

To Northern Rock Shareholders

26 April 2010

UK Shareholders' Association
Chislehurst Business Centre
1 Bromley Lane
Chislehurst
BR7 6LH
Phone: 020-8468-1027
Email: ukxa3@btconnect.com
Web: www.uksa.org.uk

Northern Rock Shareholders Action Group – Update No. 66

Northern Rock Valuers Final Assessment Notice

You will no doubt now be aware that on the 30th of March, Andrew Caldwell announced his unsurprising decision to value our former shareholding in Northern Rock as worthless.

In his Final Assessment Notice, he quotes the artificial valuation assumptions on which he is bound by law to base his valuation. He is not bound though by moral or professional standards to accept such terms but has chosen to accept them nonetheless.

This latest statement is no different to that given by him in December 2009 where Mr Caldwell requested representations to be made to him, representations on behalf of well over 130,000 small shareholders that appear to have fallen on deaf ears.

As invited by Mr Caldwell, we will be seeking reconsideration of the nil valuation with the hope that such requests receive the required consideration although it would seem that, as long as the Governments artificial terms of reference are allowed to stand in law, Mr Caldwell having accepted the appointment of valuer, may have no choice but to choose law over moral obligation.

You can also take action to further represent your views to Mr Caldwell, which we have detailed below.

Only the day before Mr Caldwell's statement, the Chancellor stated that Northern Rock had enough Capital: the Special Liquidity Scheme announced only weeks after Nationalisation of Northern Rock would have provided the liquidity required to continue as a "Going Concern". This key assumption required to arrive at a fair value was not allowed under the Compensation Scheme Valuation Order.

With over £500 Billion available under the Special Liquidity Scheme and Inter Bank guarantees from April 2008 Northern Rock would have continued as a solvent, liquid, profitable entity, therefore supporting the small shareholders claim that their Human Rights have been violated firstly by the Compensation Order and finally now by Mr Caldwell's report.

Did investors have the correct information on which to base their decisions?

Only two weeks after Andrew Caldwell valued the former shareholding in Northern Rock as worthless, the small shareholders now find the information on which they based their investment decisions was flawed.

The FSA announced their fines of Mr Barclay and Mr Baker for their part in manipulating figures on the performance of Northern Rock's mortgage book but as yet we have to hear the involvement of Mr Applegarth. So far, Mr Applegarth has been legally gagged and prevented from commenting, but did he and his fellow Directors also know about this manipulation or were Mr Barclay and Mr Baker really alone in this decision-making?

Where were the regulators in analysing their information? Or have we forgotten the regulators involvement, or lack of, in the lead up to the financial crisis. Or the legislators, including Gordon Brown, who as Chancellor changed the limits applicable to the borrowing capacities of banks and building societies 12 years ago.

Where 'fairness' now appears to be a political buzzword in campaigning, the small shareholders would like to see evidence of fairness in practice, not just in a manifesto for votes.

It would seem that the government would lay the blame solely at the door of 'greedy bankers'. Whilst this may be true in part, the outgoing Government bred the said greed in pedigree conditions.

These latest fines fully vindicate the small shareholders claims of ill treatment not only by the governance and regulatory framework but also by the institutions in which they invested. Such governance turned a blind eye and failed miserably to protect the rights of investors large and small.

What action can you take?

As with his December statement, Mr Caldwell has invited former shareholders to make share their views and thoughts through written representations to him on why he should reconsider this assessment.

To reiterate from our last update, it is important to recognise that this news completely vindicates our assertion that the terms of the compensation order were manifestly unfair, and the fact that this valuation has finally been released will remove much of the uncertainty that the government and its lawyers have hidden behind in their (now demonstrably false) allegations that the terms of their compensation order adequately allow for the payment of fair compensation to shareholders.

To this end, former shareholders should write to Mr Caldwell as he has invited them to do so, by the 5th of May 2010. Former shareholders should also make representations to their MPs who sanctioned the legislation that brought about the demise of our assets.

To assist, we have prepared template letters for the valuer. Please feel free to edit this template and include your own thoughts, comments, frustrations and anger in your own letters.

The template can be found on the website. Please click on link by Template Letter – In response to Andrew Caldwell.

Your letters can be also be emailed to Mr Caldwell at: northern.rock@bdo.co.uk

You can locate the contact details for your MP at: <http://findyourmp.parliament.uk/>

Update on Legal Case: Application to European Court of Human Rights (ECHR)

Following the announcement from the Supreme Court that it would not be accepting the application made by Northern Rock shareholders to appeal the earlier decision of the High

Court, the legal case continues to make its way into the European Court of Human Rights in Strasbourg, although it could take up to 3 years for the case to be heard and a decision known.

We will continue to support the small shareholders, headed by lead plaintiff Dennis Grainger, who are now to progress their case to Strasbourg, arguing the case "afresh" (as opposed to an appeal), in a court where the judges have historically had no compunction in making EU-member governments such as ours accountable for the violations of the human rights of EU citizens.

Note that as this will be a lengthy process, you may receive less frequent newsletters in future from us.

Deregistration of 'free' UKSA Memberships:

We continue to extend our thanks and gratitude to all those supporters who have donated to this campaign. Some of you will have donated based on receiving a complementary 'free' membership of the UK Shareholders Association (UKSA), reverting in subsequent years to being fully paid up members of UKSA upon payment of the annual fee (currently £50).

It is important to remember that this campaign is run and operated as a separate committee of UKSA, the independent not for profit organisation who represent the views and campaign on behalf of us all, the small private shareholder.

It has recently come to light that the UKSA Board feel they cannot recognise such free members and have written to 'free' members in effect canceling their membership, although they have offered fully paid up membership upon payment of £25 to UKSA for this.

If you are a supporter whose membership has been deregistered in this way and you do wish to remain a member of UKSA, please contact Chris Hulme, the Co-Chairman of this campaign on 0161 434 6016 or by email to northernrock@claytonhulme.co.uk

Irrespective of your 'membership status' with UKSA, as a supporter of this campaign, we value you input, support and generosity and we will not deregister you from our contact list or this campaign (unless you wish to do so).

Support, Funding and Donations:

Thank you to all those supporters who have donated to support this campaign. More than sixteen thousand supporters have now generously donated, and we are very grateful for their financial help that not only helps fight the legal battle but also covers some of the costs of keeping you informed of progress.

There are many former shareholders that we haven't yet been able to reach. To this end, we would ask that you forward on this update to any friends, family and work colleagues who you feel may have an interest in the case or may know someone who would.

Whilst the Government has significant resources to defend our case against them, we are operating on a voluntary basis and still need donations and financial support to continue the fight on your behalf and any donations are gratefully received.

Donations can be made directly to UKSA at the following link where you can also find all of the updates on this case: www.uksa.org.uk/NorthernRock.htm

We will provide our next update as further news and useful information arises. Until then, thank you once again for your support.

Please Advise Address Changes

Please advise any postal or email address changes to UKSA3@btconnect.com (telephone 0208-468-1027). It is particularly important to do so for email address changes otherwise we may lose touch with you altogether. And please include some other identification such as your postal post code and your name so we can identify you in our database when sending us such communications.

On-Going Chairmanship

Chris Hulme and Shum Ghumman are continuing to act as co-chairman of this action group and their contact details are:

Shum Ghumman
T: 07872 617 737

Chris Hulme
T: 07775 794 291

On behalf Northern Rock Shareholders Action Group

Email: uksa@uksa.org.uk

Web: www.uksa.org.uk

Note that all previous "Update" notes on Northern Rock that we have issued are present on the following web site page: www.uksa.org.uk/NorthernRock.htm