

Press Release

For immediate release

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UK Shareholders Association Opposes Bradford & Bingley Nationalisation

The UK Shareholders Association has declared its opposition to the nationalisation of Bradford & Bingley on the grounds that there may be better alternatives to protect the interests of all stakeholders (including the shareholders).

In addition we question the events that led up to the recent rights issue which took place only a few weeks ago and was clearly intended to secure the financial future of the company. Did the prospectus for that rights issue mislead the investors in it and the underwriters? It seems odd to us that the financial position of the company can deteriorate so rapidly that the Government now needs to step in. We intend to ask the Financial Services Authority (FSA) to conduct a full investigation of the sequence of events.

UKSA Communications Director Roger Lawson has this to say on these issues:

"This seems to be another case, like Northern Rock, where the rights of shareholders to have a say in what happens to the company they own is being overridden by the Government. Whereas more than 100,000 Northern Rock shareholders were effectively ignored by the Government, we now have a million shareholders in Bradford & Bingley being treated in the same manner. Shareholders are stakeholders in the business and deserve similar consideration to depositors, creditors, customers, employees and other parties.

Will these shareholders be given fair compensation for the confiscation of their property? Or will the Government try to rig the compensation terms as they did for Northern Rock so that they get nothing?"

In this case the Directors of Bradford & Bingley have also failed to consult their shareholders about the future of the company and seem to be acquiescing to the demands of the Government to dispose of the assets of the business without the consent of shareholders. UKSA objects to this bypassing of the normal provisions of Company Law in this way and we call on the Directors of the company to oppose the nationalisation.

We also call on the directors of B&B to explain to shareholders precisely the company's financial position on Friday 26 September, before the Government's decision was made; and also to explain in clear terms how that situation arose.

UKSA®—The independent voice of the private shareholder

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Shareholders Action Group May be Formed

Note that UKSA is currently considering whether a shareholders action group to protect and promote the interest of private shareholders in Bradford and Bingley should be set up and any shareholders interested in doing so should contact us (at uksa@uksa.org.uk).

Comments from Shareholders

Note that UKSA has already received a number of comments from B&B shareholders and here are some extracts:

1. *"Please put this into perspective for me – the Government stealing from the small shareholder again? My shares were to pay off my mortgage because I was encouraged to purchase an endowment mortgage by the then Government but then turned down for compensation when it was found that they had been a rip off."*

2. *"Of great concern to me as no doubt it will be to the approximate 1 million shareholders is the lack of consultation with us and the situation with regard to our rights once the Treasury takes over. Personally I believe the Treasury should retain B&B intact until it turns the bank around and can hand it back to shareholders. Provided there is no end result cost to the taxpayer I think this is the most equitable way to deal with the situation but I fear it will be another Northern Rock, where shareholders end up suing to obtain a fair deal."*

Of particular irritation is the fact that less than 2 months ago many thousands of shareholders opted to take up B&B's rights issue. Four hundred million pounds was raised only to vanish virtually overnight. I feel utterly cheated, particularly if the Treasury doesn't offer any fair compensation for that after it takes over."

3. *"What is the point of being a shareholder as it seems that we no longer have any control or say over what the companies we hold shares in do anymore. Now B&B is being sold off and nationalised and shareholders have no say in the situation. If this is how the Government is going to treat the owners (shareholders) of companies what is the point of being a shareholder?"*

For further information, please contact:

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Note that our past comments on Bradford & Bingley are given on the following page of our web site: www.uksa.org.uk/BradfordBingley.htm

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.