

## **PRESS RELEASE**

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### **The Bond Tender Offer by Bradford & Bingley (B&B)** **Is this offer both derisory and opportunistic?**

Bradford & Bingley Plc, the nationalised bank, has offered the bondholders £3,800 and £3,600 respectively for every £10,000 of principal amount on the 13% and 11.625% Perpetual Subordinated Bonds [PSB]. This is only a few pence above the previous open market value and ignores the accrued unpaid interest.

B&B's stated objectives in making these offers are to generate a profit thus increasing shareholders' funds and strengthening the quality of the capital base. In the long term this may be to the advantage of the Government who is the only shareholder and those bondholders who do not accept these offers.

A key question is probably whether one trusts the Government to deal fairly and act not to prejudice the B&B investors' interests in this matter. In this context the previous Government's track record has been poor whilst the jury is still out on the Coalition. Since the nationalisation of B&B in September 2008, the previous Government and the Coalition have received thousands of communications from B&B share and bondholders asking for details of the series of events both pre and post the confiscation of their company, as yet to no avail. The company and the Government are well aware that many PSB holders are pensioners and are in serious financial difficulties due to the non payment of interest. Consequently some may be desperate to retrieve what remains of their capital.

Our view has always been that the decision to nationalise B&B was made in haste and has proved to be a terrible mistake. The company now appears to be taking advantage of the financial loss and suffering it has caused with the intention of providing a future profit for its sole shareholder, the Government of the day. We believe the tender offer is both derisory and opportunistic and that any surplus when the company is finally wound down should be returned to the bond and shareholders, the owners of the company before it was nationalised.

Many of our supporters have already made complaints to their Members of Parliament about this matter, and we have urged that an inquiry should be undertaken by the Treasury Select Committee into this affair.

#### **For more information:**

Please refer to our web site at [www.bbactiongroup.org](http://www.bbactiongroup.org) for more background information or call David Blundell on 0113-281-3941 or Roger Lawson on 020-8467-2686 if you have some questions.

More background information is given below.

Bradford & Bingley Plc was nationalised on the 29<sup>th</sup> September 2008 and the retail branch network and associated depositors' accounts were then immediately sold off to Santander. All ordinary shares held by the general public, which we believe includes more than 1 million individuals, were confiscated by the nationalisation and the company is now owned by the Government. The subordinated bonds are still outstanding and still being traded (they are therefore not part of the Compensation Scheme established by the Government even though the nationalisation has severely prejudiced the interests of the bondholders). The interest payments due on the bonds have been suspended, and because these subordinated bonds are perpetual with no fixed repayment date, it is uncertain when or if they will be redeemed. Any redemption depends also on the assets of the business exceeding the liabilities of the company after the company has been wound up (including repayment of Government debt), which is far from certain.

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