

To Northern Rock Shareholders

27 July 2010

UK Shareholders' Association

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Northern Rock Shareholders Action Group – Update No. 67

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.

The submission of the Small Shareholders case has now been presented to the ECHR in Strasbourg in a document totaling some 90 pages. This is a complex document detailing the legal case which argues against the Government's Compensation Order. That Order laid down specific instructions to the Independent Valuer which dictated terms that were artificial and meant he had to assume circumstances that were non-existent.

These brought about the announcement earlier this year from Andrew Caldwell that no compensation is payable to the former shareholders of Northern Rock.

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.

This action is being taken as we believe this to be the last step required to overturn the Government's Compensation Order and therefore the Independent Valuers claim that your Northern Rock shares were worth nothing at the time of nationalisation.

The Group believes that they were worth between 350p and 650p per share, these figures being based on the offers made to the Government from Lloyds, Virgin, Olivant and the Northern Rock Management Team prior to nationalisation, and also the inherent true net asset values, where market value convention would suggest at least 125% of said net assets.

We will however maintain updates on the Northern Rock page of the UKSA website as further action is taken, information gained and decisions heard. This web page can be found at: www.uksa.org.uk/NorthernRock.htm

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

Support, Funding and Donations:

The Northern Rock Shareholders Action Group wants to raise £30,000 to fund the legal action being taken which now sees the submission being made to the European Court of Human Rights.

In addition to the fighting fund target, the Group needs to cover all the costs of contacting shareholders and to pay for office staff time to facilitate the campaign. The office facilities are made available by the UK Shareholders' Association (UKSA) – a voluntary body funded by its members' subscriptions – but UKSA does not have the funds to support the campaign financially. For effective collective action, please give generously.

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:

<http://www.uksapay.org.uk/donation.cfm>

Further Action Being Taken

In the interests of maintaining communications with the new Conservative/ Liberal Democrat Government and in alliance with its pledge of fairness for all, this Committee has prepared a submission, with significant input from committee member Pradeep Chand.

The basis of this letter which is intended primarily for Chancellor, George Osborne and Treasury Select Committee Chairman, Andrew Tyrie, sets out our beliefs:

- Our Appeal – Fair Value, Going Concern
- The Legacy of Regulatory Failure and Value Destruction by Labour
- The Contradictions and Blatant Discrimination of Labour Policy
- Valuation and Compensation
- Proposals for Resolution

This letter can be read in full at: www.uksa.org.uk/NorthernRock.htm entitled "UKSA Open Letter to Chancellor and TSC"

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

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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