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News release

Settlement reached for Bridgecorp claims

PwC Partner Colin McCloy, Receiver of Bridgecorp Limited (In Receivership and In Liquidation), has announced an \$18.9 million settlement with the Bridgecorp directors and their liability insurers.

The settlement relates to civil claims made by Bridgecorp against its directors, arising from breach of directors' duties under the Companies Act 1993

Various Bridgecorp companies were placed into receivership and/or liquidation on and after 2 July 2007. Since then, the Receiver has focused on recovery of the loan book, assisting the Financial Markets Authority (FMA) and the Serious Fraud Office (SFO) in criminal proceedings against the directors, and pursuing their own civil claims against the directors.

As a condition of the settlement, the FMA has consented to the settlement and agreed to discontinue its own civil proceedings against the Bridgecorp directors once the settlement sum has been paid. In FMA's view, it would not have been in the public interest to continue with its own claim as the directors had limited personal assets that FMA could pursue, and the FMA claim would have drawn on the same pool of funds from which the settlement sum announced today is paid.

FMA says, "The Receiver's settlement represents the best outcome of these civil claims for Bridgecorp investors in the circumstances, and will ensure that investors receive the funds in a timely way.

Mr McCloy says, "The settlement is a very good result. The contributions from Bridgecorp's insurers and the individual directors were negotiated on the basis of available assets, and taking into consideration the delays and cost of taking the matter to Court. This was the key factor in reaching a decision, along with balancing the time, costs and risks associated with ongoing litigation when compared to the certain outcome today.

"The settlement will enable us to pay an interim distribution to secured investors of 4 cents in the dollar (\$18m). The interim distribution is expected to be paid in April. Combined with the 8 cents (\$37m) already paid to date, overall recoveries for secured debenture investors following the interim distribution will be 12 cents in the dollar (\$55m).

"It is pleasing to be in a position to make a distribution considerably sooner than would have otherwise been the case," adds Mr McCloy.

The Receiver will continue to work to resolve the remaining issues and conclude the Receivership process at which stage a final but modest distribution will be paid.

-Ends-

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