

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

FAO: Holders of undated and perpetual subordinated securities (referred to as “undated subordinated notes”) issued by Bradford & Bingley plc

19 February 2010

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 undated subordinated notes identified in the Schedule to this note.

The Bradford & Bingley plc Compensation Scheme would only apply to the undated subordinated notes if paragraph 5 of the Compensation Scheme Order applies. Paragraph 5 would only apply because rights of holders of undated subordinated notes 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 undated subordinated notes are not “dated subordinated notes” as defined in the Transfer Order and so no rights of holders of undated subordinated notes 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 undated subordinated notes 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 undated subordinated notes and that therefore the Bradford & Bingley plc Compensation Scheme does not apply to undated subordinated notes.

If you wish to make any representations to me on my conclusions set out in this note, 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 doubt this letter does not constitute an Assessment Notice under paragraph 10 of the Compensation Scheme Order.

Yours sincerely,



Peter Clokey

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

Peter Clokey

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

Schedule

	Description of Securities	ISIN
1	£250,000,000 5.625 per cent. Fixed Rate Step-up Undated Subordinated Notes callable 2013	XS0167366433
2	£200,000,000 6.00 per cent. Perpetual Subordinated Callable Step-up Notes callable 2019	XS0181867309
3	£150,000,000 6.462 per cent. Undated Subordinated Notes callable 2032	GB0031670762
4	£150 million 6.462 per cent. Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities Series A of Bradford & Bingley Capital Funding L.P.	XS0148804536