

3 July 2008

NORTHERN ROCK PLC

NOTICE

To the holders of the outstanding

£300,000,000 8.399% Step-up Callable Perpetual Reserve Capital Instruments

(ISIN: XS0117031194)

and

£200,000,000 7.053% Callable Perpetual Core Tier One Notes

(ISIN: XS0152710439)

(together, the “Parity Obligations”)

Issued by

NORTHERN ROCK PLC (the “Company”)

The Company hereby announces that until further notice it will not declare or pay a dividend on the £400 million non-cumulative callable preference shares in the Company (“*Preference Shares*”) which are owned by the Treasury Solicitor as the nominee of H.M. Treasury.

H.M. Treasury has agreed that notwithstanding that dividends will not be declared or paid in respect of the Preference Shares, until further notice the Company will be permitted to make payment of all scheduled coupons, interest and/or distributions in respect of the Company’s outstanding Parity Obligations on the respective dates for payment thereof notwithstanding the terms and conditions of the Preference Shares, the Company’s Articles of Association and the related transaction documentation, which otherwise would restrict such payments on the Parity Obligations. Such agreement is without prejudice to any rights the Company may have under the terms and conditions of the respective Parity Obligations to defer any payment of coupons or interest. It is also without prejudice to the provisions of paragraph 5 of The Northern Rock plc Transfer Order 2008 if such provisions become applicable¹.

¹ Note. Paragraph 5 of the Transfer Order applies if, while Northern Rock is wholly owned by H.M. Treasury, the Company is obliged under the terms of the Parity Obligations to issue ordinary shares in the Company to satisfy entitlements to interest payments. If such circumstances arise, H.M. Treasury is entitled to give notice to Northern Rock and the trustee for the holders of Parity Obligations that H.M. Treasury: (a) intends to settle interest payments in respect of any Parity Obligations in cash; or, (b) requires Northern Rock to settle interest payments in respect of Parity Obligations by Northern Rock issuing further notes to the trustee.