

SCHEDULE

The Northern Rock plc Compensation Scheme

PART 2

Determination of amount of compensation

Transfer of Northern Rock shares

3.—(1) The amount of any compensation payable by the Treasury to persons who held shares in Northern Rock immediately before they were transferred by the Transfer Order shall be determined in accordance with this paragraph.

(2) The amount of compensation payable to a person shall be an amount equal to the value immediately before the transfer time of all shares in Northern Rock held immediately before the transfer time by that person.

(3) For the purposes of this Scheme, the holders of shares in Northern Rock, and the class and number of shares held by them, shall be identified by reference to—

- (a) the Operator register of members of Northern Rock; and
- (b) the issuer register of members of Northern Rock,

following the reconciliation required by article 3(4) of the Transfer Order.

(4) In sub-paragraph (3) “issuer register of members” and “Operator register of members” have the meanings given in the Uncertificated Securities Regulations 2001(1).

Extinguishment of subscription rights

4.—(1) The amount of any compensation payable by the Treasury to persons whose subscription rights were extinguished by virtue of article 4 of the Transfer Order shall be determined in accordance with this paragraph.

(2) The amount of compensation payable to a person shall be an amount equal to the value immediately before the transfer time of that person’s subscription rights.

(3) In this paragraph “subscription rights” means any right or other entitlement granted by—

- (a) a relevant undertaking; or
- (b) a person not within paragraph (a) by reason of or in connection with—
 - (i) any individual’s office or employment with a relevant undertaking; or
 - (ii) the services provided by any individual to a relevant undertaking,

to receive shares in Northern Rock (whether by subscription, conversion or otherwise).

(4) In sub-paragraph (3) “relevant undertaking” means Northern Rock or any of its group undertakings.

Modification of rights in relevant instruments

5.—(1) Subject to sub-paragraph (4), the amount of any compensation payable by the Treasury to persons whose rights were extinguished by virtue of the provision made in article 12 of the Transfer

(1) [S.I. 2001/3755](#); there are amending instruments but none is relevant.

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Order (referred to in this paragraph as “consequential rights”) shall be determined in accordance with this paragraph.

(2) The amount of compensation payable to a person shall be such compensation as may be just in respect of that person’s consequential rights.

(3) The determination of any compensation in respect of rights extinguished by virtue of article 12(1) or (2) of the Transfer Order shall take into account—

- (a) any diminution in the value of property; or
- (b) any increase in the burden of any liability,

which is attributable to the consequences specified in article 12(3) of the Transfer Order not arising.

(4) Compensation is payable in respect of a person’s consequential rights only if such compensation is required to be paid to comply with the Convention rights (within the meaning given by section 1 of the Human Rights Act 1998⁽²⁾).

Valuation assumptions

6. In determining the amount of any compensation payable by the Treasury to any person in accordance with paragraphs 3 to 5, it must be assumed (in addition to the assumptions required to be made by section 5(4) of the Act (compensation etc. for securities transferred etc.)) that Northern Rock —

- (a) is unable to continue as a going concern; and
- (b) is in administration.

(2) 1998 c. 42.