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Note for Ordinary Shareholders and Bondholders (Update No. 7)

A MEETING WITH THE INDEPENDENT VALUER

I was invited to meet Peter Clokey, the independent valuer of Bradford & Bingley, and James Worsnip both of Price Waterhouse Coopers [PWC], in order to discuss the appeal by Bradford & Bingley Action Group [BBAG]. I attended the meeting in listening mode to receive an update on his position following the various appeals he has received to date on the valuation of the ordinary shares. The meeting on the 6th September was also attended by Andrew Hughes of Linklaters, the lawyers representing PWC.

The sequence of events both pre and post the nationalisation including the successful completion of the rights issue were discussed in detail. However, it was made clear to us that PWC and Linklaters have every confidence in the nil valuation assessment based on the terms of reference specified by the previous government. Furthermore they insisted that information given them by the relevant parties in the nationalisation of B&B was confidential and they were unable to divulge this to us. It was also stressed that the conflicting public statements made by the various government bodies and the directors of B&B both pre and post the B&B nationalisation were not relevant to the assessment. Mr Clokey had been given specific terms of reference which offered him no alternative to valuing the company as if it was in administration and this is what he has done.

Additionally, I have received a reply to my email to Andrew Tyrie MP, Chairman of the Treasury Select Committee [TSC] stating that it would not be appropriate to consider this matter until after the Independent Valuer's revised assessment is available. While we understand that due process must be followed, I have replied to Mr Tyrie reinforcing the need for transparency and openness in this case. My response to him is set out below:

"Thank you for your email. My view is that 930,000 former owners of B&B should be advised now of the sequence of events pre and post the nationalisation of their company, there has been enough delay already. Despite thousands of requests from our supporters the previous government steadfastly refused to provide this information thus making a mockery of the Freedom of Information legislation. Furthermore Mr Clokey, the independent valuer, has been unable to provide this information. The sense of outrage amongst many of our supporters is palpable and much of our time has been spent reassuring them that ultimately we will know the truth and justice will prevail. It is time for the Coalition to accept the responsibilities it has inherited."

I have also had a meeting with John Hale, who is manager of investment affairs at the Association of British Insurers [ABI]. He confirmed that the ABI had written to Mr Clokey requesting reconsideration of the Assessment Notice, querying the "in administration" calculation and also his conclusion that the statutory assumptions required him to assume that assistance to B&B through the SLS would have to be withdrawn.

ONCE AGAIN I WOULD URGE ALL B&B SHARE AND BONDHOLDERS TO WRITE TO THEIR MEMBERS OF PARLIAMENT REQUESTING AN INDEPENDENT INQUIRY, IF YOU HAVE NOT ALREADY DONE SO.

David Blundell
Chairman