

01 September 2010

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Note for Ordinary Shareholders (Update No. 6)

Representation on Compensation

We have made a representation to Peter Clokey in respect of his nil valuation of the Bradford & Bingley shares which can be obtained from our website (see www.bbactiongroup.org). The key issue is the question of the loans provided by the Government under the Special Liquidity Scheme (SLS) scheme prior to Nationalisation which were not disclosed at the time. In our view this will make it extremely difficult to overturn the determination by the independent valuer.

We would urge all Bradford & Bingley investors to write to their Members of Parliament, if you have not already done so, urging support for an inquiry by the Treasury Select Committee. You can find out who your MP is by going to this web page: www.parliament.uk/business/commons/ and entering your post code in the top right and corner. Alternatively use this site: www.theyworkforyou.com. Please send an email or post a letter to them as soon as possible.

Note that if you wrote to your MP before the recent General Election, and your MP has changed, then you need to write again because former MPs do not pass on correspondence to their successors.

You should make the point that the previous Government predetermined the valuation process by imposing artificial conditions on the valuer and concealed the existing loans to B&B under the SLS. Please put communications to your MPs in your own words relating to your personal circumstances, this is always far more effective than any form of standard letter.

We are optimistic that progress will be made particularly on the political front as we have been in direct contact with many MPs, several of whom have expressed concern of the failure to provide you with any details, thus far, of the sequence of events pre and post the nationalisation of B&B, the company of which you were a part owner. We would urge you again to write to your MP asking for an independent inquiry. PLEASE ACT NOW.

UKSA Activities

Some of you may be aware that the UK Shareholders Association has indicated that they intend to challenge the independent valuation at a Tribunal and have been raising funds for legal costs. They have not stated on what basis they intend to make such a challenge and we question whether there are grounds to do so for the reasons given above, and therefore the justification for such fund raising. It appears to us that this is more an issue of political policy or wider legal issues relating to the fairness of the Act of Parliament and Compensation Order used in the nationalisation.

Note that this Group is separate to UKSA and although we have made representations to UKSA about forming a single unified group, these have not been taken up.

Buy-to-let Loans

You may have noticed some recent press coverage on legal action by Bradford & Bingley against solicitors involved in B&B's loans to "buy-to-let" investors. This particularly relates to mortgages where the fact the property had recently been purchased was not disclosed (effectively "same-day" remortgages in some cases). As a result of this many properties were probably valued, and hence mortgaged, at higher than a realistic value and now that many of these loans are in default, the company cannot recover the mortgage cost by repossession and resale. Effectively the company was vulnerable to the sharp practices pursued by buy-to-let investors and the organisations that supported and encouraged them, and this was exacerbated by the recent reductions in property values. However, it does not in essence make much difference to our overall arguments about the value of Bradford & Bingley.

David Blundell
Chairman