

To Northern Rock Shareholders

14 January 2009

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

Phone: 020-8468-1027
Email: uksa2@btconnect.com
Web: www.uksa.org.uk

Northern Rock Shareholders Action Group – Update No. 49

Judicial Review Concluded

The Judicial Review hearing, on which our claim for fair compensation depends, commenced in the High Court in London on the 13th January 2009 and finished three days later. To coincide, UKSA organised a number of events including a demonstration outside the High Court.

There are two judges in a judicial review and no witnesses. All the evidence and key legal arguments in a Judicial Review are given to the Court in advance so there are generally no great surprises in the court itself, and there were none. There are two judges in a judicial review and no witnesses. They were Lord Justice Stanley Burnton, the senior of the two, and a Court of Appeal judge, Mr Justice Silber. There were three sets of claimants: the small shareholders; SRM Global Fund; RAB Special Situations Fund and an 'interested party', Legal & General.

Lord David Pannick opened for the claimants. He presented the key arguments and said that what had been put in place by the Government amounted to a "No Compensation Scheme" rather than a "Compensation Scheme". He emphasised that unless the terms of reference for the independent valuation (as laid down in the Nationalisation Act and Compensation Order), were overturned, then the claimants could expect nil compensation.

He gave a naval analogy of the situation of Northern Rock shareholders. The Government effectively were like a Royal Navy ship that came across a vessel in distress - in this case Northern Rock. They proceeded to salvage it by temporary assistance. Would they then claim the full value of the vessel and its cargo? Obviously not under salvage law, but that is what the Government is doing. In addition, if there had been any pre-agreed terms for salvage then that would be applied, and not retrospectively varied at the whim of the rescuers. In the case of Northern Rock, penal interest terms on the LOLR loans and other fees had been paid by the company as agreed when the loans were made, whereas the Government now wants to claim the full value of the equity as well.

To see a full write up of these events including what the Government had to say in response to the above, and some photographs of the demonstrations please go to our web site at: www.uksa.org.uk/Demonstrations.htm

A verdict will be issued by the court in a few weeks time.

NOTE: PLEASE DO NOT ASK WHAT THE VERDICT MIGHT BE IN DUE COURSE OR HOW LONG IT MIGHT TAKE TO CONCLUDE THIS MATTER. ALL WE CAN ADVISE IS THAT THE LAWYERS AND COUNSEL FOR THE CLAIMANTS APPEARED TO DO AN EXCELLENT JOB IN REPRESENTING THE CLAIMANTS CASE.

Roger Lawson
Chairman, Northern Rock Shareholders Action Group
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk
Direct telephone: 020-8467-2686

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