

Mr David Cameron MP
Mr George Osborne MP
Mr Nick Clegg MP
Mr Vince Cable MP
Mr Gordon Brown MP
Mr Alistair Darling MP

UK Shareholders Association
Chislehurst Business Centre
1 Bromley Lane
Chislehurst
BR7 6LH

Phone: 020 8468 1027
Email: uksa3@uksa.org.uk
Web: www.uksa.org.uk

5th May 2010

From the UKSA Northern Rock Shareholders' Action Group

Open Letter to Prospective Members of Parliament
'Fairness' (the impact on Northern Rock and its small shareholders).

There has been much quoting of 'Fairness' by Politicians in this election campaign.

But just how fairly have Rock small shareholders been treated by the outgoing Government - surely the most 'spin conscious', disingenuous and morally bankrupt administration in living history?

Gordon Brown apparently now accepts, finally, that he helped cause the Banking Crisis when he relaxed the regulations on the Banks, allowing all the banks to lend excessively from cheap borrowed money, i.e. to do exactly what the Government wanted, and encouraged in fact. The resulting taxes were very welcome, no doubt.

Don't take this letter the wrong way. This is not an attack solely on Mr Brown, his Chancellor or his party; Mr Cameron and Mr Clegg (and your respective Chancellors and parties) are jointly and severally liable to the former shareholders and the UK public at large.

Failure of control: Then the new 'light touch' handling by a confused and muddled 'tripartite' regime let the country down, and so, when funding dried up on wholesale markets we had the infamous 'don't panic' leak and then the catastrophic first bank run for over 100 yrs.

Hence a great Northern bank, with virtually no US sub prime debt, was brought to its knees, savaged and sacrificed by an incompetent administration keen to make an example to other far naughtier banks.

Profitable: The fact that this very profitable bank had masses of good assets and just needed some £8 billion of short-term liquidity assistance (as do many thousands of small businesses always, including right now) was underplayed - whilst they instead crucified the company as 'insolvent' in the 'spin' which was clearly untrue.

Independent: The Government seized the Rock property lock stock & barrel from its shareholder owners, for free, declaring it would make a profit for the taxpayer in due course - which it will. Goldman Sachs estimated the value at £2.5 Billion on worse assumptions about UK housing. An 'independent' Valuer was appointed, after a long search, but was restricted as to how he approached his task, being forced to take into account "artificial" assumptions which would effectively guarantee that the 'fair' compensation to small shareholders could only be NIL; yet these hundreds of thousands of owners, just

UKSA®—The independent voice of the private shareholder

The United Kingdom Shareholders' Association Limited
Registered in England Company No. 4541415

small people, mostly pensioners, had lost their retirement savings 'at a stroke' and could do very little about it. Yet the net asset value was over £4 per share, private sector bids including Lloyds TSB proposal were equal or higher.

Just how fair is it that none of these shareholders have been given any opportunity whatsoever to question the Rock Board as to just what took place leading to these events and as to what part the Government and its agents had in the collapse and the decision to 'nationalise' their bank. Because all the Rock Board are forbidden to make any comment publicly - by virtue of their departure contracts agreed with the Government. How fair is that Mr Brown? What might these Directors know that the shareholders (and the country) should not be able to ask them about, and to obtain answers that the country need to know? Perhaps the next Treasury Select Committee will do the decent thing and question the Directors, and, this time, worry less about 'bonuses', which are not the real issue here. Look at shareholder rights to be served properly with information, for example; a democratic right to question those who are accused of wasting it in an irregular way, and obtain answers. Were the Government's hands dirty? We need to find out. It is only fairness, surely?

Your advisers: The Labour Government dithered when the crisis occurred, compounding the funding gap to over £20 Billion, chose to value the Rock differently from any other bank, and, hypocritically, made £500 Billion lending and guarantees available to all UK banks via the SLS only a few weeks after stealing the Rock from the people. The artificial, unfair terms of compensation became totally invalid and discriminatory within weeks of confiscation. Neither were shareholders allowed to vote on options for their future before confiscation. Why? Because Goldman Sachs told the Treasury that the Rock could be worth over £2.5 billion compared with the £1 Billion Virgin offer.

If all that was fair to the 'small' people, please continue to stand for and espouse 'fairness' – only please try and do it without grinning too much.

Our request: The UKSA Northern Rock Small Shareholders Action group respectfully suggests that you instead put aside all the hype and spin, and question the unfairness of our treatment, and actually be fair. People will vote for real fairness.

You have all accepted (and to an extent, we believe have apologised for) your contributions to the failings. It is now time to take account of the concept of 'Perfect Hindsight' and admit the Nationalisation Order was ill considered and premature and that the Compensation Order breaches the fairness you now portray with glee.

We call upon the House to reconsider the legislation passed, specifically the Compensation Order and to instruct Mr Caldwell to undertake the Valuation in accordance with Fairness and Independence.

For and on behalf of all former Northern Rock Shareholders

Chris Hulme
Co-Chairman
07775 794 291

Shum Ghuman
Co-Chairman
07872 617 737

Brian Peart

Dennis Grainger

Pradeep Chand

Jason Fellner