

To Northern Rock Shareholders

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Northern Rock Shareholders Action Group – Update No. 18

The EGM

A report on voting at the Extraordinary General Meeting (EGM) of Northern Rock was issued as a press release and is on our web site in this file (simply click on the link to read it): www.uksa.org.uk/UKSA_Press054_Northern_Rock_EGM.pdf . A fuller report of the meeting itself is in this file: www.uksa.org.uk/EGM_Report.pdf . In summary, all parties can probably claim a victory – the directors defeated the critical resolutions, and got re-elected, but shareholders also showed that they have enough votes to exercise significant power over the future as is made clear in the press release. But the Government could hardly claim that the company and its shareholders were in disarray and hence nationalisation or other interference was justified because the meeting reflected a common purpose to get the company through its present difficulties.

Needless to say, the result of the vote was widely misinterpreted by TV and press reporters who saw it as a simple victory for the directors – yet another example of uninformed commentary on the events at Northern Rock by the media.

I did a number of TV and radio interviews before and after the meeting, one of which can be seen on the CNBC web site at: www.cnbc.com/id/15840232?video=623726326&play=1

Nationalisation

There has been much speculation in the media about possible nationalisation of Northern Rock. This has had a negative effect on the share price. So as to counter the wilder claims being made we have issued the following press release:
www.uksa.org.uk/UKSA_Press055_Northern_Rock_Nationalisation.pdf

I still personally feel that the Government is trying to avoid full nationalisation if at all possible. It may simply be talking about it to encourage shareholders to act reasonably when some kind of deal is put on the table. We may not know for a few weeks yet as to what is true. Even Bryan Sanderson hasn't apparently seen the Goldman Sachs report on possible financing that the Government commissioned, and as he said at the EGM, they are still working on completing the "strategic review" by mid February.

All I suggest you can do in the meantime is to write letters to the press, and to your local MP or other politicians explaining why nationalisation makes no sense – use the arguments in the press release mentioned above.

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Yours sincerely

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