

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]
[BRN:]

19 February 2010

Bondholder Reference Number
(BRN): C0000000000

Dear [Title, name],

The Bradford & Bingley plc Compensation Scheme

On 24 June 2009 I was appointed as the Independent Valuer for the purposes of the Bradford & Bingley plc Compensation Scheme established by The Bradford & Bingley plc Compensation Scheme Order 2008 (as amended) (the "Compensation Scheme Order")¹.

In this role I have considered whether the Bradford & Bingley plc Compensation Scheme applies to the perpetual subordinated bonds identified in the Schedule to this letter (previously known as Permanent Interest Bearing Shares and referred to as "PIBS" in the rest of this letter). You have received this letter because your name appears on a register of holders of one or more of the PIBS that is maintained on behalf of Bradford & Bingley plc by their registrars, Computershare Investor Services PLC.

The Bradford & Bingley plc Compensation Scheme would only apply to the PIBS if paragraph 5 of the Compensation Scheme Order applies. Paragraph 5 would only apply because rights of holders of PIBS have been extinguished by virtue of the provision made in article 6 or 7 of The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 (as amended) (the "Transfer Order")².

Article 6 of the Transfer Order concerns "dated subordinated notes". I have concluded that the PIBS are not "dated subordinated notes" as defined in the Transfer Order and so no rights of holders of PIBS have been extinguished by virtue of the provision made in article 6 of the Transfer Order. I have also concluded that no rights of holders of PIBS have been extinguished by virtue of the provision made in article 7 of the Transfer Order.

It follows that I have concluded that paragraph 5 of the Compensation Scheme Order does not apply to holders of PIBS and that therefore the Bradford & Bingley plc Compensation Scheme does not apply to PIBS.

If you wish to make any representations to me on my conclusions set out in this letter, please send them to me in writing at 1 Embankment Place, London, WC2N 6RH. I will take all such representations into account provided I receive them prior to 31 March 2010. If I change my conclusions as a result of any such representations I will write to inform you. For the avoidance of

¹ S.I. 2008/ 3249 (as amended by S.I. 2009/ 790) can be viewed at www.opsi.gov.uk

² S.I. 2008/ 2546 (as amended by S.I. 2009/ 320) can be viewed at www.opsi.gov.uk

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doubt this letter does not constitute an Assessment Notice under paragraph 10 of the Compensation Scheme Order.

Please note that on the date of this letter I am also publishing on my website (<http://www.bandbvaluer.org.uk>) a copy of the form of this letter and an update relating to other undated subordinated securities issued by the Bradford & Bingley plc group.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Clokey', with a small flourish at the end.

Peter Clokey

Notes:

The Bradford and Bingley plc Compensation Scheme Order (2008) (as amended) and the other statutory instruments relevant to my appointment can be viewed on my website at <http://www.bandbvaluer.org.uk>.

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Schedule

	Description of Securities	ISIN
1	£50,000,000 11 5/8 per cent. Perpetual Subordinated Bonds	GB0002233913
2	£55,000,000 13 per cent. Perpetual Subordinated Bonds	GB0002228939