

To Northern Rock Shareholders

9 June 2009

UK Shareholders Association
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Northern Rock Shareholders Action Group – Update No. 58

Appeal Hearing Reminder

This note is a reminder that the appeal hearing on the judicial review will commence in the High Court tomorrow at 10.30 am. Private shareholders are meeting outside the front entrance at 10.00 am. However, if you are unable to make that then it is of course possible to enter the public seating area at the back of the court at any time, and the case is likely to last a least two days. The actual court number in which the hearing is to be held will be given on a notice board immediately after the main entrance.

Grounds for Appeal

The arguments to be put to the appeal judges are numerous and varied, but include:

- Because the Compensation Scheme will result in nil value for shareholders, the court failed to assess properly whether the Compensation Scheme was compliant with the European Convention on Human Rights (ECHR). Strasbourg judgements have held that confiscation of property without compensation is justifiable only in very exceptional circumstances, which do not apply in this case.
- The court failed to take into account that the contribution of the Government in ensuring that the company was able to continue to trade (such support being provided on a commercial basis) did not entitle it to acquire the whole value of the business – the “salvage” argument.
- The procedural process required by judgements under the ECHR, namely that claimants are able to fully challenge the basis of compensation, were not met by the terms of the Compensation Scheme which laid down artificial assumptions about the facts that the claimants could not dispute.

As a layman, these arguments appear to be powerful but whether the court will be willing to overturn the previous judgement, and of course the “will of Parliament”, remains to be seen. But there are later appeal steps that can still be pursued if they do not. As we have pointed out before, even if we win this step, the Government might appeal it further anyway. The legal precedents that will be set are so important to both shareholders and the Government that a decision will ultimately likely be taken at a high level.

More information on the case and the legal teams involved was given in this press release which is on our web site: www.uksa.org.uk/UKSA_Press084_NRK_Appeal.pdf

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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