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UK Shareholders Association
Chislehurst Business Centre
1 Bromley Lane
Chislehurst
BR7 6LH
Phone: 020-8468-1027
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

West Bromwich Building Society PIBS – Update No. 1

General Meeting

The Society have issued a notice of a General Meeting for all PIBS holders on Friday the 4th September in London – the notice can be read on this page of the Society's web site: www.westbrom.co.uk/westbrom/financialinfo . There are three resolutions proposed to vary some of the terms attached to the PIBS and these are in essence linked to the financial restructuring and creation of the new PPDS shares. As most PIBS holders are opposed to the proposed changes which will impact the dividends paid on the PIBS, and upon which they were not consulted at all before the restructuring was agreed, we **RECOMMEND THAT YOU VOTE AGAINST ALL THE RESOLUTIONS.**

We believe that the Society's actions in relation to its proposed interest payments on its PIBS represent a fundamental and permanent change in the terms and conditions advertised in the original prospectus. We also believe that the consent of PIBS holders should be obtained for those changes in accordance with the conditions set out in the prospectus (e.g. 75% majority at a duly convened meeting). The Board of Director's view is that they have unfettered discretion to make permanent changes to interest payments to PIBS holders and that such consent is not, therefore, required.

As a consequence of its announcements about future PIBS interest payments, the Society is proposing to relax three conditions set out in the original prospectus. These conditions were designed to give comfort to PIBS holders that the Society would not reduce or cancel the PIBS coupon except for very good reason, and specifically to meet the capital adequacy requirements of the FSA (as the case might be from time to time) . The Society contends that, without such relaxation and in view of the Board's decisions in respect of future PIBS payments, there would be meaningless burdens for the Society and its PPDS holders.

We do not share the Society's opinion about the Board's discretion over PIBS payments. Nor do we consider the elements of the Capital Exchange that relate to its PIBS to be fair to PIBS holders. Consequently, we consider that a vote in favour of any of these resolutions might imply approval of the Board's underlying position.

If you are a PIBS holder then you should try and attend this meeting if possible. Only those holders who are on the register of the Society will be able to attend and vote (and of course speak) at this meeting. Please attend the meeting if you can. If you cannot attend in person then you should appoint a proxy to attend and vote on your behalf. As I plan to attend the meeting you can appoint me as your proxy if you wish – please complete the proxy form and send it to me a.s.a.p. so I can take a copy and forward it on to the society if you wish me to act on your behalf.

UKSA—The independent voice of the private shareholder

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If your PIBS are held in a nominee account (such as an ISA account) then you must ask your nominee operator to appoint you as proxy to vote and attend the meeting (or me if they are willing to do that). Or of course they can appoint the Chairman of the meeting to vote on their behalf. It is important that you ask them to ensure that they vote in one way or another, and that they vote against the resolutions. Please do this as soon as possible.

If they have not received a proxy form from the Society please contact me for assistance.

Note that there is unfortunately no guarantee that if you or I attend the meeting as a proxy holder that we will be permitted to speak. The directors can prevent that if they have a mind to do so, although normally any reputable board would permit beneficial owners or proxy holders to speak. One way to ensure that you can attend and speak at future meetings is to buy a nominal quantity of the shares in your own direct name (i.e. not in a nominee account) so you appear on the members register.

UKSA Meeting for PIBS Holders

A meeting for the PIBS holders is also being organised by UKSA for Saturday the 5th September commencing at 2.0 pm at the Novotel Birmingham International Airport. All West Brom PIBS holders are welcomed. More details will follow.

Roger Lawson
Communications Director
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk
Direct telephone: 020-8467-2686

Note that all previous "Update" notes and other information on the West Bromwich PIBS are present on this page of our web site: www.uksa.org.uk/WestBromwichBS.htm