



## Northern Rock Shareholders 'to get Nothing'.

It is likely Northern Rock shareholders will receive nothing for their shares. In a statement over the weekend, Chancellor Alistair Darling revealed he rejected private bids as they didn't "protect the taxpayers' interest" and said he plans to nationalise the bank.

However, Northern Rock shareholders are threatening legal action as shares in the beleaguered lender were suspended on Monday morning following the Government's nationalisation plan.

The Government has already made it clear that shareholders will receive no compensation for the value of their shares as they have set the terms of reference for an independent valuation to be on the basis that the Government loans have been withdrawn. In that case Northern Rock would clearly not be a going concern and hence would have no value.

In a statement on 21 January, the Chancellor indicated shareholders could not expect to receive compensation for any value derived from taxpayer support, currently estimated to be around £53bn.

Hedge funds RAB Capital and SRM Global, which own approximately 19% of Rock, are believed to be considering legal action.

The Government is expected to push through emergency legislation to bring the bank under state control, though the Conservatives have said they will attempt to block any attempts at nationalisation.

Northern Rock shares closed last week at 90p, valuing the once £5bn Newcastle-based company at around £380m. Hopefully all private investors will have got out before the Nationalisation and cut their losses.

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