

## **Northern Rock Shareholders Action Group – Update No. 71**

20 June 2011

**UK Shareholders Association**  
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### **Northern Rock For Sale?**

It was an interesting and eloquent speech by the Chancellor that sees Northern Rock being sold, or at least part of it, but do the former shareholders actually care?

The Chancellor expects to enrich the tax payer by around £1billion in the sale of Northern Rock plc, otherwise termed “the good bank”, yet he refuses to honour the rights of the former shareholders and actually pay fair market value for the goods taken by the former Labour government.

When the so called “bad bank” is sold, it is highly likely that the government will not only recoup any investment it made in Northern Rock but will enrich itself with a cool profit “in the interests of the tax payer”.

Given that the 180,000 private shareholders in Northern Rock were or still are taxpayers, we fail to see how this biased transaction is in their “best interests”.

Mervyn King also seemed to acknowledge that the main issues stemmed from the UK’s change in capital adequacy back in the late 1990’s and the “light touch” regulation of the financial markets as a whole. Could this be seen as an admittance of failure not with banks themselves but with the fraternity charged with the governance of the financial markets?

Despite these admissions of value in Northern Rock and the failure of the regulators that gave permission for the banks to operate as they did, this still sees the shareholders penniless.

If, as our rights allow, the bias implemented by the government is ignored, this would see that Northern Rock was actually worth something when it was seized from us, worth quite a considerable sum in fact.

The assessments of value ascertained in the legal cases brought by SRM Global, RAB Capital and the Small Shareholder Plaintiffs (now awaiting the verdict of the European Court of Human Rights) and more recently a separate case in the Upper Tribunal led by Harbinger Capital, again supported by the Small Shareholders sees significant value in the assets of Northern Rock on the day of nationalisation in 2008.

Whilst arguing different in the aspects of legislation, policy and application of value, it is clear that without the bias of the governments terms and conditions and analysis of the assets and use of terminology (which in real life are impractical and unworkable) that we expect could bring about value to the former shareholders of between £4 and £7 per share, but this would need to be confirmed in a full, professional valuation without bias or prejudice one way or the other.

This group continues to support and represent the views and opinions of the former Northern Rock shareholders across the board and we will continue in our quest for fairness.

### **Ongoing Legal Action**

Further to update 70 in March this year, we still await the European Court of Human Rights verdict of the main legal case initially heard in the High Court in January 2009 although the expectations on a timescale are late 2012 or early 2013.

More recently, as indicated by Mr Caldwell in his final statement in 2010, small shareholders have made numerous representations to the Upper Tribunal. Many of the submission were unfortunately out of the jurisdiction of the Upper Tribunal and whilst valid and heartfelt, couldn't be considered in that forum.

The NRSAG Committee considered these in detail with advice from David Greene at Edwin Coe solicitors from which Chris Hulme made a personal submission representative of as many of those views as could be considered by the Upper Tribunal.

As Harbinger, the lead institutional investor, had already covered most of the submissions and cases made by individual shareholders, they were better served in a personal submission by Chris Hulme in support of the main points of Harbinger with the cost versus benefit aspects also in mind from your donations and contributions.

### **What does this mean for the former shareholders?**

Whilst the news of the Governments intended sale price provides the confirmation that Northern Rock still has value, the news of its intention to sell Northern Rock plc will have no bearing on the shareholders receiving compensation as the funds raised from the sale will head straight to the governments' pocket and will continue to leave ours well and truly empty.

The case continues...

Chris Hulme

Chairman

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On behalf Northern Rock Shareholders Action Group

### **Support, Funding and Donations:**

The Northern Rock Shareholders Action Group is entirely run by unpaid volunteers and relies solely on donations however small to fairly represent all former Northern Rock small shareholders. Donations can be made directly to UKSA at the following link:

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

### **Please Advise Address Changes**

Please advise any postal or email address changes to [northernrock@uksa.org.uk](mailto:northernrock@uksa.org.uk). 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 postcode and your name so we can identify you in our database when sending us such communications.

*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](http://www.uksa.org.uk/NorthernRock.htm)*