

Northern Rock plc

**Notice of extraordinary general meeting and
unanimous recommendation of the board of
directors to vote AGAINST resolutions 1, 2, 3 & 4
and FOR resolutions 5, 6, 7, 8 & 9**

This document is important and requires your immediate attention. If you are in any doubt about its contents or the action you should take, you should immediately consult your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred your shares in Northern Rock plc, please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

IF YOU REQUIRE ASSISTANCE, PLEASE CALL:
GEORGESON: 0800 694 0476 (OR +44 (0)117 378 5651,
FROM OUTSIDE THE UK)

Please note that, for legal reasons, Georgeson will only be able to provide you with the procedural information contained in this document and will be unable to give any further information, including any advice on the merits of the proposals contained in this document or any legal, financial or taxation advice on the contents of this document.

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This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, accountant or other independent adviser duly authorised under the Financial Services and Markets Act 2000.

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Northern Rock plc

Notice of Extraordinary General Meeting and unanimous
recommendation of the board of directors to vote
AGAINST resolutions 1, 2, 3 & 4 and
FOR resolutions 5, 6, 7, 8 & 9

The Board believes that the resolutions proposed by SRM and RAB Capital, if approved by shareholders, would:

- materially restrict the power of the Board to act at a time when prompt, decisive action may be required to deliver an optimum solution for shareholders and other stakeholders (including creditors);
- hinder the Board's ability to negotiate and implement swiftly transactions that preserve liquidity and that may be key to a successful outcome of its strategic review;
- impose restrictions on the Board during this crucial strategic review process which go well beyond UK best practice; and
- impede the ability of the Board to properly discharge its duties.

Accordingly, the Board recommends that you vote:

- **AGAINST** resolutions 1, 2, 3 & 4; and
- **FOR** resolutions 5, 6, 7, 8 & 9.

It is extremely important that you complete and return a form of proxy as soon as possible and in any event so that it is received NO LATER than 10.00am on Sunday, 13th January 2008

Summary of the Board's position

The board of Northern Rock plc (the Company) has today invited all shareholders to attend an extraordinary general meeting on 15th January 2008 (the Extraordinary General Meeting).

The Extraordinary General Meeting is being convened as a result of a notice received on 10th December 2007 from nominee shareholders acting on behalf of two hedge funds, SRM Global Master Fund Limited Partnership (SRM) and RAB Special Situations (Master) Fund Limited (RAB).

In summary, the requisition requires a number of resolutions to be proposed at the Extraordinary General Meeting which, if passed, would require further shareholder approval before the directors can:

- issue new shares in the Company above certain small thresholds which are much smaller than the thresholds the shareholders have already imposed on the directors;
- sell assets (or take action which would permit other members of the group to sell assets) in any twelve month period if the aggregate value of those assets represents 5% or more of the total value of all of the group's assets (both fixed and current);
- buy assets (or take action which would permit other members of the group to buy assets) in any twelve month period if the aggregate value of those assets represents 20% or more of the total value of all of the group's assets (both fixed and current); and
- authorise other members of the group to dispose of, transfer or issue shares or to make any other changes to their capital structure.

The Board of the Company is strongly of the view, having carefully considered the proposed resolutions, that they are not in the best interests of the Company for a number of reasons:

- the purpose of these resolutions appears to be to restrict the powers of the Board in various material respects in particular by requiring formal shareholder approval before the Board can effect disposals or acquisitions above relatively low thresholds. Whilst the Company is clearly facing exceptional and difficult circumstances and the Board understands the desire for shareholders to protect their position, the Board believes that the interests of the Company and its shareholders are not best served by imposing the proposed limitations on the Board's ability to act;
- the Board believes that the Company already has a corporate governance structure in place which is consistent with best practice in the UK;
- the proposed resolutions could impair the Company's ability to negotiate and implement transactions that may be key to a successful outcome of its strategic review;
- the proposed resolutions would mean that any issue of shares by the Company, any relevant disposal or acquisition of assets by any member of the group or any disposal, transfer or issue of shares or other change to the capital structure of any member of the group would require an extended period to implement whilst appropriate shareholder approval is obtained. It is the Board's considered view that the lengthy period required to obtain such approval would remove the flexibility of the Company to act with speed – which is particularly important in the current circumstances. The Company, is subject to the Listing Rules which establish the circumstances in which shareholder approval must be obtained for significant transactions; and
- by seeking to obtain and exert greater control over the Company's Board during this difficult, rapidly developing period, the shareholders risk undermining the Board's efforts to find the optimal solution for the Company (and its shareholders, creditors and other stakeholders) and consequently risk damaging their own interests.

Chairman Bryan Sanderson said today:

"Since I joined Northern Rock as Chairman, the Board has continued to pursue its strategic review with the aim of securing a positive outcome for all stakeholders. The resolutions proposed on behalf of two shareholders, SRM and RAB, in the view of the Board, restrict the ability of the Company to act in a timely and appropriate manner during a period when the Board is likely to need maximum flexibility.

Whilst I recognise the positive motives of the two shareholders in question, the Board believes that we have a governance structure in place that protects the interests of shareholders and all other stakeholders and that the proposed resolutions place restrictions on the Company significantly in excess of the norm for other fully-listed UK public companies.

Accordingly, I believe that these resolutions are unnecessary and, in view of the difficult and challenging circumstances currently affecting the Company, potentially damaging.

Through our strategic review, the Board is fully committed to promoting the success of the Company and protecting the interests of all its stakeholders (including shareholders and creditors). The proposed resolutions, in our judgment, do not support but rather prejudice these objectives."

Further details in relation to the Extraordinary General Meeting, and the resolutions being proposed at it, are set out in the remainder of this document. We would ask you to read this document carefully, and to follow the recommendations set out in it.

northern rock

Northern Rock plc
(Registered in England and Wales No. 3273685)

Registered Office:
Northern Rock House
Gosforth
Newcastle upon Tyne
NE3 4PL

21st December 2007

Dear Shareholder

Extraordinary General Meeting

Background

On 26th November 2007, Northern Rock plc (the *Company*) announced that it had received a notice from nominee shareholders acting on behalf of SRM Global Master Fund Limited Partnership (*SRM*) and RAB Special Situations (Master) Fund Limited (*RAB*) requisitioning an extraordinary general meeting of the Company to consider and, if thought fit, pass a special resolution to amend the articles of association of the Company.

That notice has now been withdrawn and replaced by a second notice from the same nominee shareholders acting on behalf of SRM and RAB received on 10th December 2007. This second notice requisitions the Extraordinary General Meeting to consider and, if thought fit, pass one ordinary resolution and three special resolutions (together *Resolutions 1, 2, 3 & 4*).

The Board recommends that shareholders vote, either in person or by proxy, **AGAINST** Resolutions 1, 2, 3 & 4 at the Extraordinary General Meeting because, in essence:

- the Board must retain the ability to act flexibly and speedily in order to best serve the interests of shareholders and other stakeholders (including creditors); and
- the proposed resolutions, which are out of line with current UK market practice, would unnecessarily restrict the Board's ability to negotiate and implement effectively transactions which may be crucial to a successful outcome to the strategic review; and
- the proposed resolutions potentially hinder the ability of the Board to act quickly to preserve the liquidity of the Company and comply with the Company's regulatory capital requirements.

The Board's reasoning is explained in more detail below.

The Board wishes to reassure shareholders that, as currently structured, the possible transactions announced by Olivant Advisers Limited (*Olivant*) and the Virgin Consortium would require shareholder approval before being implemented.

In accordance with Article 95 of the Company's Articles of Association, the Board is proposing five additional resolutions (together *Resolutions 5, 6, 7, 8 & 9*) to confirm the appointment of me as Chairman, Andy Kuipers as Chief Executive and Laurie Adams, John Devaney and Simon Laffin as non-executive directors of the Company. Resolutions 5, 6, 7, 8 & 9 are set out in the notice of Extraordinary General Meeting at the end of this document.

The Board is recommending that shareholders vote, either in person or by proxy, **FOR** Resolutions 5,6,7, 8 & 9 at the Extraordinary General Meeting.

The Company's strategic review

As has been publicly announced on a number of occasions, the Company is actively engaged in a strategic review. In particular, the Company announced on 26th November 2007 that, following careful analysis of the indicative expressions of interest received from a number of parties, it had entered into discussions, on an accelerated basis, with a consortium comprising Virgin Group, WL Ross & Co, Toscafund Asset Management LLP and First Eastern Investment Group (the *Virgin Consortium*). The Company is continuing to explore other options as part of its strategic review, including the proposal recently received from Olivant. As previously announced, the strategic review will be completed by February 2008. The Board wishes to reassure shareholders and all stakeholders (including creditors) that it is, through its strategic review, working tirelessly to find a solution to the current difficulties that is in the best interests of the Company.

In pursuing its strategic review, the Board is required, as a matter of law, to consider the interests of a number of categories of stakeholder in the Company as well as the interests of shareholders. The Board is also required to consider carefully how these interests interrelate and what weight to apply to each category. The Board has taken extensive advice at all times and has been advised that it must have regard to the position and interests of the Company's creditors, and to take action to avoid or minimise their loss, if there is a serious risk of the Company's failure. The strategic review is focused on solvent solutions for the Company in the interests of shareholders and creditors.

The Board, as shareholders are aware, has been working closely with the Tripartite Authority during recent months as the approval of the Tripartite Authority will be required to implement any transaction which results from the completion of the strategic review. The Tripartite Authority includes the Bank of England, the Company's largest creditor, which has advanced an on demand facility secured over all of the Company's assets and upon which the Company relies for continuing financial support and liquidity.

The Requisition

The resolutions proposed (the *Proposed Resolutions*) are set out in full in Resolutions 1, 2, 3 & 4 in the Notice of Extraordinary General Meeting at the end of this document. The Proposed Resolutions would, if approved, have the following effect:

Resolution 1

- replaces the existing authority of the Board to allot shares with a new, substantially lower authority which would only authorise the board to issue shares having an aggregate nominal value of up to £5,000,000;

Resolution 2

- replaces the existing authority of the Board to issue shares for cash without first offering them on a pre-emptive basis to all existing shareholders with an authority of a reduced amount of up to £5,000,000;

Resolution 3

- amends the articles of association of the Company to prevent the Board from exercising any power or influence or taking any action on behalf of the Company relating to any proposal for a member of the Group to enter into any agreement or arrangement:
- (i) to dispose of any interest in any assets, whether in one transaction or a series of transactions, in any 12 month period, where the value of the assets in question (by reference to the latest audited consolidated accounts of the Group or where those are not available, accounts as described in Resolution 3) comprise 5% or more of the total value of all assets, both fixed and current, of the Group (again, by reference to such accounts described in Resolution 3), unless approval is first obtained from shareholders of the Company in general meeting; or
- (ii) to acquire any interest in any assets, whether in one transaction or a series of transactions, in any 12 month period, where the value of the assets in question (again by reference to such accounts as described in Resolution 3) comprise 20% or more of the total value of all assets, both fixed and current, of the Group (again by reference to such accounts as described in Resolution 3), unless approval is first obtained from shareholders of the Company in general meeting.

The terms of this resolution would prevent the Board from exercising any power or influence or taking any action to permit other members of the Group from carrying out actions which would frustrate the intention of the restrictions set out above;

Certain financing activities are excluded from the restrictions to be imposed by Resolution 3;

- renumbers the existing article 106 of the Company's articles of association as article 106A; and

Resolution 4

- requires the Company to take action to prevent other members of the Group from disposing of, transferring or issuing shares and/or other securities or otherwise altering their share capital structure.

Resolutions 1, 2, 3 & 4

Having considered carefully the Proposed Resolutions, the Board has concluded that adopting Resolutions 1, 2, 3 & 4 is not in the best interests of the Company. The Board believes that altering the existing corporate governance framework by requiring shareholder approval for transactions normally within the powers of the Board would prejudice the Board's ability to negotiate and implement necessary and beneficial transactions. The Proposed Resolutions, if adopted, would undermine the authority of the Board at a time when it is working hard to preserve and enhance shareholder value.

The Board also believes that the Proposed Resolutions, if adopted, will have adverse consequences for the Company by prejudicing its ability to negotiate and implement, with the speed and flexibility that may be required, transactions which will help it to maintain and manage liquidity, comply with regulatory capital requirements and which are key to securing the best possible outcome to the strategic review for shareholders and other stakeholders (including creditors). The Company, as shareholders will be acutely aware, has found itself facing fast-moving challenges in recent months and the Board needs as much flexibility as is possible to carry out its duties effectively and swiftly.

The Board believes that the adoption of Resolution 3 would result in uncertainty as to the scope of the Board's powers which would not be in the best interests of the Company. For example certain aspects of the changes to the articles of association proposed by Resolution 3 lack clarity and certainty as to what actions would or would not require shareholder approval. The Board also believes that if the Proposed Resolutions were adopted, not only would it be unable to implement, but it may even be prevented from entering negotiations in relation to, asset sales or acquisitions. The Board also believes that the exceptions to the limitations imposed by Resolution 3 may not extend to all of the activities, and in particular financing activities, undertaken by the Company which may be vital in achieving and maintaining the liquidity it needs as well as complying with its regulatory capital obligations. Adopting the Proposed Resolutions could therefore render the Board unable to pursue a course of action that it considers to be in the best interests of the Company.

Obtaining shareholder approval for transactions which do not require shareholder approval under the Listing Rules, would be a distracting and time consuming strain on the resources of the Company and the Board.

The full terms of Resolutions 1, 2, 3 & 4 are set out in the attached notice of meeting at the end of this document and will be available for inspection:

- (a) at the offices of Freshfields Bruckhaus Deringer at 65 Fleet Street, London, EC4Y 1HS from the date of this letter until the closing of the Extraordinary General Meeting; and
- (b) at the Metro Radio Arena, Newcastle upon Tyne, NE4 7NA during, and for at least 15 minutes before, the Extraordinary General Meeting.

Resolutions 5,6,7, 8 & 9

Since I became Chairman following the resignation of Dr. Matt Ridley in October 2007, the Board has been radically restructured. Adam Fenwick, Nichola Pease, Rosemary Radcliffe and Sir Derek Wanless resigned as non-executive directors in November 2007 and we have seen the departure from the board of some of the executive directors including Adam Applegarth as Chief Executive Officer. In order to ensure that the Board was able to continue with its strategic review in the most effective way possible we have appointed Andy Kuipers as Chief Executive Officer and Laurie Adams, John Devaney and Simon Laffin as non-executive directors. The Board believes that these appointments bring the necessary additional experience, expertise and strength to the Board to enable it to pursue its strategic review to achieve the best outcome for all stakeholders. The full board now comprises me, these four directors as well as Sir Ian Gibson, Michael Queen and David Jones.

In accordance with Article 95 of the Company's Articles of Association, shareholders are required to confirm these new appointments at the Extraordinary General Meeting and the Board believes that doing so is in the best interests of the Company.

Biographies of these new directors can be found at the end of this document.

Recommendations

The Board considers that Resolutions 1, 2, 3 & 4 are not in the best interests of shareholders as a whole and as such unanimously recommends shareholders to vote **AGAINST** Resolutions 1, 2, 3 & 4. The directors, representing 300,056 shares in aggregate, intend to vote against these resolutions in respect of their own beneficial holdings of shares in the Company.

The Board considers that Resolutions 5, 6, 7, 8 & 9 are in the best interests of shareholders as a whole and as such unanimously recommends shareholders to vote **FOR** Resolutions 5,6,7, 8 & 9.

Action to be taken

Attached to this letter is a form of proxy for use at the Extraordinary General Meeting. If you do not intend to be present at the Extraordinary General Meeting, please complete, sign and return the form of proxy as soon as possible (and in any event, so as to be received not later than 10.00 am on Sunday, 13th January 2008) in accordance with the instructions printed on it.

We urge you to complete the form of proxy appointing me as your proxy and instructing me to vote, **AGAINST** Resolutions 1, 2, 3 & 4 and, **FOR** Resolutions 5, 6, 7, 8 & 9.

In addition to returning your form of proxy by post, you may also appoint a proxy via our shareholder website. For CREST participants, we have introduced CREST proxy appointment. Details of these choices appear at the end of this document.

A handwritten signature in black ink that reads "Bryan K. Sanderson". The signature is written in a cursive style and is positioned above a solid horizontal line that spans the width of the signature.

Bryan Sanderson
Chairman

Notice of Extraordinary General Meeting

Notice is hereby given that an extraordinary general meeting (the *Meeting*) of Northern Rock plc (the Company) will be held at Metro Radio Arena, Newcastle upon Tyne, NE4 7NA on Tuesday, 15th January 2008 at 10.00 am for the purposes of considering the following resolutions: (Resolutions 2, 3 and 4 will be proposed as Special Resolutions)

1. **THAT**, in substitution for all previous authorities conferred upon the Directors to allot relevant securities of the Company but without prejudice to the continuing authority of the Directors to allot relevant securities pursuant to an offer or agreement made by the Company before the revocation of the authority pursuant to which such offer or agreement was made, the authority conferred upon the Directors by article 11.1 of the Company's articles of association shall apply for the period commencing upon the date of the passing of this Resolution and shall expire, unless renewed, on the date five years from the date hereof and for that period the section 80 amount shall be £5,000,000.00.
2. **THAT**, subject to passing of Resolution 1 above, the power conferred upon the Directors by article 11.2 of the Company's articles of association shall apply for the period commencing upon the date of the passing of this Resolution and shall expire, unless renewed, on the expiry or termination of the authority conferred on the Directors pursuant to Resolution 1 and for that period the section 89 amount shall be £5,000,000.00
3. **THAT** Article 106 of the Company's Articles of Association be deleted in its entirety and replaced by the following:

106. Neither the board nor any director or other person authorised on behalf of the board shall exercise any control, rights, powers, authority and/or influence or take any action on behalf of the Company (including, but not limited to, the exercise of the control, rights, powers, authority and/or influence of the Company, as a shareholder or otherwise, to permit any of its subsidiaries, subsidiary undertakings, associates and/or other undertakings in respect of which the Company has control, rights, powers, authority and/or influence (the Company and such subsidiaries, subsidiary undertakings, associates and/or other undertakings being together referred to as the "Group") carrying out any actions which would frustrate the intention

of the restrictions over the actions of the Group as set out in this Article 106), relating to any proposal (howsoever described) for a member of the Group to enter into or become subject to an agreement or arrangement to:

- (i) dispose, either in a single transaction or through a series of transactions (whether related or not and whether by way of sale, assignment, transfer, lease and/or operation of law), pursuant or subject to any statutory arrangement (or otherwise) of any interest or title in any asset or assets ("Assets") (such a disposal being referred to as a "Sale") in circumstances where the value of such Assets (as referred to or otherwise used in the then most recently published audited consolidated accounts of the Group, or where the most recently published audited consolidated accounts of the Group do not refer to or otherwise use the value of such Assets, in the most recently published interim accounts of the Group in which the value of such Assets is referred to or otherwise used, or, where the value of such Asset is not referred to or used in the aforementioned accounts, in any management or other accounts of the Company or the Group (as the case may be) that refer to or otherwise use the value of such Assets (the "Relevant Accounts")), when aggregated with the value set out in the then Relevant Accounts of any and all other Assets being the subject matter of other Sales in the 12 month period prior to the date of the Sale in question, comprises 5 (five) per cent or more of the value of all of the assets (being the sum of the total fixed assets and total current assets) of the Group as set out in the Relevant Accounts unless the terms of such Sale are first approved by the Company in general meeting of the Company; and/or
- (ii) acquire, other than in the ordinary course of the Company's lending business, either in a single transaction or through a series of transactions (whether related or not and whether by way of purchase, assignment, transfer, lease and/or operation of law), pursuant or subject to any statutory arrangement (or otherwise), any interest or title in any Assets (such acquisition being referred to as a "Purchase") in circumstances

Notice of Extraordinary General Meeting (continued)

where the value of such Assets in money or moneys worth, when aggregated with the value of any and all other Assets being the subject matters of other Purchases in the 12 month period prior to the date of the Purchase in question, comprises 20 (twenty) per cent or more of the value of all of the assets (being the sum of the total fixed assets and total current assets) of the Group as set out in the Relevant Accounts unless the terms of such Purchase are first approved by the Company in general meeting of the Company.

The limitation on the power of the board set out in this Article 106 shall not apply to any proposal for any dealing with Assets by way of securitisation consistent with the Company's prior practice pursuant to the Granite securitisation programme or by temporary sale and repurchase agreements or other funding arrangements whereby the economic interest in any increase in the value of the Assets is retained by the Group.

106A. Subject in particular to Article 106 above and generally also to the provisions of the Companies Act, the Memorandum and the other provisions of these Articles and to any directions given by special resolution, the business of the Company shall be managed by the board which may pay all expenses incurred in forming and registering the Company and may exercise all the powers of the Company whether relating to the management of the business of the Company or not. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the board by these Articles. A meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

4. **THAT**, the board and/or any director or other person authorised on behalf of the board shall exercise any control, rights, powers, authority and/or influence of the Company, as a shareholder or otherwise, over any of the Company's subsidiaries, subsidiary undertakings, associates and/or other undertakings (in respect of which the Company has control, rights powers, authority and/or influence) so as to ensure that such subsidiaries, subsidiary

undertakings, associates and/or other undertakings do not dispose of or transfer any shares, and do not issue any shares and/or other securities or otherwise alter their respective share capital structures.

5. **THAT**, in accordance with Article 95 of the Articles of Association of the Company Bryan Kaye Sanderson, having consented to act, be and is hereby re-appointed as a director of the Company with immediate effect.
6. **THAT**, in accordance with Article 95 of the Articles of Association of the Company Simon Timothy Laffin, having consented to act, be and is hereby re-appointed as a director of the Company with immediate effect.
7. **THAT**, in accordance with Article 95 of the Articles of Association of the Company John Francis Devaney, having consented to act, be and is hereby re-appointed as a director of the Company with immediate effect.
8. **THAT**, in accordance with Article 95 of the Articles of Association of the Company Laurence Philip Adams, having consented to act, be and is hereby re-appointed as a director of the Company with immediate effect.
9. **THAT**, in accordance with Article 95 of the Articles of Association of the Company Andy Menze Kuipers, having consented to act, be and is hereby re-appointed as a director of the Company with immediate effect.

By order of the Board

Colin Taylor

Company secretary

Northern Rock plc

21st December 2007

Northern Rock House

Gosforth

Newcastle upon Tyne NE3 4PL

Registered in England and Wales No. 3273685

Notes

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company

Notice of Extraordinary General Meeting (continued)

specifies that only those members registered on the Company's register of members at:

- 6.00 pm on Sunday, 13th January 2008; or,
- if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting.

shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. Registered members (shareholders) at the time set out in note 1 above who are unable to attend the meeting may appoint one or more proxies (who need not be a member of the company). You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

Appointment of proxy using hard copy proxy form

4. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars Limited at Proxies, The Registry, 34 Beckenham Road, Beckenham BR3 4ZB; and
- received by Capita Registrars Limited no later than 10.00 am on Sunday, 13th January 2008

Electronic appointment of proxies

5. As an alternative to completing the hard-copy proxy form, you can appoint a proxy

electronically by going to www.shareregisters-northernrock.co.uk and following the instructions provided. Members will need the Investor Code printed on the form of proxy. For an electronic proxy appointment to be valid, your appointment must be received by Capita Registrars Limited no later than 10.00 am on Sunday, 13th January 2008. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Appointment of proxies through CREST

6. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, a CREST message must be received by Capita Registrars (ID RA10) not later than 10.00 am on Sunday, 13th January 2008. Such messages cannot be sent on weekends or on other days when the CREST system is closed (such as public holidays) or after 8.00pm. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) with assistance for appointing proxies via CREST. For further information on CREST procedures, limitation and system timing please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Biographies of directors seeking re-appointment

Bryan Kaye Sanderson

Chairman (Non-Executive)

Bryan Sanderson (aged 67) was appointed to the Board as Chairman on 19th October 2007. Mr Sanderson is a former Chairman of BUPA and of Standard Chartered PLC. He was previously a Director of BP PLC and Chairman of the Learning and Skills Council. Mr. Sanderson CBE has had a long career with BP and was a Managing Director of the company from 1992 to 2000. Subsequently he became Chairman of Standard Chartered PLC from May 2003 to November 2006 and non-executive Chairman of BUPA from 2001 to 2006, having previously been Chairman of the Learning and Skills Council from 2000 to 2004. He was also a non-executive director of both Six Continents plc and Mitchells & Butler plc between August 2001 and April 2003. He is currently a non-executive director of Durham Cricket Club and was a director of Sunderland PLC from 1997 - 2006. Mr Sanderson is a member of the Risk, Remuneration and Nominations Committees.

Laurence Philip Adams

Non-Executive Director

Laurie Adams (aged 51) was appointed to the Board as a non-executive director on 29th November 2007. Mr Adams has been a director of Sibley Holdings Limited (formerly Haven Europe Ltd) since 2004. From 2000 to 2004 he was a Managing Director and Global Head of Legal & Compliance, Investment Banking Wholesale Division at ABN AMRO Bank. From 1991 to 2000, he was a Managing Director at Citigroup and European Head of Legal, Compliance and the Company Secretarial Team for wholesale investment banking, London. Mr Adams trained as a solicitor with Allen & Overy. Mr Adams is a member of the Risk, Audit and Remuneration Committees.

John Francis Devaney

Non-Executive Director

Mr Devaney (aged 61) was appointed to the Board as a non-executive director on 26th November 2007. Mr Devaney has been Chairman of NATS since 2005 and is also Chairman of Telnet plc (previously Marconi Corporation Plc). John steered Telnet through its re-listing in January 2003, the UK's largest ever recapitalisation. He is also Chairman of BizzEnergy, one of the UK's largest independent energy retailers and Tersus Energy Plc, a small bio-fuels company listed on AIM. He was formerly Chairman of Exel Plc, MD, Chief Executive then Chairman of Eastern Electricity and President of Perkins Engines. He has also held non-executive directorships with Midland Bank Plc and British Steel Plc. Mr Devaney is a member of the Risk, Audit and Remuneration Committees.

Simon Timothy Laffin

Non-Executive Director

Simon Laffin (aged 48) was appointed to the Board as a non-executive director on 26th November 2007. Mr Laffin is an industrial adviser to CVC Capital Partners specialising in retail and consumer services. He started working with CVC Capital Partners in December 2004. Prior to this he was CFO and Property Director of Safeway Plc for 10 years. Mr Laffin holds an MA in Economics, Social & Political Sciences from Cambridge University and is a qualified accountant. Mr Laffin is a member of the Risk, Audit and Remuneration Committees.

Andy Menze Kuipers

Chief Executive Officer

Andy Kuipers (aged 49) was appointed to the Board of Northern Rock plc as an Executive Director in January 2005. He was previously responsible for the co-ordination and direction of the Company's sales, marketing, products, pricing and retention activities. Mr Kuipers joined Northern Rock in 1987, having previously worked in banking in Holland. Mr Kuipers is a member of the Risk Committee.

CUSTOMERS WITH A DISABILITY

Northern Rock plc is committed to providing customers with a quality service. If you have a disability, we can offer you facilities that may help you conduct your business with us. If you have any special requirements or need information in an alternative format, for example, Braille, audio tape, large print or interpreter services, please call our Disability Awareness Team on 0191 279 5300. Alternatively our text phone number is 0191 279 8505 or you can contact us at disability.awareness@northernrock.co.uk

