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Dear Mr Caldwell,

We are receiving a lot of questions lately concerning the status of the valuation process and when shareholders might be advised of your valuation. Bearing in mind that you were appointed in September 2008, even taking into account the complexity of the affairs, and hence the valuation process, of Northern Rock, this seems an inordinately long period of time.

In addition, it might be suggested that the matter is fairly simple to determine as the preconditions laid down in the Act and the Compensation Order for the valuation assumptions surely do not make the task particularly complex as they tend to predetermine a minimal valuation. We do not of course accept that those preconditions were reasonable to impose as they prejudice the normal principle of an independent valuation where the valuer should not be biased by artificial assumptions, but it could be argued that they simplify your task.

It would at this time be helpful if you could answer the following questions:

A – When is your best estimate of being able to give an initial valuation?

B - What are the reasons for any particular delays that are impacting any announcement, or might impact any prospective announcement?

I look forward to a response.

Yours sincerely

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