In a press release we issued on the 16th June, the UK Shareholders Association (UKSA) deplored the revised rights issue and advised shareholders to consider carefully how they should vote on the rights issue and the associated sale of a stake in the company to TPG.

Since then Resolution have made tentative proposals for an alternative deal to the directors of Bradford & Bingley. Although their initial ideas did not seem attractive to UKSA, they later revised the proposals to overcome many of our concerns. However, the directors of Bradford & Bingley have refused to disclose more information to enable the proposal to become more definite. We stated on the 26th June that *"we believe that Resolution's proposal should be seriously considered by Bradford & Bingley and that Resolution should be given access to financial information to enable them to firm up their proposal"*.

However, as the directors of Bradford and Bingley have continued to refuse access to the accounts, Resolution have now withdrawn, although there are hints in the media that they might return if invited to do so by the directors.

We see no good reason, despite having studied the comments of the directors issued in a statement on the 27th June, for their refusal to release information to Resolution. They indicate that access to due diligence was refused because the indicative proposal did not meet their requirements concerning "certainty, clarity, change of control, and price". But further explanation of their concerns was limited.

We Suggest Shareholders Consider Voting Against the Rights Issue

In our view they have not provided adequate explanations for why the proposals were unacceptable, and have not given Resolution the opportunity to clarify their proposals further while unnecessarily blocking access to the required financial information.

In addition we dislike the breach of the principles of pre-emption and other aspects of the TPG investment which are linked to the rights issue. These have received severe criticism from the Association of British Insurers (ABI) who represent many institutional investors.

We therefore suggest that shareholders should consider ignoring the recommendation of the directors to vote in favour of the rights issue and the TPG investment.

What if Shareholders Reject the Proposal?

We indicated in our previous press release that shareholders would have to think carefully before opposing the rights issue because there appeared to be no alternative proposal available. But the situation now is somewhat different.

However, there is obviously no certainty that Resolution would revive their proposal if the rights issue is not approved by shareholders so shareholders need to form their own view of the risks that might be involved.

As before, we encourage shareholders to attend the General Meeting of the company at which the rights issue vote is to take place, and try to get more answers from the directors as to why they feel their current proposals are better than those outlined by Resolution, and specifically why they appear to have obstructed Resolution from getting the information necessary to firm up their alternative proposals.

For further information, please contact:

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More information on the proposed rights issue can be obtained from the Bradford & Bingley web site from this page: www.bbg.co.uk/bbg/ir/shareservices/rightsissue . Private shareholders represent over 800,000 of the total number of 970,000 shareholders in the company at present, and probably about 35% of the shares by value.

About the UK Shareholders Association (UKSA)

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is a "not for profit" organisation which is financially supported primarily by its individual members.

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