

To Northern Rock Shareholders

17 February 2008

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Northern Rock Shareholders Action Group – Update No. 24

No sooner had we issued a note saying how stupid was it for the Government to nationalise Northern Rock than they went ahead with it. The statement from Chancellor Alistair Darling given at a press conference today (Sunday) can be read at:

<http://www.hm-treasury.gov.uk/3214.htm>

We immediately issued a press release which can be seen at:

http://www.uksa.org.uk/UKSA_Press058_NRK_Nationalisation.pdf

As the shares will be suspended from trading on the stock market before it opens tomorrow you are effectively locked in and they are no longer saleable. You will have to rely on any offer of compensation from the Government (which clearly will be nil as explained in our press release) or on any legal action we or other parties may pursue.

There is a remote possibility that this will create such a political rumpus that the Government might be defeated or brought down. I suggest you contact your Member of Parliament to put your point of view absolutely immediately.

Here's a comment already received from one of our supporters: *"I have read today that the Government has announced that Northern Rock will be nationalised because no one has managed to come up with a deal which is in the interests of the tax payer. I AM a tax payer and it is not in my interest for the Government to steal my shares in Northern Rock - these have been MY pension pot up until the recent events, no different to those who deposit in Northern Rock - but whom the Government feel it is right to protect. This will be the second time the Government will have stolen from me as I had shares in Railtrack. I cannot tell you how much I hate Alistair Darling! And I would like to add that I will NOT be voting Labour in the next General Election"... G.Paine.*

Note that some people have questioned our comment in our press release that compensation will be nil. Here is what the Treasury said in their statement on the 21 January (which was referred to by the Chancellor in response to questions in his press conference): *"Accordingly the compensation would be assessed by the valuer on the basis, among other things, that all financial assistance to Northern Rock from the Bank of England or HM Treasury (including HM Treasury's existing guarantee arrangements) had been no withdrawn....."*. But if you rig the terms of reference in this way, then that will be the result.

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