

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



THE PLAN FEATURES

- 5 year maximum investment term
- Potential early maturity after 1, 2, 3 or 4 years plus a fixed payment equivalent to 13% p.a. (not compounded)
- Maturity proceeds linked to the performance of a basket of 4 leading UK banking stocks
- 100% capital protection at maturity
- Suitable for both SIPP and direct investments



KEY INVESTMENT DATES

Offer Period:	16 June to 28 July 2008
Investment Date:	14 August 2008
Possible Early Maturity Dates:	14 August 2009 16 August 2010 15 August 2011 14 August 2012
Final Valuation Date:	31 July 2013
Final Maturity Date:	14 August 2013



TAX POSITION

Investors are liable for income tax when they receive their maturity proceeds. The amount of any income tax will be calculated on the difference between the amount invested in July 2008 and the amount received in August 2013 (or earlier).

If the monies are held within a SIPP, under current legislation no tax will be due on the monies at maturity or earlier withdrawal.

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LITERATURE

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jameshaystructuredproducts.co.uk

How does the plan work?

Start

The Initial Price is the Official Closing Price of each of the 4 Shares in the Basket of Shares on 14 August 2008

If the Plan matures early or runs for the full 5 year term, settlement of maturity funds will be made 14 days after the Early Maturity Date or the Final Maturity Date as applicable.

Year 1 Maturity

Are the Official Closing Prices of each of the 4 Shares on 31 July 2009, the same or higher than their Initial Prices?

YES

The Plan matures early on 14 August 2009 and investors receive back their Initial Investment plus a fixed payment equivalent to 13% of their Initial Investment paid 2 weeks later:

INITIAL INVESTMENT PLUS

13%

NO

Year 2 Maturity

Are the Official Closing Prices of each of the 4 Shares on 2 August 2010, the same or higher than their Initial Prices?

YES

The Plan matures early on 16 August 2010 and investors receive back their Initial Investment plus a fixed payment equivalent to 26% of their Initial Investment paid 2 weeks later:

INITIAL INVESTMENT PLUS

26%

NO

Year 3 Maturity

Are the Official Closing Prices of each of the 4 Shares on 1 August 2011, the same or higher than their Initial Prices?

YES

The Plan matures early on 15 August 2011 and investors receive back their Initial Investment plus a fixed payment equivalent to 39% of their Initial Investment paid 2 weeks later:

INITIAL INVESTMENT PLUS

39%

NO

Year 4 Maturity

Are the Official Closing Prices of each of the 4 Shares on 31 July 2012, the same or higher than their Initial Prices?

YES

The Plan matures early on 14 August 2012 and investors receive back their Initial Investment plus a fixed payment equivalent to 52% of their Initial Investment paid 2 weeks later:

INITIAL INVESTMENT PLUS

52%

NO

Year 5 Maturity

The Final Price of the Basket of 4 Shares is compared with their Initial Price

YES

The Plan matures on 14 August 2013 and investors receive Initial Investment plus 100% of the averaged growth in the Basket of Shares:

100%

OF THE AVERAGED GROWTH IN THE BASKET OF 4 SHARES

Early investment

Any investments received before the Strike Date will earn interest at a rate of 0.50% below the Bank of England Base Rate until 2 days before the Strike Date when the monies will be passed to the Plan administrators. Any interest earned will be added to your Original Investment to create your Initial Investment in the plan.



The Basket of Shares

The Basket of Shares on which the Plan's maturity value is based comprises:

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

If the Plan reaches maturity after 5 years, investors will receive 100% of the averaged growth in the Basket of Shares (the Final Price).

Early maturity

The Plan has the potential for early maturity at the end of years 1, 2, 3 and 4.

It will mature early if, on any of the annual Observation Dates (in years 1 to 4) of the Plan opening, the Official Closing Price of each of the 4 Shares in the Basket of Shares is at or above its Official Closing Price at the start of the investment on 14 August 2008. In this event, investors will receive 100% of their Initial Investment plus a fixed payment equivalent to 13% p.a. (not compounded).

Key definitions

- Basket of Shares/ Shares:** Barclays Group PLC, HSBC Holdings PLC, Lloyds TSB Group PLC, Royal Bank of Scotland Group PLC.
- Observation Date:** The date when the Official Closing Price of each Share 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.
- Original Investment:** The amount paid into the plan with the application.
- Initial Investment:** The Original Investment amount plus any interest accrued which is used to purchase Securities.
- Initial Price:** The Official Closing Price of each Share in the Basket of Shares on 14 August 2008.
- 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, 28 February, 28 March, 30 April, 31 May, 28 June, 31 July 2013.
- Strike/Effective Date:** The date when the Initial Price is taken, 14 August 2008.

If the Plan matures early, or reaches its full term, maturity settlement will be made 14 days after the Early Maturity Date or Final Maturity Date, whichever applies.



THE JAMES HAY SELECTED UK BANKING PLAN

We are pleased to announce the launch of the James Hay Selected UK Banking Plan which provides your clients with an exciting opportunity to participate in the potential growth of four of the UK's leading banking stocks.

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).

What's more, regardless of the performance of the four selected stocks, the initial capital investment is protected at maturity.

Important Information

The James Hay Selected UK Banking Plan

(For full details please refer to the James Hay Selected UK Banking Plan Brochure and Terms and Conditions.)

- If investors close their Plan early they may get back less than they paid in.
- The value of an investor's Plan is not directly linked to the value of the Basket of Shares, or any index.
- An investor's Initial Investment is protected and the money will be returned at the Maturity Date of this Plan as long as the issuing company remains solvent. Each 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 a repayment is not guaranteed, and if there were no repayment investors would not get back their Initial Investment.
- Any additional return paid by Abbey National Treasury Services plc at final maturity will be related to the performance of the Basket of Shares. Abbey National Treasury Services plc may have to adjust the price an investor gets back following market events or any actions taken by the four banks in relation to their shares.
- The tax situation of this product may change in the future, which could affect how much an investor gets back. The value of any tax relief depends on personal circumstances.
- If an investor dies and their legal representatives choose not to hold the Plan until maturity on 14 August 2013 they may get back less than they paid in.
- Investors should be aware that if early maturity conditions are met, payments are fixed as specified. If, for example, at the end of Year 2 the Plan matures early, with the Official Closing Price of each of the Basket of 4 Shares being greater than or equal to their Initial Price, investors will receive repayment of their Initial Investment plus a fixed payment equivalent to 26% of their 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 each of the 4 Shares in the Basket of Shares on 4 specific annual Observation Dates over the first 4 years of this investment. The amount which the Investor will receive could be affected by events on each of those 4 dates. This investment is susceptible to short-term market fluctuations on the 4 dates specified and the Investor 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 Official Closing Price of each of the 4 Shares in the Basket of Shares 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.

Alternative formats

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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