

The James Hay Selected UK Banking Plan
Offer closes: 28 July 2008



Attracted by long-term prospects in the UK Banking Sector, but concerned about short-term volatility?

Our Selected UK Banking Plan may just be the solution.

A 5 year maximum term Plan linked to the growth of four of the UK's leading banking stocks.

- 4 possibilities for early maturity with fixed payments equivalent to

13%
p.a.
(not compounded)

- Unlimited growth potential if the Plan reaches final maturity after 5 years
- 100% capital protection at maturity



jameshay.co.uk



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KEY INVESTMENT DATES

Offer Period:	16 June to 28 July 2008
Investment Date:	14 August 2008
Early Maturity Observation Dates:	31 July 2009 2 August 2010 1 August 2011 31 July 2012
Possible Early Maturity Dates:	14 August 2009 16 August 2010 15 August 2011 14 August 2012
Final Maturity Date:	14 August 2013
Repayment Dates:	If the Plan matures early, or reaches its full term, maturity settlement will be made 14 days after any applicable Early Maturity Date or Final Maturity Date.

The James Hay Selected UK Banking Plan

In recent months there have been significant falls in the share values of many UK banks. This has resulted in banks restructuring to deal with a new economic environment.

Whilst it is not possible to know whether shares will return to their previous levels, current valuations of banking shares could be considered low and this in turn may offer attractive prospects for long-term investment in the sector.

The James Hay Selected UK Banking Plan now provides an opportunity to participate in the potentially exciting returns from a product that reflects the performance of a basket of 4 of the UK's leading banking shares over the next 5 years.

The full investment term is 5 years, but the Plan has the potential for early maturity at the end of each of the first 4 years, paying a fixed payment equivalent to 13% p.a. (not compounded).

Furthermore, the Plan provides 100% capital protection at maturity regardless of the performance of the Basket of Shares.

The Basket of Shares (Shares)

The Plan's performance reflects the performance of a Basket of Shares in the following companies:

- Barclays Group PLC
- HSBC Holdings PLC
- Lloyds TSB Group PLC
- Royal Bank of Scotland Group PLC

SHARE LEVELS	CLOSE 12/06/08	52 WK HIGH	52 WK LOW
Barclays	314p	765p	293p
HSBC	828p	972p	676p
Lloyds TSB	353p	590p	326p
RBS	229p	563p	204p

Source: Bloomberg 12/06/08

Is this investment suitable for you?

This investment may be suitable for you if:

- You have a minimum of £10,000 to invest
- You don't need access to your money over the next 5 years
- You want an investment suitable for a SIPP or a direct investment
- You like the idea of the possibility of early maturity to consolidate any gains during the investment term

This investment may not be suitable for you if:

- You are not looking for an investment linked (indirectly) to the performance of shares
- You want a regular income
- You do not have any spare money for emergencies
- You may need immediate access to your money
- You want a known guaranteed rate of return
- You want to add to your investment on a regular basis
- You do not have £10,000 to invest

How to invest

- The minimum investment level is £10,000. The maximum investment level is £1 million. James Hay reserves the right to decline any application.
- Your application, and funds, must be received by 28 July 2008.
- Simply complete and sign the relevant sections of the application form.
- Send your completed application form to your Financial Adviser or to James Hay Wrap Managers, Dunn's House, St Paul's Road, Salisbury SP2 7BF.
- You should make out your cheque for the full amount of your Original Investment to 'James Hay Wrap Managers Limited'.
- Your Original Investment will only be invested after we have accepted your fully completed application form.
- You should only contribute money you can leave untouched for the full investment term of five years, until 14 August 2013.

Key Features of the James Hay Selected UK Banking Plan

Important information you need to read and understand before you invest

The Financial Services Authority is the independent financial services regulator. It requires us, James Hay Wrap Managers Limited, to give you this important information to decide whether the James Hay Selected UK Banking Plan is right for you. You should read this document carefully so that you understand what you are buying, and keep it safe for future reference. We may not make or imply any recommendation regarding the suitability of this investment. If you are in any doubt about the suitability of this investment for your needs, you should seek professional advice from a Financial Adviser.

These Key Features give you the main points about the James Hay Selected UK Banking Plan, in order to help you decide if this product is right for you or if you want to invest.

Important information

The terms 'we', 'us', 'James Hay Wrap Managers Limited', 'James Hay' and 'our' are used in these Key Features to refer to James Hay Wrap Managers Limited.

The following information has not been prepared or reviewed by the Issuer, Abbey National Treasury Services plc, or the Guarantor of the Notes, Abbey National plc. Neither the Issuer nor Guarantor of the Notes makes any representation or warranty, or accepts any responsibility or liability, to any party, in relation to any whole, or part of, such information.

Aims of the Plan

The James Hay Selected UK Banking Plan is designed to provide a return of your capital at maturity plus growth potential linked to the performance of a basket of 4 of the UK's leading banking stocks.

The full investment term is 5 years, but the Plan also provides the potential for early maturity at the end of years 1, 2, 3 and 4, providing a fixed payment equivalent to 13% p.a., not compounded. This is described below and in the Terms and Conditions.

Your capital is protected at maturity

Your Initial Investment will be returned if you leave it in the Plan for the full term of 5 years, as long as the company issuing the Medium Term Note (Abbey National Treasury Services plc) remains solvent and able to repay its debt. Your Initial Investment will also be returned if the Plan meets its early maturity criteria.

Potential early maturity after years 1, 2, 3 and 4

The Plan has an early redemption feature which will come into effect if the price of each of the Shares on any of the annual Observation Dates are equal to or higher than those at the start of the investment on 14 August 2008, you will receive the return of your Initial Investment plus a fixed payment as shown below:

1. If the Official Closing Price of each of the 4 Shares on 31 July 2009 are equal to or higher than those on 14 August 2008, the Plan will mature early on 14 August 2009 and a fixed payment equivalent to 13% of your Initial Investment will be paid on 28 August 2009
2. If the Official Closing Price of each of the 4 Shares on 2 August 2010 are equal to or higher than those on 14 August 2008, the Plan will mature early on 16 August 2010 and a fixed payment equivalent to 26% of your Initial Investment will be paid on 30 August 2010
3. If the Official Closing Price of each of the 4 Shares on 1 August 2011 are equal to or higher than those on 14 August 2008, the Plan will mature early on 15 August 2011 and a fixed payment equivalent to 39% of your Initial Investment will be paid on 29 August 2011
4. If the Official Closing Price of each of the 4 Shares on 31 July 2012 are equal to or higher than those on 14 August 2008, the Plan will mature early on 14 August 2012 and a fixed payment equivalent to 52% of your Initial Investment will be paid on 28 August 2012.

Growth potential at final maturity after 5 years

If the Plan reaches final maturity after 5 years, it may provide an additional return related to the performance of the 4 Shares. This is determined by comparing the Initial Price of the Shares with the Final Price. The Initial Price is the Official Closing Price of each of the Shares on 14 August 2008. The Final Price is the average of the Official Closing Prices of the 4 Shares on 7 Scheduled Trading Days:

- 31 January 2013
- 28 February 2013
- 28 March 2013
- 30 April 2013
- 31 May 2013
- 28 June 2013
- 31 July 2013

The Maturity Date would be 14 August 2013 and maturity proceeds would be paid on 28 August 2013.

Your commitment

You should only contribute money you can leave untouched for the full term of investment (five years, until 14 August 2013).

You have a minimum of £10,000 to invest. The maximum investment level is £1 million. James Hay reserves the right to decline any application.

You apply and submit your investment for receipt by James Hay no later than 28 July 2008.

Risk factors

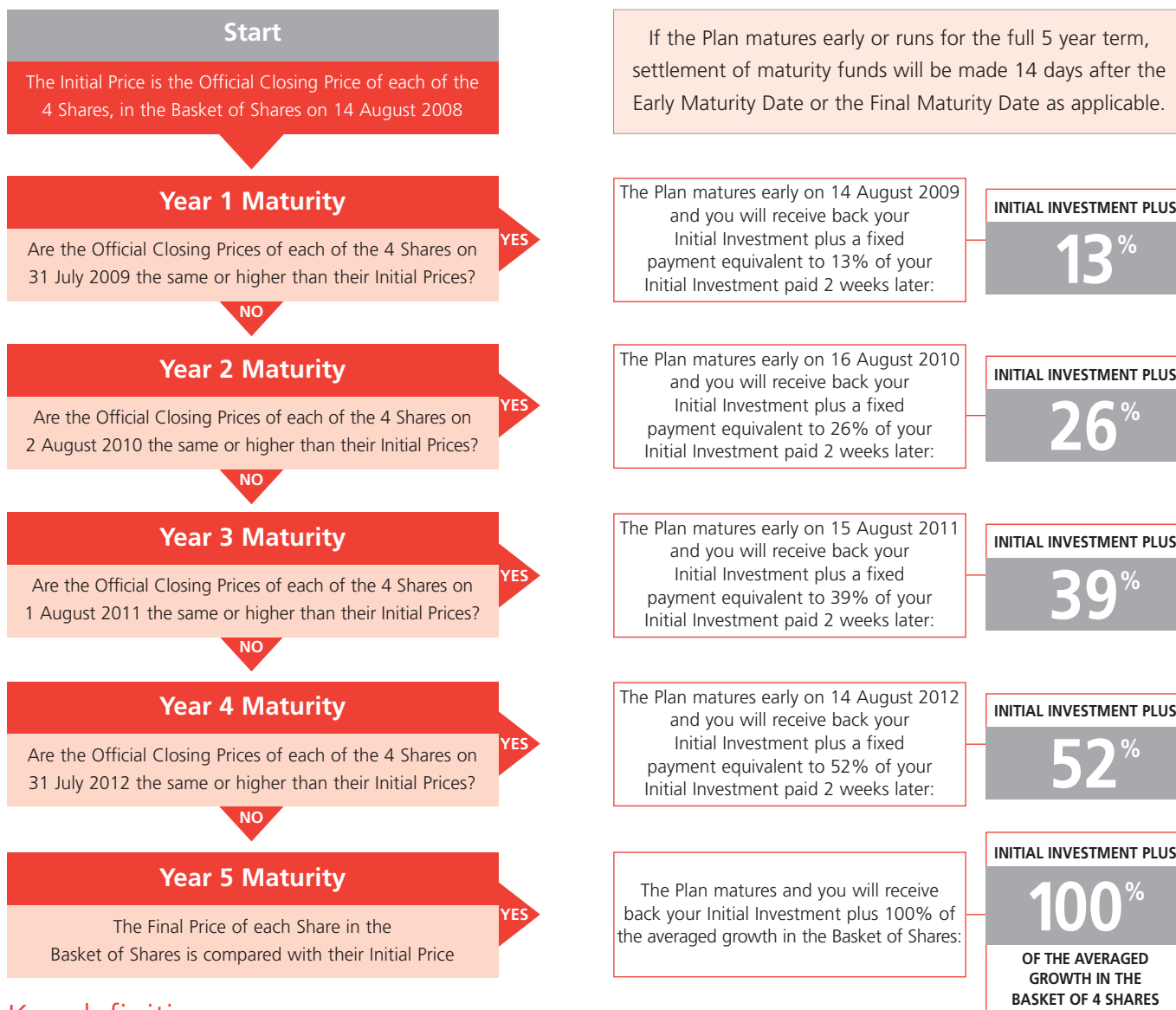
- If you close your Plan early you may get back less than you paid in.
- The value of your Plan is not directly linked to the value of the Shares, or any index.
- Your Initial Investment is secure and the money should be returned at the applicable Maturity Date of this Plan as long as the issuing company remains solvent. Your Initial Investment, along with others, is aggregated and used to purchase a Medium Term Note, which is a type of corporate bond. It is unlikely that the company, Abbey National

Treasury Services plc, will fail to repay this loan, but such repayment is not guaranteed, and if there were no repayment you would not get back your Original Investment. Any additional return paid by Abbey National Treasury Services plc will be related to the performance of the basket of 4 Shares (Basket of Shares). Abbey National Treasury Services plc may have to adjust the price you might get back following market events or any actions taken by the four banks in relation to their shares.

- Investors should be aware that if early maturity conditions are met, proceeds are fixed at the growth level specified. If, for example, at the end of Year 2 the Plan matures early, with the Official Closing Price of all 4 Shares being greater than or equal to their Initial Prices, you will receive repayment of your Initial Investment plus a fixed payment equivalent to 26% of your Initial Investment even if the value of any of the 4 Shares has grown by more than 26%.
- Any early maturity proceeds received under this Plan are dependent on the Official Closing Price of the 4 Shares on the annual Observation Dates specified (in years 1 to 4) of the Plan opening. The amount, which you will receive, could be affected by events on each of those 4 dates. This investment is susceptible to short-term market fluctuations occurring on the 4 Observation Dates specified and you should understand and be prepared to accept this risk.
- If the Plan reaches final maturity at the end of the full 5 year term, the use of averaging to calculate the Final Price can reduce the adverse effects of a falling market shortly before maturity or, on the other hand, it can also reduce the benefits of an increasing market or sudden market rises shortly before maturity.
- The tax situation of this Plan may change in the future, which could affect how much you get back. The value of any tax relief depends on your personal circumstances.
- If you die and your legal representatives choose not to hold the Plan until maturity on 14 August 2013 they may get back less than you paid in.

We do not make or imply any recommendation regarding the suitability of this investment. If you are in any doubt about the suitability of this investment for your needs, you should seek professional advice from a Financial Adviser. You may need to pay to do this.

How does the Plan work?



Key definitions

Basket of Shares/ Shares:	The ordinary shares of Barclays Group PLC, HSBC Holdings PLC, Lloyds TSB Group PLC, Royal Bank of Scotland Group PLC as traded on the London Stock Exchange.
Original Investment:	The amount you pay into the Plan with your application.
Initial Investment:	The amount used to purchase Securities on your behalf after any interest accrued until 2 days before the Strike Date (rounded down to the nearest whole pound) is added to the Original Investment.
Initial Price:	The Official Closing Price of each Share in the Basket of Shares on 14 August 2008.

Observation Date:	The date when the Official Closing Price of each Share in the Basket of Shares is reviewed in Years 1 to 4 to determine whether early maturity will take place on the Plan anniversary. In Year 1 this date is 31 July 2009, in Year 2 this date is 2 August 2010, in Year 3 this date is 1 August 2011 and in Year 4 this date is 31 July 2012.
Maturity Date:	The official Maturity Date for the product whether final maturity or earlier maturity.
Final Price:	The arithmetic mean of the Official Closing Price of each Share in the Basket of Shares on each of the following trading days: 31 January 2013, 28 February 2013, 28 March 2013, 30 April 2013, 31 May 2013, 28 June 2013, 31 July 2013.

Questions and answers

Why choose the James Hay Selected UK Banking Plan?

The Plan is designed to be a medium risk medium term investment (based on a Medium Term Note (MTN), this being a senior debt security) that should offer the return of your Initial Investment if the Plan is held to maturity and the company issuing the Medium Term Note meets its obligations to repay the note. The Plan also offers the potential for additional returns. There is also the possibility, subject to the criteria specified, that the Plan may be redeemed early (See 'How is my money invested?' below for full details).

Is this right for me?

These questions are designed to help you decide whether the James Hay Selected UK Banking Plan is suitable for your needs. If in any doubt please contact your Financial Adviser.

Who can invest?

You must be aged 18 or over to apply, and be resident in the United Kingdom for tax purposes.

Joint Applications are allowed.

Trustees of Self Invested Personal Pension Plans (SIPPs), including Corporate Trustees, may apply for this Plan.

This Plan cannot be held in an ISA.

When can I invest?

The opening date for applications is 16 June 2008.

The closing date for applications to be received by James Hay is 28 July 2008.

When not to invest?

If you have any doubts about whether you can invest for the full term of the investment (i.e. because you are ill, or elderly, or expect other calls on the monies invested in the Plan) you should seriously consider whether this investment is right for you.

What will I get back?

At maturity, you will receive the return of your Initial Investment at the Maturity Date of this Plan as long as the issuing company remains solvent. There is also the potential

for additional returns depending on any growth in value of the Basket of Shares. The value of your Plan is not directly linked to the value of the Basket of Shares, nor any index.

Abbey National Treasury Services plc may have to adjust the price you might get back following market events or any actions taken by the 4 banks in relation to their Shares.

Are there any charges?

Yes, a charge of 4.55% will be taken from your Initial Investment. An amount equivalent to 3% of this charge will be paid by James Hay as remuneration (commission) to your Financial Adviser after the Securities are purchased. James Hay will receive the remaining amount (equivalent to 1.55%) of the charge.

This 1.55% will be retained by James Hay to cover the costs of setting up and operating this Plan. No further commission will be paid to your Financial Adviser or James Hay in relation to this Plan.

What happens if I invest early?

Your Original Investment in this Plan will, before the Strike Date of 14 August 2008, be held in a general client account by Cater Allen Limited, and will earn interest at the rate of 0.50% below Bank of England base rate (currently 4.5%, as at 1 June 2008).

Two days before the Strike Date the monies will be passed to the Plan administrators, and interest payments will cease at that time. Any interest earned will be added to your Original Investment to form your Initial Investment and be used to purchase the underlying investments in your Plan.

How is my money invested?

The underlying investment of your Plan is a Medium Term Note issued by Abbey National Treasury Services plc. A Medium Term Note is a type of corporate bond. Effectively James Hay pays across the aggregate of the Plan investments including any interest accrued to Abbey National Treasury Services plc, and in return Abbey National Treasury Services plc issues a Medium Term Note to James Hay. The Medium Term Note is equivalent to the value of your Initial Investment within your Plan and it will be held by the nominee, Pershing Securities Limited, for you as the beneficial owner.

At Final Maturity Date on 14 August 2013, or any earlier maturity, Abbey National Treasury Services plc will pay back the money paid to it by James Hay in 2008. This will enable James Hay to return your Initial Investment to you.

Abbey National Treasury Services plc may provide an additional return on Final Maturity which is linked to the Final Price of the Shares. Any additional return will be based on the averaged value of the Shares, that being the arithmetic mean of the Official Closing Price of the Basket of Shares on each of the Scheduled Trading Days from January 2013 to July 2013. This means that you may get back more or less than the total of any growth in the value of these Shares between July 2008 and July 2013.

As the value of the Plan is linked to the process described here and is not directly invested in shares, neither the investment nor the calculation described above will include dividends.

Do not forget that inflation would reduce what you could buy in future with the amounts involved in this investment.

The Medium Term Note is provided by a company that is rated 'AA' by Standard & Poor's Ltd. Companies are rated from AAA (Most secure/Best) to D (Most Risky/Worst) by this independent agency.

Based on this rating, James Hay believes that Abbey National Treasury Services plc is likely to repay its debts at the end of the term of this Plan, but this is not guaranteed.

Will I receive dividends from the Shares?

No, you will not receive any dividends as your money is not invested directly in stocks and shares.

Will I receive income?

No. This Plan is designed to provide capital growth over a fixed term.

What are the tax implications of this Plan?

You will be liable for income tax when you receive the maturity proceeds in August 2013 (or on earlier withdrawal or early repayment). The amount of any income tax will be calculated on the difference between the Original Investment in July 2008 and the amount you receive in August 2013 (or earlier).

The amount of tax you will pay depends on your individual circumstances, but you might lose some age related benefits or other means tested benefits.

You should declare any increase in the value of the Plan (i.e. the difference between the amount you invested in July 2008 and the amount you receive back in August 2013 (or earlier)) on your self-assessment tax return. We will not withhold any tax from the maturity proceeds (or on earlier withdrawal).

If the monies are held within a SIPP, under current legislation your SIPP will not have to pay any tax on the monies at maturity or earlier withdrawal.

Please speak to your Financial Adviser about how you might be impacted by any tax matters.

What if I change my mind?

You can cancel your investment during the Cancellation Period. We will send you a cancellation form at the start of your Plan with details of your cancellation rights and how to exercise them.

If you change your mind, fill in the form and send it back within 14 days of receipt to: James Hay, Dunn's House, St Paul's Road, Salisbury SP2 7BF.

If you do this before the Strike Date, you will get a full refund of your Original Investment, which will not include interest.

What if I need my money early?

The Plan should be held for the full term, until the Final Maturity Date of 14 August 2013. So if you think you'll need your money back before, then it's not right for you.

If you have to cash the Plan in earlier than a Maturity Date you may get back less than your Initial Investment. You cannot cash in just part of the Plan – the whole Plan is encashed if you withdraw before maturity. There is a charge of £50 plus VAT if you withdraw before any Maturity Date (unless you cancel the Plan during the Cancellation Period).

If you withdraw before any Maturity Date you will get back the value of the Plan at the date of withdrawal, which will consist of your Initial Investment (less any charges made or due at the time of withdrawal) plus an amount reflecting any growth in the price of the Shares between the Strike Date and the date of withdrawal. James Hay will give you the details of the amounts you will receive back on receipt of a request for early withdrawal.

However, the Plan also has an early redemption feature which will come into effect only if the value of the Plan, at any one of its Observation Dates, should have met the performance criteria set out in this brochure.

What happens if I die?

Your Plan would be dealt with in accordance with the instructions of your personal representatives. It could be closed, in which case they may receive less than the Initial Investment, or transferred to the name of a beneficiary until the end of the term. The value of your investment at date of death will be included in your estate for inheritance tax purposes. There is an administrative charge of £50 + VAT in the event that your personal representatives require that the investments are sold.

How will I know how my Plan is doing?

We will send you confirmation of your investment within five working days of receiving your completed application. Then, we will send you a statement every year so you can see how your investment is doing.

What happens when the Plan matures?

We will write to you at least 30 days before the Final Maturity Date of your Plan to explain your options. We can pay the amounts to you or re-invest them in another product selected by you or your Financial Adviser.

When will my money be available?

Your money will be available for reinvestment or payment to you on 28 August 2013 (14 days after the Final Maturity Date of 14 August 2013) or 14 days after any earlier Maturity Date.

Where can I find out more about the Investment?

Please contact us at James Hay Wrap Managers, Dunn's House, St Paul's Road, Salisbury SP2 7BF.

Other information

Law

The Law of England and Wales governs the relationship with you prior to the conclusion of the Plan. The Plan is governed by the Law of England and Wales.

Complaints

This section tells you how to make a complaint. If you tell us about it, we'll try our best to put it right. We will aim to get to the bottom of your issue, we'll tell you what we're doing about it and do anything we can to help you. When you contact us, make sure you tell us your name and Plan number and the reason for your complaint. If you are happy to discuss the issue on the telephone, please give us your daytime number.

How to make a complaint

You can contact us using the details below. We'll let you know within five working days that we've received your complaint and we'll try our best to deal with it within four weeks. If we need a bit more time, we will let you know. We hope most complaints will be sorted out at this stage.

We aim to send you a final response within eight weeks of your original complaint. Please contact: The Customer Relations Team Manager, James Hay, Dunn's House, St Paul's Road, Salisbury SP2 7BF.

We always hope that we are able to sort out your issue. However, if we have not been able to satisfy your complaint or if we have not sent you a final response after eight weeks you can write to the Financial Ombudsman.

The Financial Ombudsman would usually only investigate the complaint once our internal complaints process had been completed. Contact details are: Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Call on 0845 080 1800 or fax on 0207 964 1001.

If you make a complaint to the Ombudsman, it will not affect your right to take legal action.

We have made our complaints procedure simple to follow, so that you should not have to use a solicitor or seek professional help. If you do choose to do this, you will be responsible for these costs.

Compensation Scheme

James Hay is covered by the Financial Services Compensation Scheme.

Further Information

James Hay is able to provide literature in alternative formats. The formats available are large print Braille, audiotape and PC disk. If you would like to register to receive correspondence in an alternative format, please contact us on 0845 606 5500.

Terms and Conditions

These Terms and Conditions together with your Application Form, the Base Prospectus and the Brochure, which includes the Key Features, comprise the agreement under which we will manage your Plan.

This information has not been prepared or reviewed by the Issuer or Abbey National plc (the Guarantor) of the Notes. Neither the Issuer nor Guarantor of the Notes makes any representation or warranty, or accepts any responsibility or liability, to any party in relation to any whole or part of such information.

1. Definitions

In these Terms and Conditions the following words mean:

Account Manager means James Hay Wrap Managers Limited (James Hay).

Base Prospectus means the prospectus issued by the Issuer in respect of the Securities and approved in compliance with the law, regulations and rules governing offers of transferable securities in the United Kingdom. This is available on request from James Hay.

Business Day means any day other than a Saturday, Sunday or any day which is a public holiday in England.

Carter Allen Private Bank, Cater Allen Limited or Cater Allen means the provider of the bank account into which your Original Investment is paid.

Early Redemption Date means the date before the Maturity Date on which we may instruct the sale of the investments on your behalf if certain conditions are met.

FSA means the Financial Services Authority, which is a non-governmental body given statutory powers by the Financial Services and Markets Act 2000.

Initial Investment means the Original Investment amount plus any interest accrued which is used to purchase Securities.

Issuer means Abbey National Treasury Services plc.

James Hay means James Hay Wrap Managers Limited which distributes the Plan.

Maturity Date means the date on which we instruct the sale of the investments on your behalf. This date is 14 August 2013, or the Early Redemption Date if certain conditions are met.

Observation Dates means those dates set out in Section 9.2.

Original Investment means the amount you pay into the Plan with your application.

Plan means an investment as held under these Terms and Conditions.

Santander Group of companies means the group of companies owned directly or indirectly by Grupo Santander which includes James Hay, Cater Allen, the Issuer and the Guarantor.

Securities means Medium Term Notes (MTN) issued by the Issuer and listed on the London Stock Exchange.

Shares means the ordinary shares of Barclays Group PLC, HSBC Holdings PLC, Lloyds TSB Group PLC and Royal Bank of Scotland Group PLC as listed on the London Stock Exchange.

Strike/Effective Date means 14 August 2008.

Valuation Date means the dates on which the investments in your Plan will be valued, in accordance with the Base Prospectus.

We, us and our means James Hay, which is authorised and regulated by the FSA.

You and your means an investor who applies to make an investment under these Terms and Conditions.

2. Your Plan

- 2.1 You may open a Plan if you are 18 years or over and are resident in the UK for tax purposes, or if you are a trustee of a registered pension scheme.
- 2.2 A maximum of two people may hold a Plan in joint names. In this case, you are liable (individually and together) for any money due to us, and both of you must sign to operate the Plan unless you both authorise us in writing that we can accept fewer signatures. Either of you may at a later date revoke this authority in writing. From then on we will need both signatures.
- 2.3 If applicable you may open more than one Plan. References to your Plan should be read as reference to each Plan separately.
- 2.4 On the receipt of a duly completed application form and Original Investment, we may accept your investment subject to these Terms and Conditions. We reserve the right to reject an application for any reason. If we do not accept your application, we will return your payment.
- 2.5 By signing the application form, you have chosen to make an investment with the features (including the potential returns and risks) described in these Terms and Conditions. Your investment will be used to acquire Securities, which are designed to fund the investment returns offered by the Plan.

- 2.6 If we accept your application, we will open your Plan on the date on which we receive your Original Investment. If this date is not a Business Day, we will open your Plan on the next Business Day. If your Original Investment fails to clear we will cancel your Plan.
- 2.7 We do not provide advice to you in relation to your Plan. By accepting your application form we are not confirming that an investment in the Plan, or the investments we may purchase for you are suitable for you. You should seek financial advice if you are in any doubt as to whether the Plan is suitable for you.
- 2.8 We will classify you as a Retail Customer within the meaning of the FSA rules, unless we specify otherwise in correspondence with you.
- 3. Cancellation Rights**
- 3.1 You will have the right to cancel your Plan within 14 days of receiving a notice from us of your right to cancel once we have accepted your application. You will receive a full return of the Original Investment, unless your Cancellation Notice is received after the Strike Date.
- 3.2 If your Cancellation Notice is received after the Strike Date the cash value of your Initial Investment is not guaranteed and will be impacted by the set up charges and depend on prevailing market conditions including, but not limited to, interest rates. Therefore you may not be able to reclaim a full refund of your investment.
- 4. Subscriptions**
- 4.1 You must invest in the Plan with your own monies. The minimum and maximum investment amounts applicable to your Plan are set out in the Brochure and Key Features.
- 4.2 All investments must be made in cash in a form that is acceptable to us. Once we accept your Plan application and receive your Original Investment we will purchase investments in accordance with Section 6.
- 4.3 The Plan will be open to investments for a limited period and may be closed to further investments without notice by us. In particular we may close the Plan if the amount of investments received exceeds any maximum set by the Issuer.
- 5. Cash held within your Plan**
- 5.1 Your Original Investment will be held in a pooled Cater Allen bank account. Interest earned on cash deposits will be credited to your Plan in accordance with Client Money Rules of the FSA.
- 5.2 The rate of interest on the bank account is 0.50% below the Bank of England's base rate. In order to achieve a Strike price in whole £1 denominations of the Plan, interest added to the Original Investment will also be paid in whole £1 allocations. This will mean that interest accrues on the Original Investment until two working days before the Strike Date. The interest earned will then be rounded down to the nearest whole pound and added to the Original Investment to become the Initial Investment.
- 5.3 The Account Manager may benefit from the aggregation of client balances held.
- 6. Investments**
- 6.1 The Initial Investment will be applied to purchase Securities on your behalf in accordance with Section 6.4. Investment will be made on the Strike/Effective date.
- 6.2 We will be responsible for all purchases and sales of the Securities for your Plan. We may aggregate any transaction for an investor with one or more transactions for other investors; even though this may result in a less favourable price than if it had been carried out separately.
- 6.3 We will take all reasonable steps to ensure that any aggregated transaction is carried out on the best terms generally available in the market at that time for transactions of a similar type and size.
- 6.4 The Securities available under the Plan are Medium Term Notes denominated in sterling. The returns on these notes are structured to deliver returns based upon the performance of the Shares linked to the Medium Term Note. The investment objective is to invest in these Medium Term Notes. The Medium Term Note is provided by a company that is rated 'AA' by Standard and Poor's Ltd at the time of the offer.
- 7. How Investments are held**
- 7.1 The Securities within your Plan will be, and must at all times remain, in the nominee name and must not be used by you as security for a loan. You will be the beneficial owner of all Securities within your Plan.
- 7.2 The Securities may not be lent to or deposited by way of collateral with any third party, nor may you create any charge or security over them. We may not lend any of the Securities to a third party, nor may we borrow against their security.
- 7.3 The Securities will be registered in the nominee name of Pershing Securities Limited, or any such nominee approved by us.
- 8. Maturity Date and Cash Proceeds**
- 8.1 Under no circumstances will you become entitled to have the Securities transferred to you. You are only entitled to receive a cash sum, calculated in accordance with these Terms and Conditions.
- 8.2 At the Final Maturity Date we will return your Initial Investment to you provided the Issuer is solvent at this date. The Issuer may also provide an additional return linked to the value of the Shares. If any additional return is provided by the Issuer this will be calculated based on the average value of the Shares on the Scheduled Trading Days in each of the 7 months from January 2013 to July 2013. This means that you may get back more or less than the total of any growth in the value of these Shares between July 2008 and July 2013.

- 8.3 We will contact you at least 30 Business Days prior to the Final Maturity Date to confirm what you want us to do with the cash proceeds of your Plan. If you have requested the cash proceeds are remitted to you we will endeavour to do this within 14 Days of the Final Maturity Date using the details we hold in our records for you.
- 8.4 Any unclaimed maturity proceeds will be placed in a non-interest bearing client money account held with Cater Allen in accordance with Section 10, until we receive further instructions from you. These cash proceeds from your Plan will not earn interest or generate any growth after the Maturity Date.
- 9. Early Redemption**
- 9.1 The Plan has a Final Maturity Date of 14 August 2013. But in the event that the value of the Plan at any one of the Observation Dates after the Strike/Effective Date meets the performance criteria set out in Section 9.2 below an early redemption feature will come into effect. If the performance criteria is met on an Observation Date, this date will replace the Final Maturity Date of 14 August 2013.
- 9.2 The performance criteria required for an early redemption to come into effect are as follows:
- (a) If the closing price of each of the Shares on the first Observation Date of 31 July 2009 is equal to or higher than those on the Strike/Effective Date, you will receive the return of your Initial Investment to your Plan, plus a fixed payment equivalent to 13% of your Initial Investment.
- (b) If the closing price of each of the Shares on the second Observation Date of 2 August 2010 is equal to or higher than those on the Strike/Effective Date, you will receive the return of your Initial Investment to your Plan, plus a fixed payment equivalent to 26% of your Initial Investment.
- (c) If the closing price of each of the Shares on the third Observation Date of 1 August 2011 is equal to or higher than those on the Strike/Effective Date, you will receive the return of your Initial Investment to your Plan, plus a fixed payment equivalent to 39% of your Initial Investment.
- (d) If the closing price of each of the Shares on the fourth Observation Date of 31 July 2012 is equal to or higher than those on the Strike/Effective Date, you will receive the return of your Initial Investment to your Plan, plus a fixed payment equivalent to 52% of your Initial Investment.
- 9.3 In the event of early redemption a payment will be made to you within 14 Days of the replacement Maturity Date and the Plan will terminate.
- 10. Client Money Matters**
- 10.1 We shall treat unclaimed maturity proceeds, unallocated funds and funds following the termination of the Plan as client money, in accordance with the FSA Handbook, for a period of 6 years. Interest will not be paid on such funds.
- 10.2 You consent to any money held in a client account for more than 6 years being released and no longer treated as client money in accordance with the client Money Regulations of the FSA Handbook.
- 11. Documents you will receive for your Plan**
- 11.1 We will acknowledge in writing your application to open a Plan to the correspondence address provided in your application form. You will receive your Cancellation Notice with this acknowledgement.
- 11.2 You will also receive a 12 monthly statement prepared as at 14 August, each year. This will show details of all transactions effected during the previous 12 months and include a valuation of your Plan. The statement will be prepared in accordance with the rules of the FSA and will be issued within 25 business days of the Valuation Date and will not include any measure of comparative performance.
- 11.3 In the case of a joint Plan, we will only send one 12 monthly statement to both of you, unless you tell us that you each require separate 12 monthly statements.
- 12. Voting Rights and Reports**
- 12.1 We will not normally forward you voting information or details of noteholder meetings in respect of Securities held, unless otherwise agreed with you. We reserve the right to make a reasonable charge for providing these additional services.
- 12.2 Where a certificate or other document evidencing title to a Plan asset is issued, it will be held by Pershing Securities Limited, or, as we may direct. On request you will receive any information, including annual reports and accounts, issued to holders of the Securities in which the Plan is invested. We reserve the right to make a reasonable charge for providing these additional services.
- 13. Withdrawals**
- 13.1 No partial withdrawals are permitted from your Plan.
- 14. Termination**
- 14.1 You may instruct us in writing to terminate your Plan early before any Maturity Date. Following receipt, we, acting as the Account Manager, will then sell the Securities underlying your Plan at the next available dealing date. In any case we will process your request within 30 days from the date of notification.
- 14.2 You acknowledge that if you request the early termination of your Plan the amount you receive back may be less than you originally invested and less than you would receive if you were to hold your Plan until a Maturity Date.

14.3 The Plan may be terminated by us:

- Immediately on giving written notice to you if, in our opinion, it is impractical to administer the Plan in accordance with FSA requirements, or you are in breach of FSA requirements.
- On giving one month's notice if you fail to pay any money due or are in breach of any of these Terms & Conditions.
- On giving you three months notice at any other time and for any other reason.

14.4 On termination for whatever reason, we will account to you for the proceeds of Securities and will be entitled to retain any cash or Securities required to settle any transactions already initiated on your behalf and any outstanding fees. You will pay us any fees and transaction charges accrued to the date of termination as set out in the Key Features Document.

14.5 The cash proceeds from any early termination of your Plan will be remitted to you within 5 Business Days after the date we receive the proceeds of the sale of your Securities. We can pay proceeds to you by transferring the amount to a bank account in your name, or cheque in your name. Any withdrawal proceeds will only be made payable to you and cannot be paid to any third party, unless agreed at our discretion.

15. Death

15.1 Should you die and your personal representative or beneficiaries request that your holdings are sold, an administrative charge of £50+VAT will be levied. In the event that the Securities underlying your Plan are to be sold this will constitute an early termination at set out in Section 14.1 above.

15.2 In the event of your death we will permit your Plan to be assigned to a beneficiary. No charges are applied in this case.

15.3 The total value of your Plan forms part of your estate for inheritance tax purposes.

15.4 If a joint Plan holder dies, the Plan will continue in the name of the surviving Plan holder. In all circumstances we will only register the change in ownership when we receive a certified copy of the deceased Plan holder's death certificate.

16. Charges

16.1 The Plan charges are set out in the Key Features Document.

16.2 The cash value on early termination is not guaranteed and will depend on prevailing market conditions including, but not limited to, interest rates and the levels of the Securities to which the Plan is linked. As all charges are reflected in the terms offered, the value of your investment is likely to be less than the amount originally invested in it for a substantial part of the investment period.

16.3 In addition we will benefit from the rounding of interest as provided in Section 5. However we reserve the right to introduce an additional charge in the future to cover any additional expenses incurred by us as a result of significant regulatory change. In any event no such charge will be introduced without giving you three months' written notice.

17. Conflicts of Interest

17.1 The FSA Principles of Business require that a firm must manage conflicts of interest fairly, both between itself and its customers and between one customer and another.

17.2 James Hay has a Conflicts of Interest Policy which fully meets this requirement. James Hay will identify conflicts and ensure these are properly managed in a fair manner. A copy of the James Hay Conflicts of Interest Policy is available on request.

18. Delegation of Functions

18.1 We may appoint any other third party to act in respect of any function relevant to administration of your Plan, though we must satisfy ourselves that any such third party is competent to carry out those functions or responsibilities. We shall take full responsibility for the actions and omissions of any such third party.

19. Commission

19.1 If you invest in a Plan through a Financial Adviser we will usually pay commission. The charges as set out in the Key Features Document provide for an amount of commission to be paid to your Financial Adviser. It is your responsibility to inform us of any change in your Financial Adviser to enable us to keep our records up to date.

20. Complaints

20.1 Any complaint with regard to the Account Manager should be addressed to the Compliance Officer, James Hay Wrap Managers Limited, Dunn's House, St Paul's Road, Salisbury SP2 7BF in the first instance. If you are not satisfied with the manner in which the matter is addressed you can refer your complaint to The Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings.

20.2 We will provide you with details of our Complaints Procedure upon request, or automatically in the event that you make a complaint that is not satisfactorily resolved.

21. Compensation

21.1 If we cannot meet our financial obligations to you, you may be entitled to compensation under the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. Details of your rights under this scheme are available from us on request, and further information is available from the FSA and the Financial Services Compensation Scheme.

21.2 The amount and scope of the compensation scheme, being 100% of the first £30,000 invested and 90% of the next £20,000 invested, making a maximum compensation amount of £48,000.

22. Data Protection

- 22.1 The information you provide on your application form (or subsequently) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998. We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in future, for the operation of your investment in Securities (including e.g. for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods or services by companies within the Santander Private Banking UK Limited group of companies. We may transfer information to other companies and to third party agents of such companies or of this company for any of the above purposes.
- 22.2 Where a Financial Adviser acts on your behalf, we will disclose information concerning your investment to your Financial Adviser. We will not provide information relating to you to any other third party, unless you have given your written consent or unless we are required to do so by law. You are entitled to request details of information we may hold about you upon payment of a fee and to require us to correct any inaccuracies in your personal data.

23. Money Laundering

- 23.1 All transactions relating to products provided by James Hay are covered by the Anti Money Laundering Requirements. This means that we are responsible for compliance with these requirements. As a consequence, you may be required to provide proof of identity when buying or selling your investment.

24. Indemnity and Liability

- 24.1 We will exercise due care and diligence in managing your Plan. However, we will not be liable to you:
- (a) For any default by the Issuer.
 - (b) For any default of the nominees.
 - (c) For any loss arising as a result of us doing (or not doing) anything in reliance upon an instruction given (or which we reasonably believe to have been given) by you, your Financial Adviser or other authorised representative.
 - (d) For any loss, depreciation or fluctuation in the value of the investments held within the Plan.
 - (e) For any performance or profitability of the Plan.
- 24.2 You agree to release, indemnify and compensate us, and any other Santander Group company, from and against any and all costs, claims, demands, taxes (save for taxes in respect of trading profits), duties losses, expenses and liabilities incurred by us and/or them in any way in connection with your Plan. The exception will be where these arise as a result of our, or another Santander Group company's negligence, wilful default or breach of any statutory or regulatory obligations.

- 24.3 You must be aware that the price of Securities can go down as well as up and that there is a degree of risk attached to Securities. You may not get back the amount invested. Adjustments and disruptions may occur in respect of relevant values (or other consequences) under certain circumstances. These are provided for in the Base Prospectus and we reserve the right to make adjustments (or for there to be an early redemption of the Plan) in these circumstances described in the Base Prospectus. In the event of any conflict between these Terms and Conditions and the Base Prospectus relating to the Securities, the Base Prospectus will prevail.
- 24.4 You are reminded that past performance is no guarantee of future returns. In the event of any failure, interruption or delay in the performance of our obligations resulting from any event or circumstance not reasonably within our control, we shall not be liable or have any responsibility of any kind for any loss or damage you incur or suffer as a result.
- 24.5 If we cannot provide the Plan because of something beyond our reasonable control (including without limiting the effect of the overall exclusion of liability, strikes, industrial action or the failure of equipment or power supplies) we will not be liable to you for any loss which you may suffer.

25. Assignment

- 25.1 We may transfer our rights and obligations as Account Manager under these Terms and Conditions to another company which is suitably authorised by the FSA on giving you 30 business days notice. Other than so permitted by Section 15.2, your rights and obligations under these Terms and Conditions are not assignable or transferable, unless specifically permitted by us.

26. Variation

- 26.1 We may vary these Terms and Conditions by giving you 30 business days written notice to comply with any changes in legislation and FSA rules, or if any changes are imposed on us by third parties associated with this Plan.

27. Governing Law

- 27.1 These Terms and Conditions are governed by the Laws of England and Wales and will become effective on acceptance by us of your signed application form. Any disputes are subject to the exclusive jurisdiction of the Courts of England. All business is conducted in English.

28. Telephone Recordings

- 28.1 For your security telephone conversations may be recorded.

If you require this document in audio tape, large print, Braille or PC disc format, please contact us on 0845 606 5500.

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