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Dear Sirs,

We invite you to investigate the recent events at Bradford & Bingley Plc on the basis of the following grounds:

1. That there was potentially a false market in the shares of the company following the denial that they were contemplating a rights issue on the 14 April (a copy of the relevant announcement is enclosed which was issued following a press article in the Telegraph on the 13th April). Subsequently a rights issue was announced on the 14th May.

It seems unlikely to us that management could have changed their minds on this matter so rapidly and been able to organise the rights issue so promptly. There was of course no hint of any change of mind in the "Interim Management Statement" issue on the 22nd April.

2. It is also reported in the Telegraph yesterday that the two underwriters (UBS and Citigroup) were threatening to withdraw from the original underwriting on the basis that they "believed that material information on the group was omitted when they signed up to underwrite the rights issue two weeks ago". Hence presumably this prompted the announcement of a revised rights issue.

In addition the chief executive has stepped down, although this is stated to be on the grounds of ill health.

If the management of the company misled the underwriters then this is surely a very serious matter, and suggests that they knew more information about the state of affairs of the company than they publicly disclosed.

If however the management did not mislead the underwriters, then it would appear that we have the unusual situation where the underwriters (who are paid fees to take on the risk of the rights issue not being fully taken up) are apparently reneging on the contract by persuading the company to revise the terms of the deal – unless of course there was some term in the underwriting contract that covered this situation and enabled them to withdraw from the contract. The revised rights issue will clearly be much more expensive for the company and it is odd that the company should accept such a change.

3. We also question whether the revised rights issue which includes a substantial investment from TPG Capital is compliant with the code on pre-emption rights.

We therefore suggest that an inquiry into the affairs of this company, and the actions of the underwriters, is justified and would urge you to undertake an investigation of this matter as soon as possible as provided for under your statutory obligations to ensure the correct and fair operation of the capital markets, and to take any necessary remedial action against those that you both regulate and authorise under the powers granted to you.

Yours sincerely

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