

**SRM Global Master Fund Limited Partnership
PO Box 309 GT
Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands**

2 January 2008

STATEMENT BY SRM GLOBAL FUND

Dear Shareholder

Northern Rock plc (the "**Company**") - Extraordinary General Meeting 15
January 2008

By now it is likely that you will have received a communication from the board of directors of the Company (the "**Board**") in connection with business to be conducted at a proposed extraordinary general meeting of the Company to be held on 15 January 2008. You will note that resolutions 5, 6, 7, 8 and 9 have been proposed by the Company and that resolutions 1, 2, 3 and 4 (the "**Resolutions**") have been proposed by two of the Company's shareholders, RAB Capital and SRM Global Fund ("**SRM**"). The purpose of this letter is to set out the reasons why SRM has proposed the Resolutions, why we consider that adoption by the Company of the Resolutions benefits all shareholders and why we would urge you and every shareholder to vote in favour of resolutions 1,2,3 and 4.

The Company's current difficulties result from its inability to access short term liquidity from the wholesale credit markets. This situation is not unique to the Company. Many financial institutions throughout the world are also currently experiencing difficulties in accessing operating finance from other banks. As a result such institutions are being supported by central banks, although none of the other financial institutions appears to be subject to the media scrutiny or conditions relating to such central bank funding as the Company. HM Government is merely fulfilling its role as lender of last resort (in common with other central banks) and providing the financial support required by the Company.

SRM believes the Company is a strong and viable business; it is nothing like the "lame duck" that some would have you believe. We are shareholders in a company that has true value in its assets, its brand and its employees. Based on the Company's stated guidance regarding its valuation, SRM believes that the Company's book value is materially in excess of its current share price. SRM believes that any sale of assets and/or business of the Company at below its true value is detrimental to the Company and to its shareholders and would inhibit a timely and complete repayment of the Bank of England facilities. By adopting a proportionate approach, the Company's liquidity can be restored.

It is these beliefs which underpin the four resolutions which SRM has proposed.

- 1 The Company currently finds itself in exceptional circumstances and in these circumstances shareholders cannot rely upon the usual safeguards (including those of seeking shareholder consent for significant transactions). In these exceptional circumstances, there is a risk that the Company may take material steps relating to its future without first seeking the approval of its shareholders. SRM has asked the Board to confirm to all shareholders that any proposed action affecting the Company's business will be put to shareholders for their approval. The Company and its advisers have been unwilling to agree to this. Accordingly, exceptional circumstances dictate that the Resolutions are required to ensure that best practice is adhered to and that shareholders consent is required for material transactions.
- 2 The Resolutions generally reflect best practice as to when the Company should seek shareholder approval. However, as noted above the exceptional circumstances the Company finds itself in may permit the usual shareholder checks and balances to be sidelined. The Resolutions aim at ensuring that shareholders are part of the decision making process and that hastily ill thought out actions are not implemented without their consent.

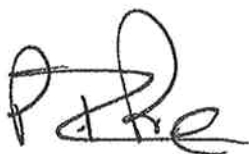
The Board has made its position known to you (including the Chairman's recognition of our "positive motives"). We believe that the Board's concerns are over-stated:

- 1 The Resolutions do not impede the Board's ability to discharge its duties. Rather, they simply seek to assert that in transactions of a material nature shareholder consent is obtained prior to executing any proposal.

- 2 The Resolutions do not block or stop the Board from taking or pursuing a course of action. Rather the Resolutions reflect good corporate practice and seek to involve shareholders in material decisions affecting the future of the Company and to ensure that adequate checks and balances are in place. SRM believe that Shareholder involvement is positive and constructive - it strengthens the Company's position and ensures that proposals are properly debated, considered, well prepared and rational. It will prevent hasty action which would needlessly destroy value in the Company.
- 3 Going to shareholders will not increase materially any timetable upon which a deal is done as approvals will also need to be obtained from the Tripartite Authorities and the work required to obtain shareholder consent will usually proceed on a parallel path such that shareholder consent will be sought at roughly the same time that a proposal is being finalized.
- 4 Seeking shareholder consent for any material course of action will strengthen the Board's negotiating position as any proposal that has shareholder backing will provide the board with significant support.

We recognise that all shareholders are very important to the Company's future. It is for this reason that we would urge you to vote **FOR** each of resolutions 1, 2, 3 and 4. The rationale for doing so is simple - this is the best way of preventing a loss in value of the Company by forcing the Company to protect shareholders' interests at this crucial time in its history.

Yours sincerely

A handwritten signature in black ink, appearing to be 'P. H. R.', written in a cursive style.

For and on behalf of

SRM Global Master Fund Limited Partnership