

Peter Clokey

Independent Valuer appointed under the Bradford and Bingley plc Compensation Scheme Order (2008)

Correspondence should be addressed to:
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
www.bandbvaluer.org.uk

[Name]
[Address]

29 September 2009

Shareholder Reference Number (SRN):

Dear [Title, name],

Independent Valuation under The Bradford & Bingley plc Compensation Scheme Order

A year ago all shares in Bradford & Bingley plc (B&B) were transferred into public ownership by HM Treasury¹ and on 24 June 2009, I was appointed as the Independent Valuer for the purposes of the Bradford & Bingley Compensation Scheme². Part of my job is to assess the amount of compensation, if any, that is due to shareholders as a result of this transfer. You have received this letter because your name appears on a register of former shareholders that is maintained on behalf of B&B by their registrars, Computershare Investor Services PLC.

In my capacity as the Independent Valuer, I wanted to share with you my assumptions and approach. As you might imagine, this is an extremely complicated process and I am being supported in my role by a team drawn from PricewaterhouseCoopers LLP and Linklaters LLP.

My assumptions

The amount payable, if any, to shareholders under the Compensation Scheme is equal to the value of the shares they held in B&B immediately before the transfer on the morning of the 29 September 2008. In determining this value I am required to assume that all financial assistance from the Bank of England or HM Treasury had been withdrawn and that they would not provide any in the future (apart from ordinary market assistance offered by the Bank of England subject to its usual terms).

The valuation process

Since my appointment I have spent time reviewing financial information and speaking with senior officers at B&B and a number of Government agencies to help me to assess the financial condition of the bank and its prospects at that time. I now intend to take the following steps in order to reach my valuation:

1. Gather and review additional information relevant to the valuation process

I will be reviewing additional information from B&B and its advisers to enable me to understand what options might have been available to B&B at the time of the transfer. I will use these options to model a range of scenarios based on varying economic conditions to ascertain the cash flows they might have generated.

¹In accordance with The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 made under the Banking (Special Provisions) Act 2008, which came into force at 8am on 29th September 2008. S.I. 2008/ 2546 as amended by S.I. 2009/320 can be viewed at www.opsi.gov.uk

²The Scheme is established under The Bradford & Bingley plc Compensation Scheme Order 2008 (S.I. 2008/3249) as amended by S.I.2009/790)

Peter Clokey

Independent Valuer appointed under the Bradford and Bingley plc Compensation Scheme Order (2008)

I will also be reviewing the work that was undertaken at the time to seek a private sector resolution to B&B's position and studying market information to help me consider whether there was any prospect of a possible market sale for the business, either in whole or in part.

2. Assessment Notice

When I have assessed the amount of compensation payable to shareholders and other affected parties, I will send you an Assessment Notice that sets out the amount of compensation you are due, if any, and the reasons for my assessment.

3. Reconsideration of the Assessment Notice

When I issue my Assessment Notice there will be a period where shareholders, HM Treasury and other affected parties will have the opportunity to ask me to reconsider my determination. In my Assessment Notice I will specify a given period during which I will take into account any relevant information or perspective presented to me. I will then issue a Revised Assessment Notice.

Should anyone who is affected by the determination be dissatisfied with the Revised Assessment Notice they may refer the matter to the Financial Services and Markets Tribunal. This Tribunal has the authority to come back to me if they believe the amount of any compensation shown in the Revised Assessment Notice is unreasonable.

If you have any questions or comments about the valuation process, you can contact my office at the above address, through my website (www.bandbvaluer.org.uk), or by telephone: +44 (0) 844 472 7474. If you have any changes to your personal details you should contact Computershare.

<p>You can update your address details via the registrar's website, Investor Centre: www.investorcentre.co.uk</p> <p>First-time users will need to select the 'Register' button on the left-hand side of the homepage and follow the instructions.</p>	<p>Alternatively, you can write with details of your old and new address: Computershare Investor Services PLC PO Box 1913 The Pavilions Bridgwater Road Bristol, BS99 2PR</p>
<p>If you have any other queries about your shareholding, you can contact Computershare by email: www.investorcentre.co.uk/contactus or by telephone: +44 (0) 844 472 6003.</p> <p>When contacting Computershare, please remember to quote your Shareholder Reference Number (SRN) shown overleaf.</p>	

I hope this letter has helped you to understand the process that I am following. While it won't be possible for me to respond directly to all correspondence, I enclose a list of frequently asked questions which may be useful for you.

Yours sincerely,



Peter Clokey