



Press Release

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OLIVANT ADVISERS LIMITED

STATEMENT REGARDING NORTHERN ROCK PLC

Olivant, an independent investment group, announces that it is submitting today a detailed proposal to the Board of Northern Rock plc ("Northern Rock" or the "Company") offering an alternative to a distressed sale of all or part of the Company's business. The Olivant proposal entails taking urgent steps to re-establish Northern Rock as a viable business, retaining its brand and restoring it to financial health.

Overview of proposal:

- Immediate introduction of an experienced operational team into Northern Rock, led by Olivant's chairman, Luqman Arnold, to achieve stabilisation of the Company and its business
- Prompt repayment of Bank of England liquidity support facility through active operational management, accelerated through external market financing
- Implementation of a restructuring strategy to size Northern Rock to its natural funding and operational capacity
- Subscription for a minority stake in Northern Rock on terms to be agreed with the Company's board
- Olivant's only financial return will arise from an increase in the value of its investment

Luqman Arnold, chairman of Olivant, said: "The key to repayment of the Bank of England facility is to stabilise Northern Rock and restore confidence in the bank and its brand. We believe this can be achieved through efficient day-to-day management of the Company's sources and uses of funds. However, we propose a significant reduction in the amount of the facility through the use of external funding. Whilst we understand the desire of the Northern Rock board to explore a range of options for the Company, including sale and break-up, we believe that, in current market conditions, a distressed sale would be unlikely to maximise value for shareholders, creditors, employees or customers."

Olivant has held discussions with the Company, its advisers and the Tripartite Authorities about its proposals and will continue these discussions.

Ends



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Lazard & Co., Limited is acting for Olivant in connection with the proposal referred to above and no-one else and will not be responsible to anyone other than Olivant for providing the protections afforded to clients of Lazard & Co., Limited or for providing advice in relation to the proposal referred to above.

Notes to editors:

Olivant is an independent investment group with substantial and permanent shareholder capital. It invests solely in the financial services sector. Positioned between typical financial and strategic investors, it offers the skill sets of a strategic investor but the independence and lack of conflicts of interest of a financial investor. Olivant's partners bring an operational approach in tune with incumbent management teams. Olivant's shareholders comprise a number of significant financial services institutions and sophisticated family offices.