

Northern Rock renamed Northern Rock (Asset Management) plc

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- Legal and capital restructure of the Northern Rock business successfully completed to create two separate companies
- Northern Rock (Asset Management) plc will hold and continue to service a residential mortgage book of approximately £50 billion
- Customers need take no action and they can continue to contact Northern Rock in the usual ways

Overview

The legal and capital restructuring of the existing company, Northern Rock plc, was successfully completed on 1 January 2010. As part of that process, the existing company was renamed Northern Rock (Asset Management) plc ("the Company") on 31 December 2009.

The Company remains in Temporary Public Ownership and is authorised and regulated by the FSA as a mortgage provider. It will hold and continue to service a residential mortgage book of approximately £50 billion and a portfolio of personal unsecured loan accounts of around £4.5 billion. Over 90% of the mortgages held by the Company are fully performing and are not in arrears. The portfolio includes the Company's residual interest in those mortgages which have been sold to the Granite securitisation programme and the Northern Rock covered bond programme (totalling approximately £38 billion). The Company will no longer undertake any new mortgage lending.

The Company remains the borrower in respect of the Government loan and Northern Rock's existing outstanding wholesale funding and subordinated debt.

Customers

Customers do not need to take any action. The process has been made as seamless as possible and they can continue to contact the Company in the usual ways. There are no changes to product terms and conditions as a result of the restructure and customers can expect the same high level of service to be provided. Letters will be sent to all customers during early January to confirm these arrangements.

Gary Hoffman, Chief Executive said:

"I am pleased to announce that we have successfully completed the legal and capital restructure. This helps to build a stronger future and delivers value to taxpayers.

"We are currently writing to all customers of Northern Rock (Asset Management) plc to confirm that we will continue to hold and service their mortgage or personal loan accounts. Our aim was to make this process as smooth as possible for all of our customers. They do not need to take any action and can continue to contact us in the usual ways."

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Notes to Editors

This announcement should be read in conjunction with the announcements made by Northern Rock plc on 8 and 15 December 2009 providing details on the legal and capital restructure.

Important Notice

This document contains certain forward-looking statements with respect to the plans and objectives of Northern Rock (Asset Management), its current goals and expectations relating to its future financial condition and performance and the future operations of its business.

Forward-looking statements are sometimes, but not always, identified by the use of a date in the future or by such words as "anticipates", "aims", "due", "could", "may", "should", "expects", "believes", "intends", "plans", "potential", "reasonably possible", "targets", "goal" or "estimates" (although their absence does not mean that a statement is not forward looking). By their nature, forward-looking statements are unpredictable and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Northern Rock's actual future results or developments may differ materially from the results and developments expressed or implied in these forward-looking statements as a result of a variety of factors, including (but not limited to) UK domestic and global economic and business conditions, market related risks such as interest rate and exchange rate volatility, delays in implementing proposals, difficulties with computer systems, legislative, fiscal, competition and regulatory developments and changes, the impact of any legal or other proceedings against Northern Rock, changes in customer preferences and other factors.

All forward-looking statements in this announcement are based on information available to Northern Rock (Asset Management) as of the date hereof. All written or oral forward-looking statements attributable to Northern Rock (Asset Management) or any person acting on behalf of Northern Rock (Asset Management) are expressly qualified in their entirety by the foregoing.

Other than in accordance with its legal or regulatory obligations, neither Northern Rock (Asset Management) nor anyone acting on its behalf undertakes any obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

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