

29. Share capital

Group and Company ordinary shares of 25p each:

	2007 Number of shares (m)	2006 Number of shares (m)	2007 £m	2006 £m
Ordinary shares authorised as at 1 January and 31 December	882.0	882.0	220.5	220.5
Ordinary shares issued and fully paid as at 1 January	634.4	634.4	158.6	158.6
Ordinary shares repurchased and cancelled during the year	(16.7)	-	(4.2)	-
Ordinary shares issued and fully paid as at 31 December	617.7	634.4	154.4	158.6

The issued share capital has reduced as a result of a share buy back programme approved by the shareholders at the Annual General Meeting in 2007. During 2007 16,750,000 shares were purchased for cancellation at a cost of £58.6m including commissions and Stamp Duty.

At 31 December 2007 the closing market price of Bradford & Bingley plc shares was 268.00p (2006: 470.25p).

As at 31 December 2007 6,630,132 of the Company's shares (2006: 3,547,889) were held by trusts for the purpose of satisfying the obligations of incentive plans; further details of these incentive plans are given below. The cost to the Group of these shares is accounted for as a deduction from retained earnings of £23.9m (2006: £10.4m). The Company has one class of shares: ordinary shares of 25p each, ranking equally in respect of rights attaching to voting, dividends and in the event of a winding-up.

Bradford & Bingley Employees' Share Trust

On 3 October 2000 the Company established an offshore employee share trust, the Bradford & Bingley Employees' Share Trust, for the purpose of receiving monies and acquiring shares to be used in conjunction with any employee share schemes established by the Company. At 31 December 2007 the trustee of this trust, Halifax EES Trustees International Limited, held 6,630,132 (2006: 3,320,380) shares to satisfy share awards and options which have been made or are to be made in accordance with the rules of the employee share schemes established by the Company. The trust has waived in full its rights to receive dividends on the shares held except in respect of the Executive Incentive Plan where dividends are received in full by the trust and distributed to the underlying beneficial holders of the shares. This trust currently holds shares relating to the Executive Share Option Scheme, the Sharesave Scheme, the Employees' Restricted Share Bonus Plan and the Executive Incentive Plan which are detailed in note 31. During the year the Company provided £18.7m (2006: £nil) in funds to purchase 4,500,000 (2006: nil) shares.

Executive Share Option Scheme

Grants of approved and unapproved share options were made under the rules of the Bradford & Bingley 2000 Share Option Scheme as detailed in note 31. The shares are exercisable subject to the achievement of a performance target linked to an increase in the Company's earnings per share. The options over shares are exercisable over the period of three to ten years after the date of the grant. At the year end there were options outstanding over 635,620 shares (2006: 772,222).

Sharesave Scheme

The Company operates the Bradford & Bingley 2000 Sharesave Scheme, an Inland Revenue approved all-employee Save As You Earn share option scheme. Grants of share options under this scheme were made as detailed in note 31. The option prices represent a 20% discount to the market price on the date of the grant. There were 1,431 three year and 492 five year savings contracts in place at the end of 2007 represented by a total of 2,010,331 shares under option (2006: 2,355,725). A further invitation to participate in the scheme will be issued in February 2008.

On 8 December 2000 the Bradford & Bingley Qualifying Employee Share Ownership Trust was established to acquire shares for employees, including Directors, to satisfy options exercised under the Sharesave Scheme. Once the total shares held by the trust had been used the trust was terminated and at 31 December 2007 the trust held no shares (2006: 227,509) to satisfy options. In respect of dividends arising on the shares held, the trust waived its rights to all but 0.0001 pence per share. The duty to provide shares to satisfy Sharesave Scheme exercises was assumed by the Bradford & Bingley Employees' Share Trust.

Employees' Restricted Share Bonus Plan

In April 2002 the Employees' Restricted Share Bonus Plan was established to allocate shares to employees following the achievement of specified performance measures. The shares will be released to the individuals in tranches annually in the three years following the allocation or on the third anniversary of the award, depending on the conditions under which they were awarded, and subject to them remaining employed by the Company on the anniversary dates. At the year end there were 4,620 share allocations outstanding (2006: 126,080).

Performance Share Plan

Shares were awarded under the rules of the Bradford & Bingley 2000 Performance Share Plan as detailed in note 31. The shares awarded under this plan have been released and no further awards have been made. There were no outstanding share awards at 31 December 2007 (2006: 1,034,950).

Executive Incentive Plan

The Executive Incentive Plan was established to provide a replacement to the short and long-term incentive plans for senior executives. The short term element consists of a cash payment based on the achievement of pre-determined short term performance measures and an equivalent amount of deferred shares that are held in trust for three years. Dividends receivable on the deferred shares are paid to the underlying beneficial owners of the shares. After three years the long-term element of the scheme may be applied in the form of an additional award of matching shares subject to earnings per share growth. Matching share awards will be made when compound earnings per share growth is between RPI plus 3% and RPI plus 8%. The maximum number of matching shares will be three matching shares for each deferred share. At 31 December 2007 there were 965,410 deferred shares held in trust (2006: 586,088).