

The Santander Shareholder Account and Dividend Re-investment Plan



The Santander Shareholder Account

- Would you like to earn 10% gross p.a./AER on your Santander share dividends?
- Do you want the opportunity to re-invest your Santander share dividends in more Santander shares automatically without having to pay any sharedealing costs?

The Santander Shareholder Account (the 'Account') and Dividend Re-investment Plan (the 'Plan'), provided by Abbey National plc ('Abbey'), offers you an easy way to re-invest your Santander dividend payments to buy additional Santander shares¹ without paying any sharedealing costs.

Dividends deposited in the Account before re-investment in Santander shares, and any remaining funds over £1 after re-investment, will earn 10% gross p.a./AER². You will not have to pay any sharedealing costs, and the payment of your dividend into the Account and subsequent re-investment will be automatic.

How does it work?

Your Santander dividend will be paid directly into your Account every quarter. Under the Plan, dividends paid into your Account will earn interest of 10% gross p.a./AER up until the time they are re-invested.

1 Your investment in Banco Santander, S.A. ('Santander') is recorded electronically in CREST in the form of Santander Crest Depository Interests CDIs. In this communication we use 'shares' as shorthand for CDIs. The value of shares and any income from them can fall as well as rise and are not guaranteed.

2 AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and added each year. The gross rate is the rate payable before the deduction of income tax. Interest is paid annually or quarterly. Rates are fixed until 1 August 2009.

Who can open an Account?

You can only open an Account and participate in the Plan if you are a Santander Shareholder and you hold your shares through the Santander Nominee Service (or another nominee service that we have indicated in writing is acceptable). You must continue to hold shares in this way otherwise your Account will be closed.

You must be a private individual and resident in the UK. Accounts can only be opened with a Santander dividend payment.

Current interest rates

Interest rates are fixed at 10% gross p.a./AER until 1 August 2009.

	Annual	Quarterly	
	Gross rate p.a./AER	Gross rate p.a.	AER
£1 plus	10.00%	9.65%	10.00%

Can I make additional deposits or withdrawals?

No, the only funds that can be added to your Account after opening are the quarterly dividend payments from Santander.

Withdrawals cannot be made at any time, so if you need to take money out, your Account will have to be closed.

When is interest paid?

Interest can be paid quarterly or annually. Your interest frequency will be the same as the re-investment frequency that you choose under the Plan. Quarterly interest is paid on the first of the month in February, May, August and November. Annual interest is paid on 1 May.

When will my dividends be re-invested?

There are two frequencies for you to choose from:

■ Quarterly re-investment

You can choose to re-invest your dividend quarterly. This will mean that shortly after each dividend has been paid to your Account, it will be used to acquire as many additional Santander shares for you as possible. Any remaining funds will remain in your Account until the next dividend is added, and the maximum amount possible will then be re-invested with your next dividend.

■ Annual re-investment

If you choose to re-invest annually, your four quarterly dividend payments will accrue and receive interest. The maximum amount possible will be used to acquire Santander Shares for you. Any remaining funds will remain in the Account to be re-invested with dividends in the following year. Annual re-investments will take place in May.

When you have chosen the frequency of your re-investment, you are not able to change it.

Once you've elected to join the Plan, your dividend re-investment will happen automatically – you don't have to do anything further.

How will the new shares be purchased?

Your shares will be purchased as part of one large order for all Account holders. We will take the published weighted average price for our calculation, taken over a ten-day period. The published price is known as the Volume Weighted Average Price (VWAP) and is the price published by the London Stock Exchange for Santander shares.

Each of the ten days' prices are then totalled and averaged to provide the one price used for your own share acquisition. The aim in calculating the acquisition price this way is that you acquire shares at a price that has not been influenced by short-term fluctuations.

We will look at the balance in your Account and arrange for the acquisition of the maximum number of whole Santander shares that your balance will buy. This means that the only money left in your Account will be equivalent to less than the price of one Santander share.

What if I don't have enough money in my Account to purchase a whole share?

If you don't have enough money to purchase one whole share, or if there's money left in your Account after we have acquired the maximum number of whole Santander shares that your balance will buy, the money will be left in your Account until the next re-investment date. During this time, any funds over £1 will continue to earn interest at the rate of 10% gross p.a./AER.

How will I know how many shares have been acquired for me?

If shares are acquired for you, we will send you a separate statement on the first business day after the shares have been acquired for you. This will show how many shares were bought on your behalf, and what price you paid for them. This will be in addition to the annual statement that we will send you for your Account, the annual statement of your shareholding, and your dividend statement.

Terms and Conditions

Terms and Conditions for the Account and the Plan are included at the back of this document. You must make sure you have read and understood these conditions before applying. You should also inform us if you cease to be a Santander shareholder, at which point we will close your Account.

Next Steps

To open an Account

Please return the enclosed application form and your Santander dividend cheque in the envelope provided. If your dividend has already been paid into another account, please provide a photocopy of a quarterly or annual dividend statement issued to you within the last 12 months, or a photocopy of your latest annual entitlement statement, and a personal cheque, made payable to yourself, for the same value as the latest dividend.

You'll need to return your application to us at least two weeks before the date of the dividend payment for which you'd like your dividends to be re-invested.

Further Information

Call us on **0871 384 2000**** (lines are open Monday to Friday 8.30am to 5.30pm).

This fact sheet contains important information. If you are in any doubt as to what action you should take, please consult appropriate independent advisers. Neither Abbey nor Santander can offer any advice to you on the suitability of your dealings in Santander shares.

Santander Shareholder Account and Dividend Re-investment Plan Terms and Conditions

The following conditions relate to the Santander Shareholder Account and associated Dividend Re-investment Plan and are split into three sections, as follows:

- Section A applies to the Santander Shareholder Account (the 'Account');
- Section B applies to the Santander Dividend Re-investment Plan (the 'Plan')
- Section C applies to both your Account and the Plan.

Section A – Santander Shareholder Account Conditions

1 Introduction

References in this section to 'these Conditions', or any cross reference to specific conditions, refer only to the Conditions in Section A, unless otherwise specified. These Conditions set out the contract between you and us in respect of your Santander Shareholder Account (the 'Account'). They are in addition to any other conditions, which are implied or included by law, such as your statutory rights as a consumer, even if they do not appear in these Conditions.

We may also give you other information separately, for example details;

- (i) About the key features of your Account;
- (ii) About the additional services that are available to you on your Account and the associated security features and safeguards you must follow;
- (iii) About our interest rates and charges.

These details also form part of the contract between you and us.

Your investment in Banco Santander, S.A. ('Santander') is recorded electronically in CREST in the form of Santander CREST Depository Interests ('CDIs'). In these Conditions the term 'Shares' and associated references ('shareholders', 'shareholding' etc.) refer to Santander CDIs held through a nominee service except where the context otherwise requires.

Your Account is provided by Abbey National plc ('Abbey').

2 Interest and charges

Details of current rates and charges can be obtained by telephoning us or visiting any of our branches or accessing our website (www.abbey.com). Interest is calculated on a daily basis.

If we change the interest rates on your Account, we will tell you personally within 30 days following the change.

We will ensure that interest on your Account is paid to you either annually or quarterly in order to align it with when you have elected for Shares to be acquired for you under the Plan.

3 Eligibility

To be eligible for an Account you must be a private individual, resident in the United Kingdom, a shareholder of Santander, and hold your Shares through the Santander Nominee Service (or any equivalent nominee service that we have indicated in writing is acceptable to us). You may only open an Account if you apply to join the Plan.

4 Joint Accounts

Your Account may be held jointly with one or more other people but must reflect your entitlement to the Santander Shares. For instance, if your entitlement to Santander Shares is registered in your sole name you will not be eligible to hold your Account jointly. We will tell you how many of you can hold a joint Account. If you do hold a joint Account, you are responsible individually and together for observing these Conditions.

5 Restrictions

We may refuse to carry out or allow any transaction on your Account if we are not reasonably satisfied of:

- (i) The identity or authority of any person requesting the transaction; or
- (ii) The lawfulness of the transaction; or
- (iii) The validation of your dividend payment.

6 Deposits

(a) No deposits will be permitted into your Account except Santander Share dividends.

(b) The first dividend with which you open your Account must be deposited by:

- (i) Paying in your dividend cheque, and if specifically requested by us, accompanied by a photocopy of a valid quarterly or annual dividend statement for the same amount or alternative appropriate validation of the dividend payment as authorised by us; or
- (ii) Where you have not made a deposit under Condition 6(b) (i) you may pay in a personal cheque for the same value as your net dividend payment, accompanied by a photocopy of a valid quarterly or annual dividend statement issued to you within the last twelve months or a photocopy of your latest annual entitlement statement, or alternative appropriate validation of the dividend payment as authorised by us.

(c) Any subsequent dividends must be deposited by direct mandate under the Santander Nominee Service (or any equivalent nominee service that we have indicated in writing is acceptable to us) unless we specifically authorise an alternative payment method.

(d) Dividends must be deposited into your Account prior to issue of the next quarterly dividend.

7 Withdrawals

No withdrawals are permitted from your Account other than as a result of its closure or to fund payments to the Plan.

8 Third parties

You cannot transfer your rights in your Account to someone else and we will not recognise the interest or claim of any other person in your Account, unless we are required to do so by law. This means that you cannot, for example, use the money in your Account as security for money that you borrow from someone else.

9 Closing your Account

- (a) You may close your Account at any time. If your Account is closed your participation in the Plan will be terminated.
- (b) If you cease to hold your Shares through the Santander Nominee Service (or an equivalent nominee service) we will close your Account.
- (c) If you leave the Plan at any time, your Account will be closed.
- (d) If, after opening, an applicable dividend is not paid into your Account we may close your Account.
- (e) We may close your Account for any reason and repay the balance to you, or any person authorised, together with any interest due. If we do so, we will give you at least 30 days' prior personal notice in writing unless there are any exceptional circumstances, eg fraud.
- (f) If we close your Account under Condition 9 (b), 9 (c), 9 (d) or 9 (e) we will send a closure cheque in the name of the first named Account holder to the address you have provided to us.

10 Banking Code

We subscribe to the Banking Code as it is published and revised from time to time.

Section B – Santander Dividend Re-investment Plan Conditions

1 Introduction

- (a) References in this section to 'these Conditions' or any cross reference to specific Conditions, refer only to the Conditions in Section B, unless otherwise specified. These Conditions only apply to you if you join the Santander Dividend Re-investment Plan ('the Plan').
- (b) These Conditions set out the contract between you and us in respect of the Plan. They are in addition to any other Conditions, which are implied or included by law, such as your statutory rights as a consumer, even if they do not appear in these Conditions.
- (c) The Plan is provided by Abbey National plc ('we', 'us' etc.), which is authorised and regulated by the Financial Services Authority. We will arrange for the acquisition of Santander Shares under the Plan to be carried out by a Dealer. This Dealer may be a company within the Santander Group. Where we accept your application to participate in the Plan, the Application Form, any other information which we give to you about the Plan (such as details about the key features of the Plan) and these Conditions shall form a contract between you and us under which we will:
 - (i) Using available funds in your Account (if sufficient) arrange for the acquisition of Shares on your behalf either annually or quarterly (depending on your election, as explained in Condition 6 (a)); and
 - (ii) If we have arranged for Shares to be acquired for you, arrange for a Statement to be sent to you either annually or quarterly (depending on your election), showing details of the Share acquisition.
- (d) The Plan is a dividend re-investment plan. The Plan includes an execution-only share acquisition service. We are not required to ensure that purchases of Santander

Shares are appropriate for you. Neither we nor any other company in the Santander Group will provide you with any financial, tax or other advice on whether to join or leave the Plan. If you are in any doubt over whether to join or leave the Plan or about whether to instruct us to arrange to acquire Shares for you annually or quarterly (see Condition 6 (a)) you should seek appropriate professional advice. You should remember that the value of Shares and the income from them can go down as well as up and you may not get back the full amount of your investment in the Shares. Neither we nor any other company in the Santander Group are responsible for determining whether you require government consents but must observe any other legal or regulatory formalities in order to join the Plan.

- (e) Shares acquired for you under the Plan will be held for you in the same way as the Shares that you currently hold through the Santander Nominee Service (or any equivalent nominee service that we have indicated in writing is acceptable to us).

2 Definitions

'Account' means the Santander Shareholder Account.

'Application Form' means the form each Customer must complete and sign to apply to open an Account and join the Plan in accordance with these Conditions.

'Santander' means Banco Santander, S.A.

'Santander CDI' means a CREST Depository Interest entitling the holder to an interest in a share of nominal value of 0.50 in the capital of Santander.

'Customer' means each person identified as a customer on the Application Form and references to 'you', 'your' and similar are to all customers identified on the Application Form.

'Dealer' means the company that acquires the Shares for delivery to you under the Plan in accordance with these Conditions. This company may be a member of the Santander Group.

'Dealing Day' means a day when Shares may be traded on both the London and Madrid stock exchanges.

'Dealing Price' means the price per Share at which we will arrange for Shares to be acquired for you. The Dealer will calculate the Dealing Price. The Dealing Price is explained further in Condition 6 (b).

'Santander Nominee Service' means the service currently offered to qualifying UK residents, currently provided by Equiniti Financial Services Limited, to hold Santander CDIs on their behalf.

'Nominee Service Provider' means Equiniti Financial Services Limited or any other nominee service provider which provides a nominee service that we have indicated in writing is acceptable to us, whichever is applicable.

'Quarter Day' means 1 February, 1 May, 1 August and 1 November in the relevant year (or, when any of those days is not a Spanish Business Day, the next Spanish Business Day after that day).

'Santander Group' means Santander, its affiliates and subsidiaries from time to time, including Abbey National plc.

'Spanish Business Day' means a day, other than a Saturday or Sunday, on which banks are ordinarily open for the transaction of business in Spain.

'Statement' means the dividend and re-investment statement that will be sent to you either annually or quarterly (depending on your election) if Shares have been acquired for you under the Plan, as described in more detail in Condition 7.

'UK Business Day' means a day, other than a Saturday or Sunday, on which banks are ordinarily open for the transaction of business in the United Kingdom.

Your investment in Santander is recorded electronically in CREST in the form of Santander CDIs. In these Conditions the term 'Shares' and associated references ('shareholders', 'shareholding' etc.) refer to Santander CDIs held through a nominee service, except where the context requires otherwise.

3 Who can join?

- (a) You can join the Plan if:
 - (i) You open an Account; and
 - (ii) You have correctly completed and signed the Application Form.
- (b) We do not offer the Plan to, or for the account of, any person who is a resident of a country other than the United Kingdom. Accordingly, neither this document nor the Application Form should be taken as an offer to any overseas shareholders.
- (c) If you join the Plan and then become a resident of any country other than the UK then you must inform us and we will have to terminate your participation in the Plan in accordance with Condition 10 and your Account will be closed.
- (d) You are responsible for ensuring that you validly take part in the Plan and for observing all relevant formalities.
- (e) Any Shares acquired for you under the Plan will be acquired in the same name(s) as your entitlement to Shares is registered.
- (f) Where more than one Customer is identified as a customer on the Application Form, the rights and obligations of those Customers under the Plan shall be joint and several.

4 Taxation

- (a) Neither we nor any other member of the Santander Group offer personal tax advice in relation to UK or Spanish tax. You are responsible for, and neither we nor any other company in the Santander Group shall be liable for, paying any tax (including, without limitation, income tax and capital gains tax) that may be attributable to your participation in the Plan. If you have any concerns regarding your tax position in the UK or in Spain, you should seek professional advice.
- (b) Under current UK tax provisions, for UK capital gains tax purposes, the cost of the Shares acquired for you under each acquisition made for you through the Plan

will be the amount paid from your Account to acquire the Shares at the applicable Dealing Price. We will notify you of this amount in the Statement following each acquisition of Shares for you.

5 Joining the Plan

- (a) To join, we must receive a completed Application Form from you.
- (b) If you opt for us to arrange for Shares to be acquired for you quarterly (as further described in Condition 6 (a)), then we must receive your fully completed Application Form from you at least 10 UK Business Days before the Quarter Day when you wish to join the Plan. Provided that you have sufficient funds in your Account, we can then arrange for the acquisition of Shares for you for the first time under the Plan to be completed by the eleventh Dealing Day following that Quarter Day.
- (c) If you opt for us to arrange for Shares to be acquired for you annually rather than quarterly, then we must receive your fully completed Application Form from you at least 10 UK Business Days before 1 May. We will not acquire Shares for you for the first time under the Plan until the payment by Santander to its shareholders of the fourth dividend for its previous financial year, this is expected to occur in May each year. This is explained further in Condition 6 (e).
- (d) The contract set out in these Conditions and the Application Form shall come into force from the date on which we accept your Application Form. We will not normally issue confirmation of receipt of your Application Form.
- (e) By signing and submitting your Application Form, each of you:
 - (i) Instruct us to arrange to acquire Shares for you using the funds, if any, available in your Account, in accordance with these Conditions and the Application Form and authorise us and any other company in the Santander Group to take such administrative actions as we and/or any such other company reasonably deem necessary or in your interests to facilitate this;
 - (ii) Grant us a mandate over your Account to deduct from your Account the Dealing Price payable for the Shares acquired for you pursuant to these Conditions each and every time that we arrange for Shares to be acquired for you;
 - (iii) Represent and agree that you are resident in the UK;
 - (iv) Agree that we shall arrange for you to be sent a Statement for each acquisition of Shares that we arrange for you either quarterly or annually in accordance with these Conditions;
 - (v) Represent and agree that when making your application you are not relying on any representation or assurance of any nature except as set out in these Conditions from any company in the Santander Group or any of their respective directors, officers, employees, advisers or agents; and
 - (vi) Represent and agree that you are not prohibited by applicable law or regulation from participating in the Plan.

- (f) In the unlikely event that there is any error made by either us or the Dealer in the number of Shares which are acquired for you under the Plan, you agree that by signing and submitting your Application Form (each of you grant(s) permission to us and the Dealer to take any such action as is required to be taken in order to rectify any such error.
- (g) We reserve the right to refuse your application to join the Plan for any reason. If your Application Form is incorrectly or incompletely filled out and we cannot obtain clarification from you then we will not register you for the Plan.

6 Acquisition of Shares

- (a) You must decide whether you want us to arrange to acquire Shares for you annually or quarterly. If you want us to acquire Shares for you annually you should tick the box on the Application Form. If you do not tick the box on the Application Form then we shall assume that you want us to arrange to acquire Shares for you quarterly. You cannot change your election once we have received your Application Form.
- (b) The Dealer will calculate the Dealing Price for each quarter after the Quarter Day. The Dealing Price shall be the ten day arithmetic average (rounded to two decimal places) of the market published daily volume weighted average price of trades in Shares executed in London on each Dealing Day during the ten Dealing Days after the Quarter Day (rounded to two decimal places). Where the Quarter Day is a Dealing Day, that day shall be included in the ten Dealing Days.
- (c) Where you have elected for Shares to be acquired for you on a quarterly basis, we shall calculate the maximum number of Shares that can be acquired for you using cleared funds in your Account at the calculated Dealing Price and we shall arrange for that number of Shares to be acquired for you by the Dealer. The Share acquisition will be complete on the eleventh Dealing Day after the relevant Quarter Day. We shall pay the total price of the Shares from your Account to the Dealer. This total price will be the Dealing Price multiplied by the number of Shares acquired for you by the Dealer.
- (d) If you have elected for Shares to be acquired for you on an annual basis, we shall perform the calculation and shall arrange for the Dealer to acquire the Shares (both on the basis explained in condition 6(c)) once a year only. The Share acquisition will be complete on the eleventh Dealing Day after the Quarter Day which falls on the date of the payment of the fourth dividend (excluding any special dividends) paid by Santander out of the earnings of its previous financial year, this dividend will usually be paid in May each year. The annual acquisition of Shares under the Plan will take place at this time irrespective of when you joined the Plan. Santander's financial year runs from 1 January to 31 December.
- (e) We cannot acquire fractions of Shares for you and you cannot send us extra money to add to the funds in your Account if there isn't enough in your Account to acquire

at least one whole Share at the relevant Dealing Price. This means that:

- (i) If you do not have enough money in your Account on the day when we perform the calculations referred to in this condition 6 to acquire at least one whole Share; or
 - (ii) If there is money left over in your Account after we have arranged for Shares to be acquired for you and paid the Dealing Price from your Account then the money left in your Account will remain in your Account and will continue to accrue interest in accordance with the Conditions in Section A until the next time that we arrange for Shares to be acquired for you under the Plan.
- (f) The price of a Share at the time when the Dealer acquires Shares under the Plan may actually be more than or less than the calculated Dealing Price which you will pay for each Share. A profit or a loss may be made by the Dealer or by Abbey National plc as a result of this. This profit or loss may be passed to a company within the Santander Group. The Dealer may also charge a commission or a fee for acquiring the Shares. This will be met by a company within the Santander Group and will not be charged back to you.
 - (g) The Dealer may acquire Shares for you under the Plan at the same time as it acquires Shares for other participants in the Plan and as part of the same acquisition order. This may operate to your advantage or disadvantage.
 - (h) All dealings in Shares will be carried out under the rules of the Stock Exchange on which the Shares are acquired.
 - (i) We may at our sole discretion refuse to arrange for Shares to be acquired for you under the Plan where we reasonably believe that in doing so we, the Dealer or any of our agents would breach applicable law or regulation.

7 Share settlement and Statement

- (a) The Dealer will inform the Nominee Service Provider whenever Shares have been acquired for you. The Nominee Service Providers shall be responsible to you for recording your entitlement to Santander CDIs in accordance with either the Santander Nominee Service Terms and Conditions or the terms and conditions of any other nominee service which we have indicated in writing is acceptable to us, whichever are applicable to you. Please note that, to allow the Shares acquired for you to clear through CREST, there will be a delay between our paying monies from your Account and the Nominee Service Providers recording your entitlement to Santander CDIs. This delay will normally be around seven UK Business Days.
- (b) Under the rules of the Financial Services Authority, when the Dealer has acquired Shares for you, it is required to send you a written confirmation setting out specific information about the acquisition of Shares no later than one UK Business Day following the day on which the purchase is made.
- (c) You will only receive a Statement if Shares have been

acquired for you, so if we do not arrange for Shares to be acquired for you because you do not have enough funds in your Account to acquire at least one whole Share, then you will not receive a Statement.

8 Third parties

- (a) You cannot transfer or assign your rights under these Conditions to anyone else. You agree that the Dealer, the Nominee Service Providers and any other company within the Santander Group are conferred rights under these Conditions and may rely on and enforce them.
- (b) Save as stated in Condition 8(b), no part of these Conditions shall confer rights on, or be enforceable by, any third party under the Contracts (Rights of Third Parties) Act 1999 or otherwise, except that the persons referred to in Condition 5(e) (v), may rely on that Condition (but the consent of any such person shall not be required to rescind or vary these Conditions).

9 Charges

- (a) Neither we, nor the Dealer, will charge you for the services provided to you under the Plan. You should note that the Dealer (which may be a company within the Santander Group or Abbey National plc) may make a profit or suffer a loss when the Shares are acquired. This profit or loss may be passed to a company within the Santander Group (as described in Condition 6(f)). Please note that charges may be made to you where you close your Account and you should check Section A for details.
- (b) The Dealer may use certain outsource providers or other agents to provide settlement and associated services. The costs of these agents will be met by the Dealer or another company in the Santander Group.

10 Leaving the Plan and suspension and termination of the Plan

- (a) If you are a new applicant, you have the right to cancel your contract with us if you are a private individual and you are entering into it without having had face-to-face contact with us or our representative and you are not entering into it for the purposes of your business, trade or profession. You can cancel your contract with us within 14 calendar days of receiving written confirmation of your Account opening.
- (b) Once you have joined the Plan, all future dividends paid by Santander will be re-invested automatically in purchasing additional Shares on your behalf until you leave the Plan or until the Plan is terminated or suspended.
- (c) We may suspend or terminate the Plan at any time. We will notify you in writing if this happens.
- (d) You may leave the Plan at any time by giving us notice in writing signed by each Customer or their authorised representative. We shall inform the Dealer on your behalf if necessary. We shall process your notice within 5 UK Business Days from receipt by us. These Conditions shall terminate as described in Condition 10(f) on the date when we complete processing of your notice, unless you have stipulated a later date in the notice, where termination takes effect from that date.

- (e) If your Account is closed, we have to terminate your participation in the Plan as described in Condition 10(f).
- (f) Where you leave the Plan or we terminate your participation in the Plan under Conditions 10(c), 10(d) or 10(e):

- (i) If we have already arranged for the Dealer to acquire Shares for you under the Plan before the termination is processed in accordance with Conditions 10(a) to 10(e) inclusive that instruction will remain in force for that acquisition. This means that the Dealer might make a single acquisition of Shares for you after we have received notice that you wish to leave the Plan; and
- (ii) Termination shall not affect any of our or your rights or obligations, or the rights of the third parties referred to in Condition 8 above, in existence at the time of termination.

Save as provided above, on termination of your participation in the Plan becoming effective, these Conditions shall cease to apply between us.

11 Conflicts of interest

We have a conflicts of interest policy to prevent us making a financial gain or avoiding a financial loss at the expense of a client or from favouring one client at the expense of another. You'll find details of our policy on our website www.aboutabbey.com/About and choosing 'Our Policies'.

12 Best Execution

We are required to take all reasonable steps to obtain 'best execution' for you when we acquire shares for you and to give you a summary of our best execution policy. The summary of our 'best execution' policy is set out below.

Best Execution Policy

Under our Policy, we will acquire additional Santander shares for you at the price calculated by the method specified in our terms and conditions. The aim of this method is to ensure that you acquire shares at a price, which has not been influenced by short-term fluctuations.

Additionally, under our Policy, no dealing or other charges will be passed on to you. The total cost to you will only be the share price at which you have acquired the additional shares, multiplied by the number of shares, which have been acquired for you.

Execution Policy - Monitoring and Review

Each year we will review this Execution Policy to ensure both that it is suitable in terms of achieving best execution for you, and that it is properly implemented. This will also be done if there are any material changes to circumstances. If any significant change to this policy or our order execution arrangements is made, we will notify you.

We will also monitor our effectiveness in achieving best execution of your orders on a regular basis by comparing a representative sample of the trades we execute against similar orders executed by other firms using data provided by the relevant exchange(s) or market data vendors. If, in certain circumstances, the data are not available we will use whatever other information is available.

Section C – Conditions applying to your Account and the Plan

As a private individual you may benefit from the Financial Services Compensation Scheme (FSCS) and have access to the Financial Ombudsman Service (FOS). We have categorised you as a retail client, which means that you will be afforded the highest level of regulatory protection.

Introduction

Reference in this section to 'these Conditions' refers to the Conditions in Sections A, B and C unless otherwise specified. Section C Conditions apply to both your Account and the Plan, and are in addition to those Conditions contained in Section A and Section B. Defined terms in Section C shall have the meaning given to them in either Section A or C.

1 Variation of these Conditions

- (a) We may remove, change or add to these Conditions or to any details forming part of the contract between you and us:
 - (i) To conform with or anticipate any changes in the law, Codes of Practice or recommendations of the Financial Services Authority;
 - (ii) To provide for the introduction of new or improved systems, methods of operation, services or facilities;
 - (iii) To enable us to harmonise our banking or charging arrangements;
 - (iv) To take account of a ruling by a Court, Ombudsman, regulator or similar body;
 - (v) To reflect market conditions;
 - (vi) To reflect general banking practice;
 - (vii) To make them clearer or more favourable to you;
 - (viii) To rectify any mistake that might be discovered in due course; or
 - (ix) For any other reason which is valid.
- (b) A change to these Conditions includes removing or adding a condition.
- (c) If we give you notice to vary these Conditions under Condition 1(a) of Section C, you have the right to close your Account subject to any special conditions relating to your Account. The notice we give you will be at least 30 days' prior personal notice if the change is to your disadvantage, otherwise we will give you general notice (as specified in Condition 2 of Section C) or personal notice within 30 days of the change.
- (d) If the change to these Conditions is to your disadvantage, you may close your Account (or switch it to another of our accounts) without loss of interest and without having to pay any extra charges. You may do this within 60 days of the date of our notice telling you of the change.

2 Notices and Enquiries

- (a) Any notice under these Conditions must be given as follows:
 - (i) To us, at Abbey National plc, PO Box 1109, Bradford BD1 5ZS. We reserve the right to accept or refuse notices sent to other Abbey companies or addresses relating to your Account or the Plan.

(ii) To you, by either:

- (a) General notice in our branches and on our website; or
- (b) Personal notice to you.

(b) For general enquiries relating to your Account or the Plan please write to us at Abbey National plc, PO Box 1109, Bradford BD1 5ZS or call us on **0845 606 6185***.

(c) If you have any enquiries relating to your holding of Santander CDIs through the Santander Nominee Service you should address them to the Santander Nominee Service, PO Box 4608, Aspect House, Spencer Road, Lancing, West Sussex BN99 6NZ or you should call **0871 384 2000****.

3 Address and Identification

- (a) The address that you or, in the case of joint Accounts, any of you give us is the one that we will send communications to. If you change your address you must tell us as soon as possible and we may require you to confirm it in writing.
- (b) We may ask you to show a form of identification at any time, for example, when closing your Account or the Plan.

4 Death

- (a) If we are notified of your death and your Account is in your sole name, we will ask your personal representatives to provide proof of their authority and then allow them to close your Account and your participation in the Plan will cease.
- (b) If we are notified of your death and your Account is in joint names, it will continue, along with participation in the Plan, in the name(s) of the survivor(s).

5 Inability to provide Services

If we are unable to provide services generally or any particular service because of any causes beyond our control, eg failure of equipment, power supplies or industrial action, we will not be liable to you for any loss you may suffer.

6 Exceptional Circumstances

In exceptional circumstances, we may without prior notice, have to suspend your right to operate your Account and/or the Plan.

7 Liability and Severability

- (a) We do not accept liability for any losses suffered by you or any other person for whom you are acting arising from any action, error or omission on our part or from any breach of our obligations to you under these Conditions or otherwise except where such losses are a result of fraud, wilful default or negligence by us, by the Dealer or by our agents. We will not be liable for any indirect, consequential, market or dealing losses. Nothing in this condition shall exclude or restrict any obligation owed to you under the rules of the Financial Services Authority or the Financial Services and Markets Act 2000.
- (b) Our liability will be limited to the replacement of securities or monies (including interest) lost as a direct result of our act or failure to act.

- (c) We will not accept responsibility for postal delays or responsibility for documents before we receive them or after they have been sent to you. Any charges levied by third parties relating to the recovery or replacement of lost documents will be your responsibility.
- (d) Notwithstanding Condition 7(c) of Section C, our liability for death or personal injury by our negligence (or that of our employees) or for fraudulent misrepresentation shall not be limited.
- (e) We will not be responsible for any delay in settlement resulting from circumstances beyond our control; or the failure of any party other than the Dealer or any other of our agents to complete all necessary steps to enable settlement to take place on settlement date. This includes the failure of any counterparty to the transaction to settle on settlement date, and the Nominee Service Providers or any settlement system or participant in a settlement system from processing the transaction promptly.
- (f) We will not be liable for acting or failing to act in accordance with a court order of which we have not been notified (whatever jurisdiction may govern the court order).
- (g) We may do or refrain from doing anything that, in our reasonable opinion, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirement of any regulatory authority or other body that is binding upon us.
- (h) If any part of these Conditions is or becomes illegal or unenforceable that shall not impair the legality or enforceability of any other part.

8 Governing Law and Communications

These terms and conditions shall be governed by English law and both parties submit to the exclusive jurisdiction of the English courts. Any contract made between you and us pursuant to the terms and conditions will be in the English language and communications from us will be in English.

9 Complaints

If you have a complaint, please contact the department at Abbey you have an issue with. They should be able to sort it out quickly. We will acknowledge your complaint within 5 days, and we will try our very best to sort it out within 4 weeks. If we need longer, we will let you know. If you feel the department you have the issue with hasn't dealt with your complaint properly, you can write to the Customer Complaints Department. The address is PO Box 5129, Milton Keynes MK9 2YN.

Please give the name of the person you have been dealing with. A separate investigation will then be carried out and the Company's final response will be sent to you within 8 weeks of your original complaint. If you still feel unhappy with the outcome at this stage, you can forward your complaint to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR (Telephone: 0845 080 1800*).

Abbey National plc is a member of the Financial Services Compensation Scheme (FSCS) established under the Financial

Services and Markets Act 2000. As a private individual you may benefit from the FSCS and have access to the Financial Ombudsman Service. Details of the scheme are available on request. Payments under the scheme are limited to 100% of the first £35,000 of a depositor's total deposits with Abbey National plc. Other investments are covered for 100% of the first £30,000 and 90% of the next £20,000, to a maximum compensation of £48,000. Further information about compensation arrangements is available upon request or from the Financial Services Compensation Scheme at 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.



santandershareholder.co.uk

MORE BRANCHES THAN ANY OTHER INTERNATIONAL BANK

Abbey is able to provide literature in alternative formats. The formats available are: large print, Braille, audio tape and PC disk. If you would like to register to receive correspondence in an alternative format please give us a call and ask for a 'Preferred Communication Request' form.

*Calls cost 6p plus up to 2 pence per minute from a BT Together landline. Mobile and other providers' charges may vary.

** The maximum cost of a call for BT customers, from a landline is 8 pence per minute from a BT landline. The cost of calls for non-BT customers or from mobiles will vary.

The Financial Services Authority's (FSA's) Registered Office is: 25 The North Colonnade, Canary Wharf, London, E14 5HS

Banco Santander, S.A. London branch, is authorised by the Bank of Spain and regulated by the FSA for the conduct of investment business in the United Kingdom. Banco Santander, S.A. London branch is entered on the FSA Register and its Registration number is 136261.

Abbey National plc. Registered Office: Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN, United Kingdom.

Registered Number 2294747. Registered in England. www.abbey.com. Telephone 0870 607 6000. Calls may be recorded or monitored.

Authorised and regulated by the Financial Services Authority. FSA registration number 106054. Abbey and the flame logo are registered trademarks.



Abbey is committed to producing its printed material on papers that conform to the highest environmental standards possible. These include maximising the use of recovered fibres or wood fibre from credibly certified forests minimising the supply chain environmental impact.