

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PROSPECTUS AND ITS CONTENTS ARE CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS PROHIBITED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: You have been sent this Prospectus on the basis that you have confirmed to the relevant Dealers (as defined in the Programme Agreement), being the senders of the attached that: (i) you have understood and agree to the terms set out herein, (ii) you consent to the delivery of this Prospectus by electronic transmission, (iii) you are not a U.S. person (within the meaning of Regulation S of the Securities Act 1933), and are not acting for the account or benefit of any U.S. person, and that the electronic mail address you have given to us is not located in the United States, its territories and possessions, (iv) you will not transmit the attached Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the relevant Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the relevant Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

This Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently, none of the Issuer or the relevant Dealers or any person who controls them or any of their directors, officers, employees or agents, or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the relevant Dealers.



Abbey National Treasury Services plc

(incorporated under the laws of England and Wales)

Warrant Programme

Unconditionally and irrevocably guaranteed by

Santander UK plc (formerly Abbey National plc)

(incorporated under the laws of England and Wales)

Under this Warrant Programme (the "**Programme**"), Abbey National Treasury Services plc (the "**Issuer**") may from time to time issue warrants (the "**Warrants**"). The Issuer's obligations in respect of the Warrants will be unconditionally and irrevocably guaranteed by Santander UK plc (formerly Abbey National plc) (the "**Guarantor**"). This Prospectus supersedes the Prospectus dated 16 December 2009 previously issued by the Issuer and Guarantor in respect of the Programme and is valid for a period of 12 months from the date hereof. Any Warrants issued under the Programme by the completion of the Final Terms on or after the date of this Prospectus are issued subject to the provisions hereof. "**Final Terms**" means the terms set out in a Final Terms document, substantially in the form set out in this Prospectus, which completes and amends the "General Terms and Conditions of the Warrants" set out on page 63 herein, and which, together with the applicable Technical Annex(es) relating to Equity Index Linked Warrants, Equity Linked Warrants, Currency Linked Warrants, Fund Linked Warrants and Inflation Index Linked Warrants or any other relevant type of Warrants attached thereto, are referred to as the "**Conditions**".

This Prospectus (excluding the information incorporated by reference at (12), (13) and (14) on page 2 has been approved by the United Kingdom Financial Services Authority (the "**FSA**") which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (the "**Base Prospectus**") issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Warrants under the Programme during the period of 12 months after the date hereof.

Application has been made to the FSA in its capacity as competent authority (the "**UK Listing Authority**") under the UK Financial Services and Markets Act 2000 ("**FSMA**") for Warrants issued under the Programme to be admitted to the official list of the UK Listing Authority (the "**Official List**"). In respect of Warrants to be admitted to the Official List, application has also been made to the London Stock Exchange plc (the "**London Stock Exchange**") for such Warrants to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Programme provides that Warrants may be unlisted or listed and/or admitted to trading on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer as specified in the Final Terms.

The Warrants may be issued on a continuing basis to the Dealer specified under "**Summary of the Programme**" and any additional Dealer appointed under the Programme from time to time (the "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Warrants being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Warrants.

Notice of the aggregate number of Warrants, the issue price of Warrants, and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the Conditions) of Warrants will be set out in the applicable Final Terms which, with respect to Warrants to be admitted to the Official List and to be admitted to trading on the Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Warrants of such Tranche. Each issue of Warrants will entitle the holders (each a "**Warrantholder**") on due exercise to receive either a cash amount (if greater than zero) or physical delivery of the underlying asset, subject as set out herein and in the applicable Final Terms.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the Issuer may be responsible to the Investor for the Prospectus under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, it should take legal advice. This paragraph should be read in conjunction with the fifth paragraph on page i of this Prospectus. **Information in relation to an offer to the public will be made available at the time such offer is made, and such information will be also provided by the relevant Offeror.**

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Certain issues of Warrants involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment.

See "**Risk Factors**" (page 10) for a discussion of factors which may affect the Issuer's and the Guarantor's ability to fulfil its obligations under Warrants issued under the Programme and under the Guarantee, factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme, and certain factors to be considered in connection with an investment in Currency Linked Warrants, Equity Linked Warrants, Equity Index Linked Warrants, Commodity Linked Warrants, Debt Linked Warrants, Fund Linked Warrants, Inflation Index Linked Warrants, Property Index Linked Warrants (each as defined herein) or other structured Warrants which may be issued under the Programme linked to one or more reference asset or reference basis (each a "**Reference Asset**"). The Issuer shall not be liable or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Warrants, the Guarantee, and, in certain cases, the Entitlement (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States of America (the "**United States**") or to, or for the benefit of, U.S. persons unless the Warrants are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

The rating of certain Series of Warrants to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Warrants will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Dealer

Santander Global Banking & Markets

In this document, references to "ANTS" and references to the "Issuer" are references to Abbey National Treasury Services plc; references to "Santander UK" and the "Guarantor" are references to Santander UK plc; references to the "ANTS Group" are references to ANTS and its subsidiaries; references to the "Santander UK Group" and the "Group" are references to Santander UK plc and its subsidiaries, which includes A&L (as defined below); references to "Grupo Santander" are references to Banco Santander, S.A. ("Banco Santander") and its subsidiaries, which shall include the Santander UK Group; and references to "Enlarged Santander UK Group" are references to the Santander UK Group, and its holding companies and its subsidiaries of each of its holding companies. References to "A&L" are references to Alliance & Leicester plc and references to the "A&L Group" are reference to A&L and its subsidiaries

This Prospectus (together with any supplement to this Prospectus prepared from time to time) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and Part VI of FSMA. Any reference in this Prospectus to Base Prospectus means this Prospectus, excluding all information incorporated by reference at (12), (13) and (14) on page 2. The Issuer and the Guarantor have confirmed that the information incorporated by reference at (12), (13) and (14) on page 2, has not been and does not need to be included in the Base Prospectus to satisfy the requirements of the Prospectus Directive or the FSMA. The Issuer and the Guarantor believe that none of the information incorporated by reference at (12), (13) and (14) on page 2 conflicts in any material respect with the information included in the Base Prospectus. This Prospectus does not constitute a "prospectus" for the purposes of the Prospectus Directive in respect of any Warrants (i) involving an offer to the public outside of the European Economic Area ("EEA") or of a type listed in Article 3.2 of the Prospectus Directive and (ii) which are not admitted to trading on a regulated market under Article 3.3. of the Prospectus Directive (any such Warrants, "Private Placement Warrants").

The Issuer has requested the UK Listing Authority to provide *Commission de Surveillance du Secteur Financier* (the "CSSF") in Luxembourg in its capacity as the competent authority in Luxembourg with (i) a copy of this Prospectus and (ii) a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

The Warrants will be represented by a Global Warrant, which will be issued and deposited with a common depository on behalf of Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. ("Euroclear") and/or any other relevant clearing system on the date of issue of the relevant Warrants.

The Issuer and the Guarantor (the "Responsible Persons") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the eighth paragraph on the cover page of this Prospectus. A&L accepts responsibility for the information contained in this Prospectus set out: (i) in the A&L audited annual financial statements (which are incorporated by reference into this Prospectus); (ii) in the "Summary of the Programme" section under the heading "Guarantee by A&L" on page 7 of this Prospectus; (iii) in the "Risk Factors" section on page 10 of this Prospectus insofar as it relates to A&L; (iv) under the headings "Changes to Alliance & Leicester plc Part VII Transfer" and "The Alliance & Leicester plc Guarantee in respect of the unsubordinated liabilities of Santander UK" in pages 148 of this Prospectus; (v) under the heading "Directors of Santander UK" on pages 149-150 of this Prospectus; (vi) in the significant or material change statement and the litigation statement in paragraphs 7 and 8 respectively of the "General Information" section on pages 165-166 of this Prospectus (insofar as those paragraphs relate to the A&L Group); and (vii) under the heading "Independent Auditors" in paragraph 9 of the "General Information" section on page 167 of this Prospectus (insofar as it relates to the A&L Group) (together, the "A&L Information"). To the best of the knowledge of A&L (having taken all reasonable care to ensure that such is the case) the A&L Information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Warrants are the persons named in the applicable Final Terms as the relevant Dealer and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Warrants from an Offeror will do so, and offers and sales of the Warrants to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between the Offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than the Dealers) in connection with the offer or sale of the Warrants and, accordingly, this Prospectus and any Final Terms will not contain such information. **THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Warrants (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Warrants should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Warrants constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Warrants.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Warrants shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Warrants of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in this Prospectus when deciding whether or not to purchase any Warrants.

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Warrants in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Warrants may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Warrants or distribution of this Prospectus in any

jurisdiction where action for that purpose is required. In particular, no action has been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Warrants outside the EEA or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Warrants may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Warrants. See "*Subscription and Sale and Transfer and Selling Restrictions*".

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Warrants in any Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offer of Warrants. Accordingly, any person making or intending to make an offer of Warrants in that Relevant Member State, which are the subject of an offering contemplated in this Prospectus, as completed by final terms in relation to the offer of those Warrants, may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by the applicable Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, none of the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Warrants in circumstances in which any obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Warrants create options exercisable by the relevant Warrantholder or which will be automatically exercised as provided herein. There is no obligation on the Issuer to pay any amount or deliver any asset to any holder of a Warrant unless the relevant Warrantholder duly exercises such Warrant or such Warrants are automatically exercised and, where applicable, an Exercise Notice (as defined below) is duly delivered. The Warrants will be exercisable in the manner set forth herein and in the applicable Final Terms. In certain instances, the holder of a Warrant will be required to certify, *inter alia*, that it is not a U.S. person or exercising such Warrant on behalf of a U.S. person.

The Warrants of each issue may be sold by the Issuer and/or any Dealer at such time and at such prices as the Issuer and/or the Dealer may select. There is no obligation upon the Issuer or any Dealer to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Subject to the restrictions set forth herein, the Issuer shall have complete discretion as to what type of Warrants it issues and when.

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Warrants being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their respective affiliates.

None of the Dealers, the Issuer and the Guarantor makes any representation to any investor in the Warrants regarding the legality of its investment under any applicable laws. Any investor in the Warrants should satisfy itself that it is able to bear the economic risk of an investment in the Warrants for an indefinite period of time.

Purchasers of such Warrants are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Warrants and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Warrants are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity or Relevant Asset and the information relating to any Reference Entity or Relevant Asset and the level or fluctuation of any Relevant Asset(s).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The consolidated annual financial statements of the Issuer, Santander UK and A&L for the years ended 31 December 2009 and 2008 were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The half yearly financial reports of the Issuer, Santander UK for the six months ended 30 June 2010 were prepared in accordance with International Accounting Standard 34. In the absence of authoritative guidance under IFRS for accounting for transactions between entities under common control, the transfer of A&L shares to Santander UK by Banco Santander effected on 9 January 2009 (as further described in the section "Description of Santander UK plc and the Santander UK Group" under the heading "Alliance & Leicester plc"), has been accounted for in a manner consistent with group reconstruction relief under UK GAAP. As a result, the transfer of A&L has been accounted for by the Guarantor with effect from 10 October 2008, the date on which Banco Santander acquired A&L. The consolidated balance sheet and related notes of the Group at 31 December 2008 have been updated to reflect this treatment in the annual financial statements of the Guarantor for the year ended 31 December 2009. For the avoidance of doubt, this treatment is not reflected in the consolidated balance sheet and related notes of the Group contained within the audited consolidated annual financial statements of Santander UK in its Annual Report and Accounts for the year ended 31 December 2008.

In this Prospectus, all references to billions are references to one thousand millions. Due to rounding, the numbers presented throughout this Prospectus may not add up precisely, and percentages may not precisely reflect absolute figures.

All references in this document to "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; references to "**U.S. dollars**", "**U.S.\$**" and "**\$**" are to the lawful currency of the United States of America; and references to "**Sterling**" and "**£**" are to the lawful currency of the United Kingdom.

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In connection with the issue of any Tranche of Warrants, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Warrants or effect transactions with a view to supporting the market price of the Warrants of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Warrants is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Warrants and 60 days after the date of the allotment of the relevant Tranche of Warrants. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published have been approved by the FSA or filed with it, shall be deemed to be incorporated in, and to form part of, this Prospectus and approved by the FSA for the purpose of the Prospectus Directive:

- (1) the unaudited half yearly financial report of the Issuer for the six months ended 30 June 2010;
- (2) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009, which appear on pages 10 to 80 of the Issuer's Annual Report and Accounts for the year ended 31 December 2009;
- (3) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008, which appear on pages 10 to 66 of the Issuer's Annual Report and Accounts for the year ended 31 December 2008;
- (4) the (i) unaudited consolidated half-yearly financial statements of the Guarantor for the half year ended 30 June 2010, which appear on pages 55 to 78 of the half yearly financial report of the Guarantor for the six months ended 30 June 2010; and (ii) the unaudited information in the Risk Management Report on pages 24 to 54 of such half yearly financial report;
- (5) the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2009, which appear on pages 99 to 188 of the Guarantor's Annual Report and Accounts for the year ended 31 December 2009; (ii) the audited information in the Directors' Report on page 92 of such annual report and accounts (except the paragraph entitled "Bank Payroll tax"); and (iii) the audited information in the Risk Management Report on pages 49 to 85 of such annual report and accounts;;
- (6) the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2008, which appear on pages 69 to 137 of the Guarantor's Annual Report and Accounts for the year ended 31 December 2008; (ii) the cross guarantee which appears on pages 148 to 150 of such annual report and accounts; (iii) the audited information in the Directors' Report on page 63 of such annual report and accounts, excluding the paragraph entitled "Directors' Interests and Related Party Transactions"; and (iv) the audited information in the Risk Management Report on pages 36 to 56 of such annual report and accounts. The audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2008 have been amended in the Guarantor's Annual Report and Accounts for the financial year ended 31 December 2009 to reflect the transfer of A&L to the Guarantor from Banco Santander in exchange for ordinary shares of the Guarantor (please see note 47 to the financial statements in the Guarantor's Annual Report and Accounts for the financial year ended 31 December 2009, which is incorporated by reference into this Prospectus as paragraph 5 above). With respect to the audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2008, potential investors should read the Guarantor's Annual Report and Accounts for the financial year ended 31 December 2009 and not the Guarantor's Annual Report and Accounts for the financial year ended 31 December 2008;
- (7) the (i) audited consolidated annual financial statements of A&L for the financial year ended 31 December 2009, which appear on pages 46 to 107 of A&L's Annual Report and Accounts for the year ended 31 December 2009; (ii) the cross guarantee which appears on pages 115 to 117 of such annual report and accounts; (iii) the audited information in the paragraph entitled "Retired Benefits" in the Directors' Report on page 41 of such annual report and accounts; and (iv) the audited information in the Risk Management Report on pages 15 to 37 of such annual report and accounts. Pursuant to an Order granted by the High Court of England and Wales on 13 May 2010, the business of A&L was transferred to the Guarantor on 28 May 2010 under the provisions of Part VII of the Financial Services and Markets Act 2000. Consequently, substantially all of the assets and liabilities of A&L have now been transferred to the Guarantor. Details of this transfer can

be found in the unaudited half yearly financial report of the Guarantor for the half year ended 30 June 2010 (incorporated by reference in paragraph (4) above);

- (8) the (i) audited consolidated annual financial statements of A&L for the financial year ended 31 December 2008, which appear on pages 16 to 33 and 43 to 101 of A&L's Annual Report and Accounts for the year ended 31 December 2008; (ii) the cross guarantee which appears on pages 108 to 110 of such annual report and accounts; (iii) the audited information in the Directors' Report on page 38 of such annual report and accounts, excluding the first paragraph on page 38, the paragraph entitled "Remuneration Committee" on page 38 and the first paragraph on page 39 of such annual report and accounts; and (iv) the audited information in the Risk Management Report on pages 16 to 33 of such annual report and accounts. Pursuant to an Order granted by the High Court of England and Wales on 13 May 2010, the business of A&L was transferred to the Guarantor on 28 May 2010 under the provisions of Part VII of the Financial Services and Markets Act 2000. Consequently, substantially all of the assets and liabilities of A&L have now been transferred to the Guarantor. Details of this transfer can be found in the unaudited half yearly financial report of the Guarantor for the half year ended 30 June 2010 (incorporated by reference in paragraph (4) above);
- (9) the Notice given in relation to the proposed transfer to Santander UK of the business of A&L under Part VII of the FSMA dated 27 April 2010;
- (10) the announcement made by A&L in relation to the Order granted by the High Court of England and Wales in respect of the transfer to Santander UK of the business of A&L under Part VII of the Financial Services and Markets Act 2000 dated 14 May 2010; and
- (11) the General Conditions of the Warrants and each of the Technical Annexes set out on pages 63 to 143 of the Prospectus dated 16 December 2009 and prepared by the Issuer and the Guarantor in connection with the Programme.

In addition, the following documents published or issued prior to the date hereof or published or issued from time to time after the date hereof, except to the extent included in paragraphs (1) through (11) above, shall be deemed to be incorporated in, and form part of, this prospectus provided that such documents whether published or issued prior to the date hereof or published or issued from time to time after the date hereof shall not form part of the base prospectus approved by the FSA for the purpose of the Prospectus Directive:

- (12) the most recently published Annual Report and Accounts on Form 20-F as filed with the SEC containing audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published Interim Financial Results containing interim consolidated financial statements of the Guarantor, as the same may be amended from time to time;
- (13) the most recently published Annual Report and Accounts containing audited consolidated and nonconsolidated annual financial statements of the Issuer; and
- (14) the most recently published Annual Report and Accounts containing audited consolidated and nonconsolidated annual financial statements of A&L.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), (provided, however, that such statement shall only form part of the Prospectus to the extent that it is contained in a document all or the relevant portion of which is incorporated by reference by way of a supplement proposed in accordance with Article 16 of the Prospectus Directive). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus pursuant to paragraphs (1) to (11) above can be obtained from the offices of the Issuer at 2 Triton Square, Regent's Place, London NW1 3AN, and from the specified office of the Principal Warrant Agent in London and will be available for viewing on the website of the Regulatory

News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

Please note that websites and URLs referred to herein do not form part of this Prospectus. To the extent that any document incorporated by reference in this Prospectus incorporates further information by reference, such further information does not form part of this Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Warrants, prepare a supplement to this Prospectus for use in connection with any subsequent issue of Warrants. The Issuer and the Guarantor have each undertaken to the Dealers in the Programme Agreement (as defined in Subscription and Sale and Transfer and Selling Restrictions) that they will comply with section 87G of the FSMA.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus and any decision to invest in any Warrants should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in "General Terms and Conditions of the Warrants" shall have the same meanings in this summary.

Issuer:	Abbey National Treasury Services plc.
Guarantor:	Santander UK plc. (formerly Abbey National plc.)
Description of Issuer and Guarantor:	The Guarantor, the parent company of the Santander UK Group, provides financial services in the U.K. Both the Issuer and Guarantor are public limited liability companies established under the laws of England and Wales. The Guarantor and the Issuer form part of Group Santander.
Description of Programme:	Warrant Programme.
Distribution:	Private or public placement on a syndicated or non-syndicated basis.
Arranger:	Abbey National Treasury Services plc trading as Santander Global Banking & Markets.
Dealers:	Abbey National Treasury Services plc trading as Santander Global Banking & Markets and/or any other Dealers appointed in accordance with the Programme Agreement.
Calculation Agent:	Abbey National Treasury Services plc, unless otherwise specified in the Final Terms.
Principal Warrant Agent:	Citibank, N.A., London.
Luxembourg Warrant Agent:	Dexia Banque Internationale à Luxembourg, société anonyme.
German Warrant Agent	Citigroup Global Markets Deutschland AG & Co. KGaA
Currencies:	Subject to any legal or regulatory restrictions, any currency indicated in the applicable Final Terms.
Issue Price:	Warrants may be issued at an issue price as indicated in the applicable Final Terms.

Settlement: The Warrants will be settled by cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**").

In certain circumstances the Issuer may vary settlement in respect of the Warrants.

Type of Warrants:

Warrants in respect of which payments and/or deliveries will be calculated by reference (i.e. linked) to an underlying asset or reference basis which may include an asset, index, exchange rate, formula, reference entity or obligation (or basket thereof), such Warrants including Equity Linked Warrants, Equity Index Linked Warrants, Inflation Linked Warrants, Commodity Linked Warrants, Currency Linked Warrants, Fund Linked Warrants, Property Linked Warrants and Credit Linked Warrants.

Other types of Warrants may also be issued under the Programme and the Final Terms pertaining to any such Warrants will specify all the terms and conditions applicable thereto, which may or may not include features of the above types of Warrants or certain or all of the terms and conditions set out in the General Terms and Conditions of the Warrants contained herein.

The Warrants may either be European Style Warrants, American Style Warrants or Bermudan Style Warrants.

Linked Warrants: A Call Warrant and a Put Warrant may be purchased and held together as a unit and, when so purchased and held, for trading purposes, comprise a Linked Warrant. A Linked Warrant may be separated by a Warrantholder in such manner as specified in the applicable Final Terms.

Exercise Rights: American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

American Style Warrants where Automatic Exercise is specified in the applicable Final Terms, with respect to which no Exercise Notice (as defined below) has been delivered in accordance with General Condition 5 (*Exercise Procedure*), at or before 10.00 a.m., Luxembourg or Brussels time, as applicable, on the last Exercise Business Day of the Exercise Period, and which are "in-the-money" shall be automatically exercised on such day.

American Style Warrants where Automatic Exercise is not specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in accordance with General Condition 5 (*Exercise Procedure*) at or before 10.00 a.m., Luxembourg or Brussels time, as applicable, on the last Exercise Business Day of the Exercise Period shall become void.

European Style Warrants are only exercisable on the Exercise Date.

European Style Warrants where Automatic Exercise is specified in the applicable Final Terms, and with respect to which no Exercise Notice has been delivered in accordance with General Condition 5 (*Exercise Procedure*) at or

before 10.00 a.m., Luxembourg or Brussels time, as applicable, on the Exercise Date, and which are "in-the-money" shall be automatically exercised on the Exercise Date. European Style Warrants where Automatic Exercise is not specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*) at or prior to 10.00 a.m., Luxembourg or Brussels time, as applicable, on the Exercise Date, shall become void.

Bermudan Style Warrants are exercisable on each Exercise Date.

Bermudan Style Warrants where Automatic Exercise is specified in the applicable Final Terms, and with respect to which no Exercise Notice (as defined below) has been delivered in accordance with General Condition 5 (*Exercise Procedure*), at or before 10.00 a.m., Luxembourg or Brussels time, as applicable, on the last Exercise Date, and which are "in-the-money" shall be automatically exercised on such day.

Bermudan Style Warrants where Automatic Exercise is not specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in accordance with General Condition 5 (*Exercise Procedure*) at or before 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Exercise Date, shall become void.

Certain Warrants may be specified to become automatically exercised on the occurrence of certain events, including, without limitation, if the Settlement Price during a certain period is lower or greater than a specified level. In such a case, Warrants will be exercised earlier than anticipated.

In respect of Warrants where Automatic Exercise is not specified to be applicable in the applicable Final Terms, if no Exercise Notice is delivered on or prior to the relevant Expiration Date, the Warrants will become void and the Issuer and Guarantor shall be discharged from all obligations in respect of such Warrants. In such a case, Warrantholders will receive nothing.

Form of Warrants: Global Warrant held by a common depository on behalf of the Clearing Systems. Definitive Warrants will not be issued.

Clearing Systems: Clearstream, Banking société anonyme and Euroclear Bank S.A./N.V. or any additional clearing system approved by the relevant Issuer and the Principal Warrant Agent from time to time.

Taxation and Expenses: A holder of Warrants must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants and/or, if applicable, the delivery or transfer of the Entitlement relating to such Warrants.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant by any person, and all payments made by the relevant Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Events of Default: The terms of the Warrants will contain, amongst others, the following events of default:

- (a) default in payment or delivery due in respect of Warrants, continuing for a specified period of time;
- (b) non-performance or non-observance by the Issuer or Guarantor of any of its obligations under the Terms and Conditions of the Warrants, Guarantee or Warrant Agreement continuing for a specified period of time; and
- (c) events relating to the insolvency or winding-up of the Issuer or Guarantor.

It should be noted, however, that it is a condition precedent to a relevant event being treated as an event of default that at least twenty-five per cent. (25%) by number of Warrantholders have requested this.

Status of the Warrants: The Warrants will constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without preference among themselves and, subject as to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Guarantee: The Warrants will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

Guarantee by A&L: A&L has granted a guarantee in respect of Santander UK's unsubordinated liabilities incurred prior to 31 July 2012 and in turn Santander UK has granted a guarantee in respect of A&L on a substantially similar basis. A&L is not a Guarantor under the Programme.

Pursuant to the terms of the Order granted by the High Court of England and Wales in respect of the transfer to Santander UK of the business of A&L under Part VII of the Financial Services and Markets Act 2000 dated 14 May 2010, A&L has agreed with Santander UK that the rights and obligations of A&L under the A&L Guarantee shall remain with A&L until such time as A&L and Santander UK agree that they should be transferred to Santander UK, at which time the A&L Guarantee would cease to have any practical effect.

Rating: If any issue of Warrants under the Programme is rated, the rating of such Warrants will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing and Admission to Trading:

Application has been made to the UK Listing Authority for Warrants issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Warrants to be admitted to trading on the London Stock Exchange's Regulated Market.

The Warrants may be admitted to trading on the Luxembourg Stock Exchange's regulated market and be listed on the Official List of the Luxembourg Stock Exchange.

The Warrants may also be listed or admitted on other or further stock exchange(s) or markets as indicated in the applicable Final Terms in relation to each Series. Warrants which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Warrants are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Warrants and any non-contractual obligations arising out of or in connection with the Warrants will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions:

Restrictions on the offer, sale and transfer of Warrants are set out in the section headed "*Subscription and Sale and Transfer and Selling Restrictions*". Additional selling restrictions may apply as specified in the applicable Final Terms.

Certain Restrictions:

Each issue of Warrants, denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply, will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*").

Risk Factors:

Each prospective investor should consult its own financial and legal advisers about the risks associated with an investment in the Warrants and the suitability of an investment in the relevant Warrants in light of its particular circumstances.

Risks relating to the Group

There are certain factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under Warrants. These are set out under "*Risk Factors – Risk factors relating to the Issuer*" and "*Risk Factors – Risk factors relating to both the Issuer and the Guarantor*" below and include risks concerning the creditworthiness of the Issuer and the Guarantor, changes to the Group's capital position and capital adequacy requirements, the ability to attract and retain skilled personnel, potential increases in levies paid to the FSCS, general economic conditions, competition in the financial services industry, regulatory and legislative change, operational risks, potential conflicts of interest and the risk that hedging and trading activity by the Issuer, the Guarantor or any of their affiliates may affect the value of Warrants.

Risks relating to investment in the Warrants

Risks relating to investment in the Warrants depend on their features and may include, *inter alia*, the following, all of which are more fully described under "*Risk Factors – General risks relating to investments in the Warrants*":

- (i) *limited and/or volatile market value of the Warrants,*
- (ii) *loss of all or part of a Warrantholder's initial investment or anticipated return on such investment which may be due to the Warrants being determined by reference to the underlying asset or basis of reference (such as equities, index exchange rates, etc.), and*
- (iii) *Warrants being unsecured obligations of the Issuer.*

Other risks relating to the Warrants include:

- (i) *binding decisions of meetings of Warrantholders,*
- (ii) *no payment of additional amounts in relation to taxes withheld from payments under the Warrants,*
- (iii) *changes in law,*
- (iv) *lack of a liquid secondary trading market for the Warrants,*
- (v) *Warrantholders receiving payments in a currency other than that of their financial activities,*
- (vi) *early cancellation of the Warrants at the option of the Issuer (if applicable) and on a mandatory basis in certain circumstances;*
- (vii) *Physical Delivery Warrants may not be physically settled in certain circumstances;*
- (viii) *non-automatic Warrants becoming void where no Exercise Notice delivered;*
- (ix) *certain investors being subject to laws and regulations or review or regulation by certain authorities,*
- (x) *the fact that the Warrants may not be a suitable investment for all investors and/or*
- (xi) *the fact that the Warrants may be subject to certain transfer restrictions.*

In addition, for certain of the above Warrants, various events in relation to the relevant underlying asset or reference basis may lead to adjustments to or early cancellation of the Warrants and there are certain factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme (see "*Risk Factors – Risks related to the market generally*").

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Warrants issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Warrants issued under the Programme, but the inability of the Issuer or the Guarantor to perform its obligations in connection with any Warrants may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "General Terms and Conditions of the Warrants" below or elsewhere in this Prospectus have the same meanings in this section.

1. Risk factors relating to the Issuer

The Issuer is a wholly-owned subsidiary of the Guarantor. Banco Santander and Santusa Holding, S.L. own the entire issued ordinary share capital of the Guarantor. The primary activities of the Issuer concern short-term financial transactions, asset management and derivatives and structured products. As a result, the Issuer's ability to meet and perform its obligations may be affected by any inability of third parties to perform obligations owed to the Issuer.

2. Risk factors relating to both the Issuer and Guarantor

The Guarantor and its subsidiaries (the "**Group**") provide a comprehensive range of personal financial services, including savings and investments, mortgages, unsecured lending, banking, pensions, life and general insurance products to customers throughout the United Kingdom. In addition, the Group provides offshore operations in certain jurisdictions. As a result, the Guarantor's ability to meet and perform its obligations may be affected by the performance of the Group.

The Group's risk management measures may not be successful

The management of risk is an integral part of all the Group's activities. Risk constitutes the Group's exposure to uncertainty and the consequent variability of return. Specifically, risk equates to the adverse impacts on profitability arising from different sources of uncertainty including credit risk (retail), credit risk (wholesale), credit risk (corporate and commercial), market risk (traded and non traded), operational risk, (asset-backed funding risk), securitisation risk, interest rate risk in the banking book, concentration risk, liquidity risk, reputational risk, business risk and strategic risk, pension obligation risk, residual value risk and regulatory risk. The Group seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While the Group employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques, and the judgments that accompany their application, cannot anticipate every unfavourable event or the specifics and timing of every outcome. Accordingly, the Group's ability to successfully identify and balance risks and rewards, and to manage all material risks, is an important factor that can significantly affect the Group's results of operations.

Risks concerning borrower credit quality and general economic conditions are inherent in the Group's business

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in UK or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts. Likewise, a significant reduction in the demand for the Group's products and services could negatively impact the Group's business and financial condition. Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, an increase in general fraud and money laundering activity (first and third party), general widening of spreads and, in some cases, a lack of price transparency on inter-bank lending rates.

In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers Holdings Inc. Since then, a number of other major financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, have experienced significant financial difficulties.

Governments and central banks took concerted action to make substantial funds and guarantees available to boost liquidity and confidence in their financial systems, stimulate lending and support important institutions at risk of failing, in addition to cutting taxes and lowering interest rates. As a consequence, conditions eased in 2009 and most leading developed economies, including the United Kingdom, began to emerge from recession, although the pace and depth of recovery was uneven across asset markets. However, the financial services industry continued to face an unusually high degree of uncertainty.

Despite the stabilisation in conditions experienced in 2009, dramatic declines in the previous two years in the housing markets in the UK combined with increasing unemployment continue to adversely affect the credit performance of real estate related exposures, resulting in significant write-downs of asset values by financial institutions, including Santander UK. These write-downs, initially of asset backed securities but spreading to other securities and loans, caused many financial institutions to seek additional capital, to reduce or eliminate dividends, to merge with larger and stronger competitors or, in some cases, to fail.

This market turmoil and reduction of available credit have contributed to decreasing consumer confidence, increased market volatility, reduced business activity and, consequently, increasing commercial and consumer loan delinquencies. These market developments may further affect consumer confidence levels and may cause adverse changes in payment patterns, causing further increases in delinquencies and default rates, which may impact the Group's charge-offs and provision for credit losses. These market conditions could materially and adversely affect the Group's financial condition and results of operations.

In the United Kingdom, the contraction in economic output appears to have ceased with the country emerging slowly from recession in the last quarter of 2009. However, economic indicators remain weak and the risk of the country slipping back into recession in 2010, prolonging the recovery, remains. Government measures to tackle the record levels of national debt, including taxation rises and public spending cuts, are also likely to result in a slower recovery than other recent recessions. Political involvement in the regulatory environment and the major financial institutions in which the state has a direct financial interest will continue. Government demands for increased credit to support the economic recovery will increase competition for deposits, narrowing margins. The combination of slow economic recovery, government intervention and competition for deposits will maintain the pressure on Santander UK's retail business model. Credit quality should improve in some sectors as the economy returns to growth but could be adversely affected by any increase in unemployment into 2010.

The soundness of other financial institutions could materially and adversely affect the Group's business

The Group's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Group has exposure to many different industries and

counterparties, and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual funds, and other institutional clients. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by the Group or by other institutions. Many of these transactions expose the Group to credit risk in the event of default of the Group's counterparty or client. In addition, the Group's credit risk may be increased when the collateral held by the Group cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due to the Group. There is no assurance that any such losses would not materially and adversely affect the Group's results of operations.

Risks associated with liquidity and funding are inherent to the Group's business

Liquidity risks are inherent in any retail and commercial bank. Whilst the Group has implemented liquidity management processes to mitigate and control these risks, unforeseen systemic market factors in particular make it difficult to eliminate these risks completely. Adverse and continued constraints in the supply of liquidity, including inter-bank lending, may materially and adversely affect the cost of funding the Group's business and extreme liquidity constraints may impact the Group's current operations as well as limit growth possibilities. These events may also have a material adverse effect on the market value and liquidity of bonds issued by the Group in the secondary markets. From 2007 to date, the prime residential mortgage securitisation and covered bond markets have experienced severe disruption as a result of a material reduction in investor demand for these securities. These severe disruptions have resulted in extraordinary government intervention into the financial services sector as a whole. These markets, which are important sources of funding for the Group, were effectively closed to new external issuances of securities. Global investor confidence also remains low and credit remains relatively scarce.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Group may be forced to raise the rates it pays on deposits to attract more customers. While central banks around the world have taken coordinated efforts to increase liquidity in the financial markets by taking measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates and significantly increasing temporary reciprocal currency arrangements (or "**swap lines**"), it is not known how long these market conditions will continue or whether they will worsen or how long central bank schemes will continue or on what terms. The persistence of these adverse market conditions could have a material adverse effect on the Group's liquidity and funding.

Any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Rating agencies regularly evaluate the Group and their ratings of the Group's short-term and long-term debt are based on a number of factors, including the Group's financial strength as well as conditions affecting the financial services industry generally. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the rating agencies will maintain the Group's current ratings or outlooks. Any reduction in those ratings and outlooks could increase the cost of the Group's funding and adversely affect the Group's interest margins and/or impact its liquidity position.

Market risks associated with fluctuations in interest rates, foreign exchange rates, bond and equity prices and other market factors are inherent in the Group's business

The most significant market risks the Group faces are interest rates and bond and equity price risks. Changes in the general level of interest rates, as well as changes in the shape of yield curves and basis spreads may adversely affect the interest rate margin realised between lending rates and borrowing costs in the Group's banking operation. Significant declines in housing markets over the past two years have negatively impacted the credit performance of real estate related loans and resulted in significant write-downs of asset values by many financial institutions. These write-downs, initially of asset-backed securities but spreading to other securities and loans, have caused many financial institutions to seek additional capital, to reduce or eliminate dividends, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of

counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions.

As a result of these market forces, volatility in interest rates and basis spreads has increased, which has increased the Group's borrowing costs, while decreasing values of global debt and equity markets has had an adverse effect on the value of the Group's investment portfolio. Any such increase in capital markets funding costs or deposit rates could entail a re-pricing of loans, which would result in a reduction of volumes, and may also have an adverse effect on the Group's interest margins. The Group also sponsors a number of defined benefit staff pension schemes, and its obligations to those schemes may increase depending on the performance of financial markets. Although the Group is undertaking measures to mitigate and control the effects of these conditions, there can be no assurances that such controls will insulate the Group from deteriorating market conditions.

Risks associated with strategic decisions regarding organic growth, and potential acquisitions and disposals

The Group allocates management and planning resources to develop strategic plans for organic growth and to identify possible acquisitions and disposals and the restructuring of the Group's businesses. If the outcomes of these plans do not match expectations, the Group's earnings may not develop as forecast.

The Group may incur unanticipated losses related to its recent business combinations

The Group has recently acquired the Bradford & Bingley savings business in September 2008. In January 2009, Banco Santander transferred its shares in Alliance & Leicester plc to Santander UK. The Group's assessment of these business combinations is based on limited and potentially inexact information and on assumptions with respect to operations, profitability, asset quality and other matters that may prove to be incorrect. The aforementioned financial institutions have been adversely affected by the current financial crisis and Alliance & Leicester plc has material portfolios of securities that have suffered losses and could decline meaningfully in value. There can be no assurances that these businesses will not incur substantial further losses or that the Group will not be exposed to currently unknown liabilities resulting from these business combinations. Any such losses or liabilities could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may fail to realise the anticipated benefits of its business combinations

The success of the Group's recent business combinations will depend, in part, on the Group's ability to realise the anticipated benefits from combining the Group's business with the businesses of Alliance & Leicester plc and Bradford & Bingley savings business it has acquired. It is possible that the integration process could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company to maintain relationships with clients, customers or employees. In addition, these businesses are currently run by management and employees who have not previously been exposed to the Group's business culture or philosophy. The Group's efforts to integrate these companies are also likely to divert management attention and resources. If the Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Group's recent business combinations may not be realised fully or at all, or may take longer to realise than expected.

The Group's business is concentrated in the U.K. and on the offering of mortgage related products and services

The Group's business is principally concentrated in the UK and on the offering of mortgage related products and services. As a consequence, the Group's financial condition and results of operations are highly dependent on economic conditions in the U.K., generally, and the U.K. property market, in particular. Beginning in the second half of 2008, U.K. and global economic conditions deteriorated significantly and global financial markets experienced acute turbulence. The UK economy contracted further in 2009 overall, though it returned to slight positive GDP growth in the last quarter. In 2008 and much of 2009, the UK property market suffered a significant correction as a consequence of housing demand being constrained by a combination of subdued earnings growth, greater pressure on housing finances, rising unemployment, changes in interest rates, a decline in the availability of mortgage finance and the continued effect of global market volatility. U.K. and global economic conditions and uncertainties may have an adverse effect on the

quality of the Group's loan portfolio and may result in a rise in delinquency and default rates and write-offs/charge-offs. There can be no assurance that the Group will not have to increase its provisions for loan losses in the future as a result of future increases in non-performing loans or for other reasons beyond its control. Any increases in the Group's provisions for loan losses could materially and adversely affect the Group's financial condition and results of operations.

The Group's business is conducted in a highly competitive environment

The market for U.K. financial services is highly competitive, and the financial crisis has re-shaped the banking landscape in the United Kingdom, reinforcing both the importance of a retail deposit funding base and strong capitalisation. The financial industry's renewed focus on building retail deposit bases has resulted in greater pricing competition in terms of interest rates offered, and management expects such competition to intensify in response not only to regulatory actions but to other factors including competitor behaviour, consumer demand, technological changes and the impact of consolidation. If financial markets remain unstable, financial institution consolidation may continue. Moreover, the U.K. government has effectively nationalised some of the country's largest banks, and has implemented a preferred equity programme open to all financial institutions and another programme to guarantee short-term and certain medium-term debt of financial institutions, among other measures. These measures could lead to increased government ownership and control over financial institutions in the U.K. and further consolidation in the financial industry, all of which could adversely affect the Group's business, financial condition and results of operations. The Group's financial condition and results of operations may be materially and adversely affected by competition, including declining lending margins or competition for savings driving up funding costs that cannot be recovered from borrowers. If the Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new deposits and retain existing deposits, which could materially and adversely affect its financial position and results of operations.

Operational risks are inherent in the Group's business

Operational losses can result from fraud, criminal acts, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, failure or breakdown of accounting, data processing and other record keeping systems, natural disasters, or failure or breakdown of external systems, including those of the Group's suppliers or counterparties.

The Group's business could be affected if its capital is not managed effectively

Effective management of the Group's capital position is important to its ability to operate its business, to continue to grow organically and to pursue its strategy. Any future change that limits the Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms could have a material adverse effect on the Group's financial condition and regulatory capital position.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel

The Group's continued success depends in part on the continued service of key members of its management team. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Group's strategy. The successful implementation of the Group's growth strategy depends on the availability of skilled management, both at its head office and at each of its business units. If the Group or one of its business units or other functions fails to staff their operations appropriately or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations, including control and operational risks, may be adversely affected. Likewise, if the Group fails to attract and appropriately train, motivate and retain qualified professionals, its business may also be affected. Nothing in this risk factor should be taken to imply that any of the Issuer, the Guarantor or A&L would be unable to comply with their obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

Reputational risk could cause harm to the Group and its business prospects

The Group's ability to attract and retain customers and conduct business transactions with its counterparties could be adversely affected to the extent that its reputation, or the reputation of affiliates operating under the Santander brand, is damaged. Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to the Group and its business prospects. Reputational issues include, but are not limited to: appropriately addressing potential conflicts of interest; legal and regulatory requirements; ethical issues; adequacy of anti-money laundering processes; privacy issues; record-keeping; sales and trading practices; proper identification of the legal, reputational, credit, liquidity and market risks inherent in products offered; and general company performance. The failure to address these issues appropriately could make customers unwilling to do business with the Group, which could adversely affect its results of operations.

The Group's businesses are subject to substantial legislative, regulatory and governmental oversight

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates and, indirectly, in Spain, as a result of being part of Grupo Santander. During the recent market turmoil, there have been unprecedented levels of government and regulatory intervention and scrutiny, and changes to the regulations governing financial institutions. In addition, in light of the financial crisis, regulatory and governmental authorities are considering, or may consider, further enhanced or new legal or regulatory requirements intended to prevent future crises or otherwise ensure the stability of institutions under their supervision in addition to those measures that have already been announced. For instance, the UK Government published a White Paper on 8 July 2009 (HM Treasury paper "Reforming Financial Markets" (CM 7667)) which contained a number of proposals for reforming the UK financial system, including more stringent capital and liquidity requirements for systemically significant firms, requirements for banks to develop detailed plans for winding down their businesses and enhanced regulatory powers for the UK Financial Services Authority. A number of the proposals set out in the White Paper now form part of the Financial Services Act which received royal assent on 8 April 2010. In November 2009, the UK Financial Services Authority also released the Banking Conduct of Business sourcebook, a set of rules and guidance that regulate how authorised banks conduct business with their customers, including rules relating to communications, cancellation rights and information rights of customers. Recent proposals and measures taken by governmental and regulatory authorities and future changes in supervision and regulation, in particular in the UK, which are beyond the Group's control, could materially affect the Group's business, the products and services offered or the value of assets as well as the Group's operations and result in significant increases in operational costs. Changes in UK legislation and regulation to address the stability of the financial sector may also affect the competitive position of the UK banks, including the Group's, particularly if such changes are implemented before international consensus is reached on key issues affecting the industry, for instance in relation to the UK Financial Services Authority's proposals on liquidity risk management (see the risk factor "The Group is subject to regulatory capital and liquidity requirements that could limit its operations" below for further details). Certain proposed regulatory changes in the area of asset-backed securitisation, which has historically been a major source of funding for the Group, may impact the ability to use securitisation as a source of funding in the future. Although the Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the Group's business. The resolution of a number of issues, including regulatory investigations and reviews and court cases, affecting the U.K. financial services industry, including the Group, could have a negative impact on the Group's results on operations or on its relations with some of its customers and potential customers.

The Group is subject to regulatory capital and liquidity requirements that could limit its operations

The Group is subject to capital adequacy requirements adopted by the UK Financial Services Authority for banks, which provide for a minimum ratio of total capital to risk-adjusted assets both on a consolidated basis and on a solo basis, expressed as a percentage. If the Group fails to maintain its ratios this may result in administrative actions or sanctions against it which may impact the Group's ability to fulfil its obligations.

However, in response to the recent financial crises, the UK Financial Services Authority will impose more stringent capital adequacy requirements, including increasing the minimum regulatory capital requirements imposed on the Group. For instance, the UK Financial Services Authority has adopted a supervisory approach in relation to certain UK banks, including the Group, under which those banks are expected to maintain tier 1 capital in excess of the minimum levels required by existing UK Financial Services Authority rules. The UK Financial Services Authority is also consulting on changes to the eligibility criteria for tier 1 capital as well as requirements that may result in banks increasing the level of regulatory capital held in respect of trading book risks, implementing the recent amendments to the EU-wide capital adequacy requirements (as set out in the amended Directive 2006/48/EC and Directive 2006/49/EC, collectively referred to as the “Capital Requirements Directive”).

In December 2009, the Basel Committee on Banking Supervision also published and is currently consulting on a number of proposals to reform international capital adequacy and liquidity standards in order to increase resilience in the banking sector to financial and economic stresses. Proposals include phasing out innovative tier 1 instruments with incentives to redeem and implementing a leverage ratio on institutions in addition to current risk-based regulatory capital requirements. Measures are also proposed to promote the building of counter-cyclical capital buffers that may be drawn upon in stress scenarios, such as limiting the ability of institutions to distribute capital (dividend payments, discretionary bonus payments, share repurchases) in the event that the institution’s capital (over and above minimum capital adequacy requirements) fall under prescribed thresholds, thereby conserving capital in stress scenarios.

On 5 October 2009, the UK Financial Services Authority published its new liquidity rules which significantly broaden the scope of the existing liquidity regime and are designed to enhance regulated firms’ liquidity risk management practices. As part of these reforms, the UK Financial Services Authority is also expected to gradually implement requirements for financial institutions to hold prescribed levels of liquid assets and have in place other sources of liquidity to address the institution-specific and market-wide liquidity risks that institutions may face in short-term and prolonged stress scenarios.

These measures could have a material adverse effect on the Group’s results of operations, financial condition and prospects. There is a risk that changes to the UK capital adequacy regime may result in increased minimum capital requirements, which could reduce available capital and thereby affect the Group’s ability to pay dividends, continue organic growth or pursue acquisitions or other strategic opportunities. In addition, changes to the eligibility criteria for tier 1 capital may impact the Group’s ability to raise tier 1 capital or the eligibility of existing tier 1 capital resources (although this risk may be mitigated if the UK Financial Services Authority adopt measures to grandfather the regulatory capital treatment of existing tier 1 resources that do not comply with any revised criteria).

There is also a risk that implementing and maintaining enhanced liquidity risk management systems may incur significant costs and more stringent requirements to hold liquid assets and liquidity facilities may materially impact the Group’s lending business as more funds may be required to acquire or maintain liquidity resources.

In the United Kingdom the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers

In the United Kingdom, the Financial Services Compensation Scheme (the FSCS) was established under FSMA and is the UK’s statutory fund of last resort for customers of authorised financial services firms. The FSCS can pay compensation to customers if a UK Financial Services Authority authorised firm is unable, or likely to be unable, to pay claims against it (for instance, an authorised bank is unable to pay claims by depositors). The FSCS is funded by levies on firms authorised by the UK Financial Services Authority, including the Group and other members of the Group.

In the event that the FSCS raises funds from authorised firms, raises those funds more frequently or significantly increases the levies to be paid by such firms, the associated costs to the Group may have a material impact on its results of operations or financial condition. The recent measures taken to protect the depositors of deposit-taking institutions involving the FSCS have resulted in a significant increase in the levies made by the FSCS on the industry and may do so in the future if similar measures are required to protect depositors of other institutions.

In addition, regulatory reform initiatives in the UK and internationally may result in further changes to the FSCS, which could result in additional costs and risks for the Group. For instance, the UK Government has proposed a consultation on pre-funding the FSCS, which may affect the profitability of the Group (and other members of the Group required to contribute to the FSCS), although it has made clear that pre-funding would not be introduced before 2012. Furthermore, the UK Financial Services Authority has proposed that UK deposit-taking institutions develop systems by 31 December 2010 to enable the institution to produce an aggregated view of each customer's eligibility for compensation in the event of a failure (a "Single Customer View"), which may require the Group to incur significant costs arising from the development and implementation of systems and controls that would enable Single Customer Views to be produced.

To the extent that other jurisdictions where the Group operates have introduced or plan to introduce similar compensation, contributory or reimbursement schemes, the Group may incur additional costs and liabilities which may negatively impact its results of operations or financial condition.

The U.K. Banking Act 2009 may adversely affect the Group's business

Under the Banking Act 2009 (the **Banking Act**), substantial powers have been granted to HM Treasury, the Bank of England and the UK Financial Services Authority (the **FSA** and, together with HM Treasury and the Bank of England, the **Authorities**) as part of a special resolution regime (the **SRR**). These powers enable the Authorities to deal with a UK bank, building society or other UK institution with permission to accept deposits pursuant to Part IV of the Financial Services and Markets Act 2000 (**FSMA**) (each a **relevant entity**) in circumstances in which the Authorities consider its failure has become highly likely and a threat is posed to the public interest. The SRR consists of three stabilisation options and two insolvency and administration procedures applicable to UK banks which may be commenced by the Authorities. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank of England; and (iii) temporary public ownership (nationalisation) of the relevant entity or its UK-incorporated holding company. In each case, the Authorities have been granted wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively. The following paragraphs set out some of the possible consequences of the exercise of those powers under the SRR.

The SRR may be triggered prior to insolvency of the Issuer or Guarantor

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may only be exercised if (a) the FSA is satisfied that a relevant entity (such as the Issuer or Guarantor) is failing, or is likely to fail, to satisfy the threshold conditions within the meaning of section 41 of the FSMA (which are the conditions that a relevant entity must satisfy in order to retain its authorisation to accept deposits), (b) following consultation with the other Authorities, the FSA determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those threshold conditions, and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial systems, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Various actions may be taken in relation to the Warrants or the terms of the Guarantee may be modified without the consent of the Warrantholders

If the Issuer or Guarantor were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections made under The Banking Act 2009 (Restrictions of Partial Property Transfers) Order 2009) in respect of the Issuer or Guarantor. Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Warrants) the Guarantee without

the consent of the Warrantheolders, including (among other things): (i) transferring the Warrants notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance; (ii) delisting the Warrants; (iii) converting the Warrants into another form or class (the scope of which power is unclear, although may include, for example, conversion of the Warrants into equity securities); (iv) modifying or disapplying certain terms of the Warrants, including disregarding any termination or acceleration rights or events of default under the terms of the Warrants which would be triggered by the transfer and certain related events; and/or (v) where property is held on trust, removing or altering the terms of such trust modifying or disapplying the terms of the Guarantee. If the terms of the Warrants are modified or disappplied without the consent of the Guarantor, the validity of the Guarantee may be affected.

There can be no assurance that the taking of any such actions would not adversely affect the rights of Warrantheolders, the price or value of their investment in the Warrants and/or the ability of the Issuer or Guarantor to satisfy its obligations under the Warrants or Guarantee. In such circumstances, Warrantheolders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Warrantheolders would thereby recover compensation promptly or equal to any loss actually incurred.

A partial transfer of the Issuer's or Guarantor's business may result in a deterioration of its creditworthiness

If the Issuer or Guarantor were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer or Guarantor (which may include the Warrant or Guarantee) may result in a deterioration in the creditworthiness of the Issuer or Guarantor and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Warrant or Guarantee and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Warrantheolders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Warrantheolders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer or Guarantor and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Warrantheolders will not be adversely affected by any such order or instrument if made.

3. General risks relating to investments in the Warrants

The Warrants are unsecured obligations of the Issuer and the Guarantor

All Warrants will represent direct, unconditional and unsecured obligations of the Issuer. All Warrants will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

The obligations of the Issuer are fully and unconditionally guaranteed by the Guarantor. It should however be noted that this Guarantee extends only to amounts which have become due and payable or obligations which are due to be performed in accordance with the Conditions of the Warrants. It is not an assurance that any amount will become due and payable or any other relevant obligation arise under the terms of the relevant Warrant. The obligations of the Guarantor under the Guarantee are unsubordinated and unsecured obligations of Santander UK plc and will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all its other present and future unsubordinated and unsecured obligations of the Guarantor.

The Warrants may not be a suitable investment for all investors

Each potential investor in the Warrants must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Warrants, the merits and risks of investing in the Warrants and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Warrants and the impact the Warrants will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants, including where currency of payments is different from the potential investor's currency;
- understand thoroughly the terms of the Warrants and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Commodity Linked Warrants, Currency Linked Warrants, Debt Linked Warrants, Equity Linked Warrants, Equity Index Linked Warrants, Fund Linked Warrants, Inflation Index Linked Warrants, Property Index Linked Warrants or other Warrants linked to other Reference Asset(s) may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in “*Risks associated with specific Types of Warrants*” set out below.

Warrants are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Warrants which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

Nothing in this Prospectus is intended to be tax advice, and prospective Warrantholders should seek their own professional tax advice.

The Issuer and the Guarantor cannot assure a trading market for the Warrants will ever develop or be maintained

The Issuer may issue Warrants in different series with different terms in amounts that are to be determined. Such Warrants may be unlisted or listed on a recognised stock exchange and there can be no assurance regarding the ability of Warrantholders to sell their Warrants or the price at which such holders may be able to sell their Warrants. Investors should however, be aware of the prevailing and widely reported global credit market conditions, whereby a general lack of liquidity in the secondary market for instruments similar to the Warrants may result in investors suffering losses on Warrants in secondary re-sales even if there is no decline in the performance of the assets of the Issuer or the Guarantor. The Issuer and the Guarantor cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Warrants at that time. If a trading market were to develop, the Warrants could trade at prices that may be higher or lower than the relevant initial issue price and this may result in a return that is greater or less than the amounts payable or deliverable in respect of the Warrants, depending on many factors, including:

- the Group's financial results;
- any change in the Issuer's or the Guarantor's creditworthiness;
- the market for similar securities or instruments;

- the complexity and volatility of the Relevant Assets (hereinafter defined) applicable to any Warrants issued under the Programme;
- the method of calculating amounts payable or deliverable in respect of the Warrants;
- the time remaining to exercise the Warrants;
- the outstanding number of the Warrants;
- the exercise features of the Warrants; and
- the level, direction and volatility of market interest rates generally.

In addition, certain Warrants have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Warrants. This may affect the price an investor receives for such Warrants, or the ability of an investor to sell such Warrants at all.

The Issue Price of the Warrants may be more than the market value of such Warrants as at the Issue Date, and the price of the Warrants in secondary market transactions

The Issue Price in respect of any Warrants specified in the relevant Final Terms may be more than the market value of such Warrants as at the relevant Issue Date, and the price, if any, at which the relevant Dealer(s) or any other person willing to purchase such Warrants in secondary market transactions may be lower than the Issue Price in respect of such Warrants. In particular, the Issue Price in respect of any Warrants may take into account amounts with respect to commissions relating to the issue and sale of such Warrants as well as amounts relating to the hedging of the Issuer's obligations under such Warrants, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result.

The Warrant's purchase price may not reflect its inherent value

Prospective investors in the Warrants should be aware that the purchase price of a Warrant does not necessarily reflect its inherent value. Any difference between a Warrant's purchase price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or accorded to the various parties involved in structuring and/or distributing the Warrants. For further information prospective investors should refer to the party from whom they are purchasing the Warrants. Prospective investors may also wish to seek an independent valuation of Warrants prior to their purchase.

The Warrants are subject to selling and transfer restrictions that may be affected by the existence and liquidity of any secondary market in the Warrants

The Warrants have not been, and will not be, registered under the Securities Act or any other securities laws. Accordingly, the Warrants are subject to certain restrictions on the resale and other transfer thereof as set forth under "Subscription and Sale and Transfer and Selling Restrictions". As a result of such restrictions, the Issuer and the Guarantor cannot be certain of the existence of a secondary market for the Warrants or the liquidity of such market if one develops. Consequently, a Warrant holder must be able to bear the economic risk of an investment in such Warrants for an indefinite period of time.

There may be potential conflicts of interests as ANTS holds a variety of roles

ANTS may be acting in a number of capacities (e.g. Calculation Agent, Issuer and Dealer) in connection with the transactions described in this Prospectus. ANTS, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of

care other than as expressly provided with respect to each such capacity. ANTS, in its various capacities in connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by its constitutional and other corporate documents, from which it may derive revenues and profits in addition to the fees, if any, stated in its constitutional and other corporate documents, without any duty to account therefor.

There is no limitation or restriction on ANTS, or any of its respective Affiliates, with regard to acting as adviser (or in a similar role) to other parties or persons. This and other future activities of ANTS and/or its Affiliates may give rise to additional potential conflicts of interest.

ANTS in its capacity as Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Asset that is or may be material in the context of the Warrants and may or may not be publicly available to Warrantholders. There is no obligation on the Issuer or any Dealer to disclose to Warrantholders any such information.

Where the Warrants, or arrangements linked thereto, are offered to the public, as the Dealer(s) and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of the Warrants, or arrangements linked thereto, potential conflicts of interest could arise.

Calculation Agent's discretion

While it is required to act in good faith and a commercially reasonable manner, the Calculation Agent (which will likely be ANTS or an affiliate of ANTS) has a broad discretionary authority to make various determinations and adjustments under the Warrants, any of which may have an adverse effect on the value and/or the amounts payable or deliverable under the Warrants. For example, the Calculation Agent has a broad discretion to, without limitation, (i) determine whether a Disrupted Day, Index Adjustment Event, Potential Adjustment Event, Extraordinary Event and/or any other event and/or matters so specified in the Conditions has occurred, (ii) determine any resulting adjustments and calculations as described in the Conditions and (iii) in respect of any other matters as may be specified in the applicable Final Terms. Prospective purchasers should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Warrants. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the Warrants. The Calculation Agent will not act as a fiduciary or as an advisor to Warrantholders in respect of its duties as Calculation Agent.

Potential investors should consider certain legal and tax consequences of investing in the Warrants

The appropriate characterisation of the Warrants under various legal investment restrictions, and thus the ability of potential investors subject to those restrictions to purchase the Warrants, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterisation of the Warrants for legal investment purposes, or for risk-weighting, Warrants valuation, regulatory, accounting or other financial institution regulatory regimes of any regulatory body. Potential investors should consult with their own legal advisers in determining whether, and to what extent, the Warrants will constitute legal investments for them and the consequences of such an investment.

The Issuer and/or its Affiliates cannot advise on the appropriate accounting treatment or possible tax consequences of an indicative or actual transaction. Prior to purchasing the Warrants, a potential investor should discuss with its professional advisers how such purchase would or could affect them. Potential investors with any questions regarding the impact of an investment in the Warrants on their tax position should consult their tax adviser. Neither the Issuer nor any of its affiliates provides tax or legal advice.

The Warrants will not have the benefit of a gross-up provision in respect of withholding taxes. Warrantholders will bear the risk of the imposition of any deduction or withholding with respect to payments made under the Warrants.

The Issuer and the Guarantor may rely on third parties and the Warrantholders may be adversely affected if such third party fails to perform their obligations

The Issuer and the Guarantor may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Warrants. For example, the Warrant Agents have agreed to perform services in connection with the Warrants; and Euroclear and Clearstream, Luxembourg have to accept such Global Warrants as eligible for settlement and to properly service the same, and to maintain up-to-date records in respect of the total amount outstanding of such Global Warrants. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the Warrantholders may be adversely affected.

General considerations with respect to underlying Reference Assets

The Warrants involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants may expire worthless and should be prepared to sustain a total loss of the purchase price of their Warrants. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Warrants in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Warrants and the particular index (or basket of indices), currency (or basket of currencies), share (or basket of shares), commodity (or basket of commodities), fund (or basket of funds), debt security (or basket of debt securities), inflation index (or basket of inflation indices) or property index (or basket of property indices or other asset or basis of reference to which the value of the relevant Warrants may relate, as specified in the applicable Final Terms (each a "**Reference Asset**").

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Asset. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market. See "*Possible Illiquidity of the Warrants in the Secondary Market*" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Equity Index Linked Warrants, Inflation Index Linked Warrants or Property Index Linked Warrants, as the case may be. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Equity Linked Warrants. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Linked Warrants. Fluctuations in the value of the relevant commodity or commodity index or basket of commodities or commodity indices will affect the value of Commodity Linked Warrants. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Linked Warrants. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant fund share (including a fund share in an exchange traded fund) or units or basket of fund shares or units will affect the value of the Fund Linked Warrants. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying asset or basis of reference does not move in the anticipated direction.

The Issuer may issue several issues of Warrants relating to various Reference Assets. However, no assurance can be given that the relevant Issuer will issue any Warrants other than the Warrants to which a particular Final Terms relates. At any given time, the number of Warrants outstanding may be substantial. Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. Options or warrants on equities or indices are priced primarily on the basis of the value of

underlying equity securities or index constituents whilst Currency Linked Warrants are priced primarily on the basis of present and expected values of the reference currency (or basket of currencies) specified in the applicable Final Terms.

Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of Warrants linked to certain Reference Assets, or to the potential holding of such Reference Asset, where Physical Delivery Warrants are envisaged pursuant to the applicable Final Terms. Each purchaser of Warrants must conduct its own investigation into its regulatory position with respect to the potential purchase of Warrants, and none of the Issuer, the Guarantor, the Dealer or the Calculation Agent assumes any obligation or liability whatsoever to such purchaser in such regard.

None of the Issuer, Guarantor, Calculation Agent nor any Dealer provide any advice with respect to any Reference Asset nor make any representation as to its quality, credit or otherwise, and investors in the Warrants must rely on their own sources of analysis, including credit analysis with respect to any Reference Asset. No investigation or review of the Reference Assets, including, without limitation, any public filings made by the issuer or obligor of the Reference Assets, has been made by the Issuer or any of its Affiliates for the purposes of forming a view as to the merits of an investment linked to the Reference Assets. Nor is any guarantee or express or implied warranty made in respect of the selection of the Reference Assets or is any assurance or guarantee given as to the performance of the Reference Assets. Potential investors should not conclude that the sale by the Issuer of the Warrants is any form of investment recommendation by it or any of its affiliates.

Claims against the underlying Reference Asset

The Warrants do not represent a claim against any underlying Reference Asset (or any issuer, sponsor, manager or other connected person in respect of an underlying Reference Asset) and Warrantheolders will not have any right of recourse under the Warrants to any such Underlying Reference (or any issuer, sponsor, manager or other connected person in respect of an underlying Reference Asset). The Warrants are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an underlying Reference Asset and such entities have no obligation to take into account the consequences of their actions on any Warrantheolders.

Certain Factors Affecting the Value and Trading Price of Warrants

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price (the "**Physical Settlement Value**") (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be different from the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Reference Asset. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the Reference Asset, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantheolders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Reference Asset, (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference index (or basket of indices), share currency (or basket of currencies), or other asset or basis of reference as specified in the applicable Final Terms and (viii) any related transaction costs.

Hedging

In connection with the offering of the Warrants, the Issuer, the Guarantor and/or any of their affiliates or other parties may enter into one or more hedging transactions with respect to the underlying equities, indices or such other Reference Asset to which payments under the Warrants are related. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and/or any of their affiliates or other

parties, the Issuer, the Guarantor and/or any of its affiliates or other parties may enter into transactions in the Reference Asset(s) or related derivatives which may affect the market price, liquidity or value of the Warrants and which could be deemed to be adverse to the interest of the relevant Warrantholders.

It may not be possible to use the Warrants as a perfect hedge against the market risk associated with investing in a Reference Asset. Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a Reference Asset should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the Reference Asset. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the Reference Asset. For these reasons, among others, it may not be possible to purchase or liquidate Warrants in a portfolio at the prices used to calculate the value of any relevant underlying Reference Asset.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE REFERENCE ASSETS ARE AND TO SEE HOW THE CASH SETTLEMENT AMOUNT, OR THE ENTITLEMENT, AS THE CASE MAY BE, ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY WARRANTS.

Risk of Leveraged Exposure

Leverage involves the use of a number of financial techniques to increase the exposure to an underlying Reference Asset, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the underlying Reference Asset moves in the anticipated direction, it will conversely magnify losses when the underlying Reference Asset moves against expectations. If the relevant Warrants include leverage, potential holders of such Warrants should note that these Warrants will involve a higher level of risk, and that whenever there are losses such losses may be higher than those of a similar security which is not leveraged. Investors should therefore only invest in leveraged Warrants if they fully understand the effects of leverage.

4. Risks associated with specific Types of Warrants

Risks relating to Equity Linked Warrants

The Issuer may issue Equity Linked Warrants where the Cash Settlement Amount payable is dependent upon the price of or changes in the price of equity securities or a basket of equity securities (other than shares issued by funds).

Potential investors in Equity Linked Warrants should be aware that, depending on the terms of the Equity Linked Warrants, (i) payment or delivery of any specified assets may occur at a different time than expected, and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to investors, even if the average level is consistent with their expectations.

In the case of Physical Settlement Warrants, until due exercise of the relevant Warrant and payment of the relevant Exercise Price and expenses, a holder of the Warrants will not be a beneficial owner of the underlying equity securities and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities. Moreover, until delivery of the Entitlement, holders of the Warrants will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. In the case of Cash Settlement Warrants, the Cash Settlement Amount will not reflect the payment of any dividends on the underlying equity securities.

In the case of Equity Linked Warrants following the declaration by the Share Company (as defined in the Equity Linked Conditions) of the terms of any Potential Adjustment Event (as defined in the Equity Linked

Conditions), the Calculation Agent will, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the relevant Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Warrants.

Equity Linked Warrants may also be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Equity Linked Warrants, and/or may delay settlement in respect of the Warrants. In addition certain extraordinary events may lead to early cancellation of the Warrants or to a change in the composition of the basket of equities (where applicable) in accordance with the criteria specified in the Equity Linked Conditions. Prospective purchasers should review the Equity Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Warrants.

Where the Warrants provide for physical delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. A Settlement Disruption Event is an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, the Issuer cannot make delivery of the specified assets. Any such determination may affect the value of the Warrants and/or may delay settlement in respect of the Warrants.

The market price of Equity Linked Warrants may be volatile and may be affected by the time remaining to their expiration, the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

No Share Company or Basket Company (as such terms are defined in the Equity Linked Conditions) will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Equity Linked Warrants and none of the Issuer, the Guarantor or any Dealer will be required to make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Company or Basket Company contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such a Share Company or Basket Company could affect the trading price of the share (where applicable) and therefore the trading price of the Warrants.

The Issuer may vary the manner in which a particular series of Warrants are settled, if specified in the applicable Final Terms. At its sole and absolute discretion, it may elect not to pay the relevant Warrant holders the Cash Settlement Amount or to deliver or procure delivery of the relevant Entitlement, to the relevant Warrant holders, as the case may be, and in lieu thereof, deliver or procure the delivery of the relevant Entitlement or make payment of the Cash Settlement Amount.

Risks relating to Equity Index Linked Warrants

The Issuer may issue Equity Index Linked Warrants where the Cash Settlement Amount is dependent upon the level of an equity index or equity indices.

Potential investors in any such Warrants should be aware that, depending on the terms of the Equity Index Linked Warrants, (i) payment may occur at a different time than expected, and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes

in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations

Equity Index Linked Warrants may be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Index Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Warrants, and/or may delay settlement in respect of the Warrants. In addition certain extraordinary events may lead to early cancellation of the Warrants. Prospective purchasers should review the Index Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Warrants.

The market price of Equity Index Linked Warrants may be volatile and may depend on the time remaining to their expiration and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

Risks relating to Currency Linked Warrants

The Issuer may issue Currency Linked Warrants where the Cash Settlement Amount is dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Warrants are denominated.

Potential investors in Currency Linked Warrants should be aware that, depending on the terms of the Currency Linked Warrants, (i) payment may occur at a different time or in a different currency than expected, and (ii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices, and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations.

Payments in respect of any Series of Warrants may be restricted upon the occurrence of certain disruption events described in the applicable Final Terms. A relevant disruption event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, or any other circumstance as provided in the applicable Final Terms. Following a relevant disruption event, the Issuer shall be entitled to require the Calculation Agent to adjust the Warrants or to cancel the Warrants early or to postpone payments in respect of the Warrants so long as the relevant disruption event continues provided that if the relevant disruption event continues for a period of two years the Warrants shall expire worthless and shall be cancelled.

The value of any currency, including those currencies specified in any indicative transaction, may be affected by complex political and economic factors. The exchange rate of each currency referenced in a Currency Linked Warrant is at any moment a result of the supply and demand for the two currencies, and changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the originating country of each currency, including economic and political developments in other countries. Of particular importance are the relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in such countries, all of which are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of such countries and other countries important to international trade and finance. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value. However, governments sometimes do not allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the Warrants is that the liquidity, trading value and amounts payable could be affected by the actions of the sovereign government which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders.

Risks relating to Commodity Linked Warrants

The Issuer may issue Commodity Linked Warrants where the Cash Settlement Amount payable is dependent upon the price or changes in the price of a commodity or basket of commodities.

Potential investors in Commodity Linked Warrants should be aware that, depending on the terms of the Commodity Linked Warrants, (i) payment may occur at a different time than expected, and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the commodity or the commodities may affect the actual yield to investors, even if the average level is consistent with their expectations.

Commodity Linked Warrants may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant commodity or commodities. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Warrants and consequently adversely affect the value of the Warrants. In addition certain extraordinary or disruption events may lead to early cancellation of the Warrants. Prospective investors should review the applicable Final Terms to ascertain whether and how such provisions apply to the Warrants.

If the Cash Settlement Amount is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on the Cash Settlement Amount will be magnified.

The market price of Commodity Linked Warrants may be volatile and may depend on the time remaining to their expiration and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

Trading in commodities is speculative and may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes and suspensions or disruptions of market trading activities in commodities and related contracts. Commodity prices may be more volatile than other asset classes, making investments in commodities riskier than other investments. If the Cash Settlement Amount payable in respect of a Commodity Linked Warrant is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the Cash Settlement Amount payable. The reduction in the amount payable on the Exercise Date of the Commodity Linked Warrants may result, in some cases, in a holder receiving a smaller sum than the amount originally paid for such Commodity Linked Warrants.

Commodities comprise both (i) “physical” commodities, which need to be stored and transported, and which are generally traded at a “spot” price, and (ii) commodity contracts, which are agreements either to (a) buy or sell a set amount of an underlying physical commodity at a predetermined price and delivery period (which may be referred to as a delivery month), or (b) make and receive a cash payment based on changes in the price of the underlying physical commodity. Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants “over-the-counter” on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such “over-the-counter” contracts may not be subject to the same provisions of, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts.

The price of a futures contract on a commodity will generally be at a premium or at a discount to the spot price of the underlying commodity. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g., warehousing, transport and insurance costs) and (ii) different methods being used to evaluate

general factors affecting the spot and the futures markets. In addition, and depending on the commodity, there can be significant differences in the liquidity of the spot and the futures markets. Accordingly, Commodity Linked Warrants which are linked to commodity futures contracts may provide a different return than Commodity Linked Warrants linked to the relevant physical commodity.

Commodity Indices

Commodity indices to which Commodity Linked Warrants may reference may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the United States Commodity Exchange Act, as amended, or other applicable United States or foreign statutes and related regulations, that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the relevant commodity index or commodity indices (as specified in the applicable Final Terms) may be subject to certain risks not presented by most exchange-related futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

Commodity indices are indices which track the performance of a basket of commodity contracts on certain commodities, depending on the particular index. The weighting of the respective commodities included in a commodity index will depend on the particular index, and is generally described in the relevant index rules of the index. Commodity contracts have a predetermined expiration date, which is the date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, “rolling” the commodity contracts means that the commodity contracts that are nearing expiration (the “near-dated commodity contracts”) are sold before they expire and commodity contracts that have an expiration date further in the future (the “longer-dated commodity contracts”) are purchased. Commodity indices apply “rolling” of the component commodity contracts in order to maintain an ongoing exposure to such commodities. Specifically, as a commodity contract is required to be rolled pursuant to the relevant index rules, the commodity index is calculated as if exposure to the commodity contract was liquidated and exposure was taken to another (generally longer-dated) commodity contract for an equivalent exposure.

Commodity Linked Warrants which are linked to a commodity pool

Unlike an investment in the Warrants, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the United States Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator. Because any Commodity Linked Warrants issued will not be regulated by the CFTC as a commodity pool, the Issuer will not be registered with the CFTC as a commodity pool operator, and the Warrantholders will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools.

Risks relating to Fund Linked Warrants

The Issuer may issue Fund Linked Warrants where the Cash Settlement Amount payable is dependent upon the price or changes in the price of units or shares in a fund or funds. Funds may include certain exchange traded funds (ETFs).

Fund Linked Warrants may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant fund or funds and/or, in the case of the ETFs, the corresponding underlying index. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Warrants and consequently adversely affect the value of the Warrants. In addition certain extraordinary or disruption events may lead to early cancellation of the Fund Linked Warrants. Prospective investors should review the applicable Final Terms to ascertain whether and how such provisions apply to the Fund Linked Warrants.

Potential investors in Fund Linked Warrants should be aware that, depending on the terms of the Fund Linked Warrants, (i) payment of the Cash Settlement Amount may occur at a different time than expected, and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of units or shares in the fund or funds may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the units or shares in the fund or funds may affect the actual yield to investors, even if the average level is consistent with their expectations. In addition, the fund interests may be illiquid and this may adversely affect returns (if any) on the Fund Linked Warrants. Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and other financial instruments have limited liquidity and depth. This could be a disadvantage to a fund, both in the realisation of quoted prices and in the execution of orders at desired prices, resulting in a decline in the value of a fund.

If the Cash Settlement Amount is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund or funds on the Cash Settlement Amount payable will be magnified.

The market price of Fund Linked Warrants may be volatile and may depend on the time remaining to their expiration and the volatility of the price of units or shares in the fund or funds. The price of units or shares in a fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) (if any) on which any units in the fund or funds may be traded.

Fund units, and investments in hedge funds generally, are speculative and involve a high degree of risk. Neither the Issuer nor the Guarantor gives any assurance as to the performance of fund units. Hedge funds generally do not make information about their operations and holdings public. Even if the Issuer or any of its Affiliates may have arrangements with a fund manager to obtain information required to calculate the value of the fund, it may not have access to the activities of the fund on a continuous basis or at all. There may be no regulatory requirements compelling funds to release information of the kind that would allow the Issuer, or any affiliate to value a fund or to accurately determine the value of the fund units and, consequently, the Cash Settlement Amount on the relevant Fund Linked Warrants. Future changes to applicable law or regulation may be adverse to a fund.

The Issuer and certain of its Affiliates from time to time obtain information regarding specific hedge funds that may not be available to the general public. Any such information is obtained by the Issuer and certain of its affiliates in the ordinary course of their businesses, and not in connection with the offering of the Fund Linked Warrants (including in respect of funds that are managed by managers affiliated with the Issuer). In connection with the ordinary course of their businesses, the Issuer and certain of its affiliates may recommend, or determine not to recommend, specific hedge funds to their clients. Hedge funds as to which the Issuer and certain of its affiliates have formed investment recommendations may now or may in the future be among the underlying funds used in relation to the Fund Linked Warrants. Any views that may be held by the Issuer and certain of its affiliates with respect to the expected future performance of one or more of the funds (including in respect of funds that are managed by managers affiliated with the Issuer) would not be an indication of the future expected performance of the fund, and neither the Issuer nor any of its affiliates has formed a view with respect to the expected future performance of a fund. The offering of the Warrants does not constitute a recommendation by the Issuer or any of its affiliates with respect to an investment linked to an underlying fund (including in respect of funds that are managed by managers affiliated with the Issuer).

Funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Funds may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of Funds are often opaque. It may be difficult to specify precisely or comprehensively the strategies of a fund. As a result, it may not sometimes be clear whether or not a fund fulfils the investment criteria set out in its offering document. Furthermore, funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

Investments made by the underlying funds can involve substantial risks. The nature of these investments means that the value of the fund units may fluctuate significantly during a day or over longer periods. Consequently, the performance of the fund units over a given period will not necessarily be indicative of future performance. A fund and

any fund components in which it may invest may utilise, inter alia, strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of any fund and any fund component in which it may invest. The performance of each fund and any fund component in which it may invest is dependent on the performance of the fund managers in selecting fund components and the management of the relevant component in respect of the fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the relevant fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investment in which a fund has or may invest will prove accurate.

Fund managers' investments are not verified. Neither the Issuer nor any of its affiliates is or will be responsible for verifying or ensuring that the fund's managers comply with its stated trading strategy.

The underlying funds may have recourse to leverage, i.e., borrow amounts that represent more than 100.00 per cent. of the value of their assets to invest further in assets that involve further risks. Accordingly, a small downward movement in the value of a fund's assets may result in a significantly larger loss of the fund.

Fund managers may be eligible to earn incentive compensation. The potential for a fund manager to earn performance based compensation may encourage such fund manager to trade in a more speculative manner than it otherwise would.

Fund managers (including a manager that is affiliated with the Issuer) do not have any obligations to the Warrantholders, or other role in connection with, the Fund Linked Warrants, including any obligation to take the needs of the Warrantholders into consideration for any reason. Fund managers are not responsible for, and have not endorsed or participated in, the offering, placement, sale, purchase or transfer of the Warrants. The fund's managers are not responsible for, and will not participate in, the determination or calculation of the amounts receivable by Warrantholders.

Hedge funds, including the underlying funds, are not subject to the same regulatory regime, or regulated to the same extent as, mutual funds or registered securities or securities offerings. Changes to the current regulatory environment could affect the investment, operations and structure of the underlying funds and could adversely affect the performance of the underlying funds. The underlying funds may invest in assets that involve further risks. The absence of regulatory oversight of a fund may adversely affect the performance of the fund.

Fees, deductions and charges may reduce the Cash Settlement Amount payable under the Warrants. Fund fees will be deducted from the net asset value of the fund, reducing the value of the fund units. Accordingly, to the extent that the Cash Settlement Amount under the Warrants is linked to the net asset value of a fund, the relevant amount(s) payable to Warrantholders will be less than it would have been absent these fees, deductions and charges, but the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

Additional investments in, or withdrawals of amounts previously invested in, the fund may adversely affect the value of the fund units. The Issuer or one of its affiliates, in order to hedge its obligations under the Warrants, may enter into a hedging transaction which may directly or indirectly involve investing in units of the underlying funds. Prospective investors should be aware that, as a result of hedging decisions by the hedging counterparty, transfers into or out of the fund by the hedging counterparty may affect the value of the fund units and, in turn, the Cash Settlement Amount.

As funds may be resident in so-called off-shore jurisdictions, which have not entered into any double taxation conventions with other countries, any income of such fund may be subject to taxation in the countries of origin. As such withholding taxes are non-deductible due to the fact that such funds are not subject to income taxation in their countries

of residence, this results in a reduction of the net income of such fund and may have a negative impact on the performance of such fund.

The valuation of a fund is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the fund. Valuations are performed in accordance with the terms and conditions governing the fund. Such valuations may be based upon the unaudited financial records of the fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the fund and accounts. The fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the fund assets and/or accounts may have an adverse effect on the net asset value of the relevant fund where such judgements regarding valuations prove to be incorrect.

There are numerous additional risks relating to Warrants linked to hedge funds and other types of fund, and the applicable Final Terms in respect of such Fund Linked Warrants may include additional risk factors. For all of the above reasons, investing directly or indirectly in funds is generally considered to be risky. If the underlying fund does not perform sufficiently well, the value of the Warrants will fall and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by the relevant fund prior to purchasing any Warrants. None of the Issuer, the Guarantor, any Dealer or the Calculation Agent provides any assurance as to the creditworthiness of any relevant fund or any such fund's administrator, custodian, investment manager or adviser or in respect of any prospectus, information memorandum and/or offering circular (if any) issued by any relevant fund.

Risks relating to Inflation Index Linked Warrants

The Issuer may issue Inflation Index Linked Warrants where the Cash Settlement Amount is dependent upon the level of an inflation/consumer price index or indices.

Potential investors in any such Warrants should be aware that depending on the terms of the Inflation Index Linked Warrants (i) payment may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the inflation/consumer price index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the Cash Settlement Amount payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation/consumer price index or the indices on the Cash Settlement Amount will be magnified.

A relevant consumer price index or other formula linked to a measure of inflation to which the Warrants are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the Cash Settlement Amount payable on the Settlement Date which in some cases could be less than the amount originally paid for the warrants.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Warrants, even if the average level is consistent with their expectations.

An index to which the Cash Settlement Amount of Inflation Index Linked Warrants is linked is only one measure of inflation for the relevant jurisdiction, and such Index may not correlate perfectly with the rate of inflation experienced by Warrantheolders in such jurisdiction.

Inflation Index Linked Warrants may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant level of inflation/consumer price index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Inflation Index Linked Warrants and consequently adversely affect the value of the Warrants. In addition certain extraordinary or disruption events may lead to early cancellation of the Inflation Index Linked Warrants. Prospective investors should review the applicable Final Terms to ascertain whether and how such provisions apply to the Inflation Index Linked Warrants.

The market price of Inflation Index Linked Warrants may be volatile and may depend on the time remaining to their expiration and the volatility of the level of the index or indices. The level of the inflation/consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the inflation/consumer price index or indices may be traded.

Risks relating to Property Index Linked Warrants

The Issuer may issue Property Index Linked Warrants where the Cash Settlement Amount payable is dependent upon the level of a property index or indices.

Potential investors in any such Warrants should be aware that depending on the terms of the Property Index Linked Warrants (i) payment may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the property index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the Cash Settlement Amount payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the property index or the indices on the Cash Settlement Amount will be magnified.

Property Index Linked Warrants may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant property index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Warrants and consequently adversely affect the value of the Warrants. In addition certain extraordinary or disruption events may lead to early cancellation of the Property Index Linked Warrants. Prospective investors should review the applicable Final Terms to ascertain whether and how such provisions apply to the Property Index Linked Warrants.

The market price of Property Index Linked Warrants may be volatile and may depend on the time remaining to their expiration and the volatility of the level of the index or indices. The level of the property index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the property index or indices may be traded.

5. Other risks related to Warrants generally

Set out below is a brief description of certain risks relating to the Warrants generally:

Delivery of Exercise Notice

If Automatic Exercise is not specified to be applicable in the applicable Final Terms, unless an Exercise Notice has been delivered in accordance with the General Conditions on or prior to the Expiration Date, the Warrants shall become void and the Issuer shall be discharged from its obligations to pay any Cash Settlement Amount or deliver any Entitlement under the Warrants. In such a case, a Warrantholder will not have any further recourse against the Issuer.

In addition, in respect of Physical Delivery Warrants where Automatic Exercise is specified to be applicable in the applicable Final Terms, if no Exercise Notice is delivered in accordance with the General Conditions on or prior to the Expiration Date, the Conditions provide that in circumstances where the Assessed Value Payment Amount is greater than zero, the Issuer shall pay a cash amount in lieu of delivery of the Entitlement to the relevant Warrantholder.

Early Cancellation at the Option of the Issuer

If Issuer Early Cancellation is specified to be applicable in the applicable Final Terms, the Issuer may at its option cancel all the Warrants at the Issuer Early Cancellation Amount. In such a case, Warrantholders will not be able to exercise their Warrants on any Exercise Date occurring after such early cancellation of the Warrants. As a result, if the Reference Asset performs positively after such early cancellation, Warrantholders will not be able to benefit from such positive performance.

Early Exercise of Warrants

Certain Warrants may be specified to become automatically exercised on the occurrence of certain events, including, without limitation, if the Settlement Price during a certain period is lower or greater than a specified level. In such a case, Warrants will be exercised earlier than anticipated.

Market Disruption Event and Disrupted Day

If an issue of Warrants includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Warrants may have an adverse effect on the value of such Warrants.

Settlement Disruption Event

In the case of Physical Settlement Warrants, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price (as defined in the Conditions) *in lieu* of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Warrants.

Exercise Expenses and Taxation

A holder of Warrants must pay all Exercise Expenses relating to the Warrants. As used in the Conditions, "Exercise Expenses" includes all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of the Warrants and/or the delivery or transfer of the Entitlement as more fully set out in General Condition 5.

The relevant Issuer is not liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid withheld or deducted.

Limitations on Exercise

If so indicated in the Final Terms, the relevant Issuer will have the option to limit the number of Warrants exercisable on any date (other than the Expiration Date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any

date (other than the Expiration Date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Time Lag after Exercise

Unless otherwise specified in the Final Terms, in the case of any exercise of Warrants, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event or failure to open when scheduled of an exchange or related exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Linked Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

Minimum Exercise Amount and Units

If so indicated in the Final Terms, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise or exercise Warrants in Units. Thus, Warrantholders with fewer than the specified minimum number of Warrants or the number of Warrants constituting a Unit will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Option to Vary Settlement

If the applicable Final Terms in respect of any Warrants indicates that the relevant Issuer has an option to vary settlement in respect of such Warrants, the Issuer may, at its sole and unfettered discretion, elect (i) not to pay the relevant Warrantholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (ii) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders.

In addition, in the event that the Issuer fails to deliver any Entitlement, the Guarantor may in its sole discretion elect to pay the Assessed Value Payment Amount in lieu of delivery.

Illegality

If the relevant Issuer determines that its performance under any Warrants has or that any arrangements made to hedge the Issuer's obligations under any Warrants have become illegal in whole or in part for any reason, the Issuer may cancel such Warrants and, if permitted by applicable law, pay the holder of each such Warrant an amount equal to the fair market value of such Warrants notwithstanding such illegality less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements) plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its discretion.

Change of law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Taxation

Potential purchasers and sellers of Warrants should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Warrants are transferred and/or any asset(s) are delivered.

Modification, waivers and substitution

The General Conditions of the Warrants contain provisions for calling meetings of Warrantholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Warrantholders including Warrantholders who did not attend and vote at the relevant meeting and Warrantholders who voted in a manner contrary to the majority.

The General Conditions of the Warrants also provide that the Issuer may, without the consent of Warrantholders, agree to (i) certain modifications of the Warrants, or (ii) the substitution of another company as principal obligor under any Warrants in place of the Issuer, in certain circumstances.

6. Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, and credit risk:

Possible illiquidity of the Warrants in secondary market generally

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. The relevant Issuer may, but is not obliged to, list Warrants on a stock exchange. Also, to the extent Warrants of a particular issue are exercised or settled, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

Each of the Issuer and any Dealer and any Manager may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation. A Dealer may, but is not obliged to, be a market maker for an issue of Warrants. Even if a Dealer is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. In addition, Affiliates of the Issuer (including, if applicable, any Dealer) may purchase Warrants at the time of their initial distribution and from time to time thereafter. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realise value.

Exchange rate risks and exchange controls

The Issuer will make payments on the Warrants and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the

Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent return on the Warrants, and (2) the Investor's Currency equivalent market value of the Warrants.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less than expected, or nothing at all.

Credit ratings may not reflect all risks

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer and the Guarantor. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer and Santander UK by standard statistical rating services, such as Moody's Investors Service Limited ("**Moody's**"), Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**Standard & Poor's**") and Fitch Ratings Ltd. ("**Fitch**"). A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer or Santander UK by one of these rating agencies may result in a reduction in the trading value of the Warrants.

One or more independent credit rating agencies may assign credit ratings to the Warrants. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Warrants. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Warrants are legal investments for it, (2) Warrants can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Warrants. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Warrants under any applicable risk-based capital or similar rules.

There may be potential conflicts of interests if intermediaries are appointed in connection with the offer or placement of the Warrants

Given that the intermediaries appointed from time to time as distributors and the other entities acting in connection with the offer or placement of the Warrants act in their institutional capacity pursuant to a mandate granted by the Issuer and receive fees on the basis of the placement activity carried out and its outcome, such intermediaries generally act in a situation that may give rise to a potential conflict of interest.

Form of Final Terms

FORM OF FINAL TERMS

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Warrants issued under the Programme pursuant to this Prospectus.

PLEASE CAREFULLY READ THE RISK FACTORS IN THE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE WARRANTS AND THE SUITABILITY OF AN INVESTMENT IN THE WARRANTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES

[Date]

Abbey National Treasury Services plc

*Issue of [Aggregate Number of Tranche] [Title of Warrants]
(the "Warrants")*

Guaranteed by Santander UK plc (formerly Abbey National plc)

under the Warrant Programme
(the "**Programme**")

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (i) below, any offer of Warrants in any Member States of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive (2003/71/EC) (the "**Prospectus Directive**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Warrants. Accordingly, any person making or intending to make an offer of the Warrants may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 36 of Part A below, provided such person is one of the persons mentioned in Paragraph 36 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Warrants in any other circumstances.]¹

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Warrants in any Member State of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive (2003/71/EC) (the "**Prospectus Directive**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Warrants. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Warrants may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus

¹ Consider including this legend where a non-exempt offer of Warrants is anticipated.

Form of Final Terms

pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Warrants in any other circumstances.]²

[The Warrants to be issued have been rated *[insert details]* by *[insert details]*. [Each] [S/s]uch credit rating agency is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the **CRA Regulation**), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.]

PART A– CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Warrants together with the applicable Technical Annex(es) (the "**Conditions**") set forth in the Prospectus dated 9 December 2010 [and the supplement[s] to it dated *[date(s)]*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the [Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus [as supplemented]. Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus [as supplemented]. The Prospectus [and the supplement[s] to it] [is/are] available for viewing [during normal business hours at the specified office of [Citibank, N.A., London Branch] acting as Principal Warrant Agent and copies may be obtained from the registered office of the Issuer and the Guarantor]. In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date:

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions, together with the applicable Technical Annex(es) (the "**Conditions**") set forth in the Prospectus dated *[original date]*. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the [Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated *[current date]* which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated *[original date]* and are incorporated by reference in the Prospectus dated *[current date]*. Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus dated *[current date]*. Copies of such Prospectus are available for viewing [during normal business hours at the specified office of the [Citibank, N.A., London Branch] acting as Principal Warrant Agent and copies may be obtained from the registered office of the Issuer and the Guarantor]. In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.]

[The provisions of the [Equity / Equity Index / Currency / Fund / Inflation Index / *insert other*] Technical Annex [(other than clauses *[specify any inapplicable clauses]*)] apply to these Final Terms and such documents shall be read together.] In the event of any inconsistency between the [Equity / Equity Index / Currency / Fund / Inflation Index / *insert other*] Technical Annex and these Final Terms, these Final Terms prevail.

[Include whichever of the following apply or specify as "Not applicable" or "N/A". Warrant that the numbering should remain as set out below, even if "Not applicable" or "N/A" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

² Consider including this legend where only an exempt offer of Warrants is anticipated.

Form of Final Terms

[When completing any Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.]

[By investing in the Warrants each investors is deemed to represent that:

- (a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Warrants and as to whether the investment in the Warrants is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Warrants, it being understood that information and explanations related to the terms and conditions of the Warrants shall not be considered to be investment advice or a recommendation to invest in the Warrants. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Warrants.*
- (b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Warrants. It is also capable of assuming, and assumes, the risks of the investment in the Warrants.*
- (c) Status of Parties. None of the Issuer, the Guarantor and any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Warrants.]*

1.	1.1	Issuer:	Abbey National Treasury Services plc
	1.2	Guarantor:	Santander UK plc
2.	2.1	Series Number:	[]
	2.2	Tranche Number:	[]
	2.3	Consolidation:	[The Warrants are to be consolidated and form a single series with <i>[insert title of relevant series of Warrants]</i> issued on <i>[insert issue date]</i>] / [Not Applicable]
			<i>(If fungible with an existing Series, insert details of that Series, including the date on which the Warrants become fungible)</i>
3.		Specified Currency or Currencies:	[]
4.		Aggregate Number of Warrants:	
	4.1	Series:	[]
	4.2	Tranche:	[]
5.		Issue Price of Tranche:	The issue price per Warrant is []

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6. 6.1 Trade Date: [specify date]
- 6.2 Issue Date: [specify date]
7. Type of Warrants:
- 7.1 Type: The Warrants are [Equity Index Linked Warrants / Equity Linked Warrants / Currency Linked Warrants / Commodity Linked Warrants / Debt Linked Warrants / Fund Linked Warrants / Inflation Index Linked Warrants / Property Index Linked Warrants / (specify other type of Warrants)].
- 7.2 Warrant Style: The Warrants are [European / American / Bermudan / (specify other)] Style Warrants.
- 7.3 Call / Put: The Warrants are [Call Warrants / Put Warrants / (specify other)].
- 7.4 Reference Asset: The Warrants relate to [describe relevant Index / Indices / Shares / Currencies / Commodities / Debt Instrument / Fund(s) / (specify other)].

PROVISIONS RELATING TO EXERCISE

8. Units: Warrants must be exercised in Units. Each Unit consists of [[●] Warrants]. (N.B. This is in addition to any requirements relating to "Minimum Exercise Number" or "Maximum Exercise Number" set out below)
9. Minimum Exercise Number: The minimum number of Warrants that may be exercised (including automatic exercise) on any day by any Warrantholder is [●] [and Warrants may be exercised (including automatic exercise) in integral multiples of [●] Warrants in excess thereof].
10. Maximum Exercise Number: The maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) is [●] (N.B. Not applicable for European Style Warrants).
11. Exercise Price(s): The [exercise price(s) per Warrant/aggregate exercise price per Unit] (which may be subject to adjustment in accordance with the Conditions and/or these Final Terms) is [●]. (N.B. This should take into account any relevant weighting and in the case of an index linked Warrant, must be expressed as a monetary value)
12. Exercise Date(s): The exercise date[s] of the Warrants [is] [are] []. (N.B. only single Exercise Date in relation to European Style Warrants)

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[In respect of European style auto-callable Warrants, insert: The exercise date of the Warrants will be (i) [●] or (ii) if earlier, the date on which a [Knock-Out Event] [Trigger Event][insert other events] occurs or, in each case, if such date is not an Exercise Business Day the Exercise Date shall be the immediately [preceding] [succeeding] Exercise Business Day.]

[In respect of auto-callable Warrants, insert the following otherwise delete:

- 12.1 [Knock-Out Event] [Trigger Event][specify other event] [A [Knock-Out Event] [Trigger Event] *[specify other]* occurs if on any [Scheduled Observation Date] [Scheduled Trading Day during the Observation Period], the Calculation Agent determines that the Settlement Price is [equal to or lower/greater] than the [Knock-Out Level] [Trigger Level]]
- 12.2 [Knock-out] / [Trigger] / *[other]* Level: [●]
[N.B. Auto-callable warrants should be cash settled only]
- 12.3 Other terms or special conditions: *[Insert as applicable]*
13. Exercise Period: [The exercise period in respect of the Warrants is [from (and including) [●] up to (and including) [●]] [or if either day is not an Exercise Business Day, the immediately [succeeding] Exercise Business Day] / [Not Applicable] (*N.B. Only applicable in relation to American Style Warrants*)
14. Automatic Exercise: Automatic exercise [applies / does not apply] to the Warrants.
[N.B. Specify as "Applicable" for (i) auto-callable Warrants and/or (ii) Warrants which are retail securitised derivatives admitted to the Official List of the UK Listing Authority]

PROVISIONS RELATING TO SETTLEMENT

15. Settlement: Settlement will be by way of [cash payment ("**Cash Settled Warrants**") [and/or] [physical delivery ("**Physical Delivery Warrants**")].
16. Variation of Settlement:
- 16.1 Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Warrants.
- 16.2 Variation of Settlement of Physical Delivery Warrants: [Notwithstanding the fact that the Warrants are Physical Delivery Warrants, the Issuer may make

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payment of the Cash Settlement Amount on the Settlement Date and the provisions of General Condition 4.4 (*Issuer's Option to Vary Settlement*) will apply to the Warrants.] / [The Issuer will procure delivery of the Entitlement in respect of the Warrants and the provisions of General Condition 4.4 (*Issuer's Option to Vary Settlement*) will not apply to the Warrants.]

17. Cash Settled Warrants:

[Applicable] / [Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

17.1 Cash Settlement Amount:

[As specified in General Condition 4.2 (*Cash Settlement*)] The Cash Settlement Amount per [Warrant/Unit] will be [●] [*specify calculation method*]

17.2 Settlement Price:

[As specified in General Condition 4.7 (*Definitions*)] [*N.b. General Condition 4.7 refers to Equity Index Linked Warrants, Equity Linked Warrants and Currency Linked Warrants only. For (i) all other types of Warrants (including Fund Linked Warrants and Inflation Index Linked Warrants) and (ii) Equity Index Linked Warrants, Equity Linked Warrants and Currency Linked Warrants for which the Settlement Amount is other than as specified in General Condition 4.7, insert: The settlement price per [Warrant/aggregate settlement price per Unit] will be [●] [specify calculation method]*]

17.3 Nominal Amount:

The nominal amount which is to be used to determine the Cash Settlement Amount pursuant to General Condition 4.2 (*Cash Settlement*) is [●]

17.4 Multiplier:

[The multiplier to be applied to each item comprising the basket to ascertain the Settlement Price is [●].] (*N.B. Only applicable in relation to Cash Settled Warrants relating to a basket*)

17.5 Settlement Currency:

The settlement currency for the payment of [the Cash Settlement Amount] is [●].

17.6 Exchange Rate:

The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price (as defined in General Condition 4.7 (*Definitions*)) or the Cash Settlement Amount (as defined in General Condition 4.2 (*Cash Settlement*)) is [*insert rate of exchange and details of how and when such rate is to be ascertained*] / [*specify*] / [Not Applicable].

17.7 Rounding:

[Rounded up] / [Rounded down] / [*specify other*]

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- 17.8 Settlement Date: [As specified in General Condition 4.7 (*Definitions*)] / [*specify other*]
18. Physical Delivery Warrants: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 18.1 Relevant Asset(s): The relevant asset to which the Warrants relate [is/are] [●].
- 18.2 Entitlement: The Entitlement (as defined in General Condition 4.7 (*Definitions*)) in relation to each Warrant is [].
- The Entitlement will be evidenced by [*insert details of how the Entitlement will be evidenced*].
- The Entitlement will be delivered [*insert details of the method of delivery of the Entitlement*].
- 18.3 Settlement Currency The settlement currency for the payment of [the Disruption Cash Settlement Price] [the Failure to Deliver Settlement Price] [the Assessed Value Payment Amount] is [●].
- 18.4 Settlement Date: The settlement date for the Warrants is [●].
- 18.5 Settlement Business Day: For the purposes of General Condition 4.3(C) (*Settlement Disruption*) means [●]
19. Business Day Centre(s): The applicable Business Day Centre(s) for the purposes of the definition of “Business Day” in General Condition 4 (*Exercise Rights*) [is/are] [].
20. Business Day Convention: [Following] / [Modified Following]
21. Issuer Early Cancellation: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 21.1 Issuer Early Cancellation Dates: [●]
- 21.2 Issuer Early Cancellation Amount and method, if any, of calculation of such amount(s): [●]
- 21.3 Notice Period (if other than as set out in the General Conditions): [●]
- (N.B. If setting notice periods which are different from those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well*

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as any other notice requirements which may apply, for example, as between the Issuer and the Principal Warrant Agent)

PROVISIONS RELATING TO THE TYPE OF WARRANTS

- 22. Currency Linked Warrants:** [Applicable/Not Applicable]
- (if not applicable delete the remainder of this paragraph)*
- 22.1 Specified Rate(s) and Reference Currencies: [Applicable/Not Applicable]
- [Insert each Specified Rate in relation to each Valuation Date or Averaging Date or other relevant date and Valuation Time, including whether bid, offer or market average rate, if applicable - e.g. as set out below - and repeat as necessary in relation to each Specified Rate. If using any different formulation ensure consistency with Valuation Date and Averaging Date where Currency Reference Dealers may provide the quotations. "The Specified Rate in relation to the [specify Valuation Day, Averaging Date or other relevant date] means the rate at which the Reference Currency [NB set out definition] could be exchanged for the Specified Currency, expressed as the number of units of the Reference Currency (or part thereof) for which one unit of the Specified Currency could be exchanged as quoted by the relevant FX Price Source at or about the Valuation Time on such [specify relevant Valuation Date, Averaging Date or other relevant date], subject to Currency Linked Condition 1.]*
- 22.2 NDF Currency(ies): [Applicable/Not Applicable]
- [Specify each relevant NDF Currency] [If applicable, specify each relevant NDF currency. For example, ARS, BRL, CLP, COP, etc. If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: See Annex (Special Conditions) contained herein]*
- (a) **Unscheduled Holiday:** *[Specify meaning in accordance with applicable emerging market trading association templates]*
- (b) **Specified NDF Maximum Days of Disruption:** [] calendar days
- (c) **First Fallback FX Price Source:** [See item 21.5 below/Not Applicable]

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- (d) Second Fallback FX Price Source: [Not Applicable]/[Give details]
- (e) Additional FX Market Disruption Event: [Not Applicable]/[Give details]
- 22.3 Key Dates: *In relation to each of items 21.3(c), (d) and (f) (if applicable), add wording substantially as follows:*
- [Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being an FX Business Day or an FX Market Disruption Event occurring in relation to a Specified Rate on any such day in accordance with Currency Linked Condition 3].*
- (a) Trade Date: []
- (b) Valuation Date: []
- (c) Initial Valuation Date: []
- (d) Scheduled Observation Date(s): []
- (e) Observation Period: []
- (f) Final Valuation Date: [] [Not Applicable]
- 22.4 Averaging: Averaging [applies/does not apply] to the Warrants. [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 22.5 FX Price Source(s): *[Specify in relation to each Specified Rate including Bloomberg Screen, Reuters Screen and/or Screen Page if applicable. Include each of (i) primary FX Price Source and (ii) the Fallback FX Price Source or First Fallback FX Price Source if relevant, making clear when fallback to (ii) occurs]*
- 22.6 Valuation Time: *[Specify in relation to each Specified Rate]*
- 22.7 Principal Financial Centres: (For the purposes of determining the FX Business Day) *[Specify for the purposes only of FX Business Day]*
- 22.8 Additional Disruption Events other than as specified in the Currency Linked Conditions: *[Specify any other Additional Disruption Events not set out in the Currency Technical Annex]*

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22.9 Local Currency: *[Specify each Local Currency, for purposes of General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Special Taxation Event.]*

23. Equity Linked Warrants [Applicable] / [Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

23.1 Whether the Warrants relate to a single share or a basket of shares (each a "**Share**"): [Single Share] / [Basket of Shares]

23.2 Share(s) and Share Company(ies): *[Name of Share]*

(a) Bloomberg Code: []

(b) ISIN Code: []

(Give or annex details of the Share(s) and Share Company(ies))

23.3 Key Dates:

(a) Trade Date: []

(b) Valuation Date: []

(In relation to (c)-(f) below, add wording substantially as follows)

[Such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with the Equity Linked Conditions.]

(c) Initial Valuation Date: []/Not Applicable

(d) Scheduled Observation Date(s): []/Not Applicable

(e) Observation Period: []/Not Applicable

(f) Final Valuation Date: []/Not Applicable

(g) Cut-off Date: []/Not Applicable

[Specify calendar date (e.g. that is at least 10 Business Days prior to Scheduled Maturity Date)]

23.4 Averaging: Averaging [applies/does not apply] to the Warrants.

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[The Averaging Dates are [].]

[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement /Modified Postponement] will apply.]

- 23.5 Exchange(s): The relevant Exchange[s] [is/are] []
- 23.6 Related Exchange: [*specify*] / [All Exchanges]
- 23.7 Exchange Business Day: [Exchange Business Day (Single Share Basis)] / [Exchange Business Day (All Shares Basis)] / [Exchange Business Day (Per Share Basis)]
- 23.8 Scheduled Trading Day: [Scheduled Trading Day (Single Share Basis)] / [Scheduled Trading Day (All Shares Basis)] / [Scheduled Trading Day (Per Share Basis)]
- 23.9 Relevant Time: [Scheduled Closing Time]/[The relevant time is [], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]

(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).

- 23.10 Additional Disruption Events: (a) [The following Additional Disruption Events apply to the Warrants:]

Specify any additional events not set out in the Equity Technical Annex and give details:

- (b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is []]

(NB: only applicable if Loss of Stock Borrow is required)

- (c) [[The Initial Stock Loan Rate in respect of [specify in relation to each relevant Share] is [].]

(NB: only applicable if Increased Cost of Stock Borrow is required and if different from the Equity Linked Conditions)

- (d) Stop-Loss Event: [Applicable/Not Applicable]

(If applicable, specify all details necessary for the definition of Stop-Loss Event in Equity-Linked Condition 5, including the time for the determination of Share price, nature of Share price, Strike Date, Strike Price (or Benchmark Price) and relevant

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- percentage(s)*
- 23.11 Additional Extraordinary Events: [Applicable] / [Not Applicable]
[If applicable, give details (e.g. De-Merger, Participation Event, Illiquidity)]
- 23.12 Share Substitution: [Applicable] / [Not Applicable]
- 23.13 Depository Receipt provisions: [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Details of Depository Receipt: [specify name and ISIN code]
- (b) Underlying Shares: [specify the shares underlying the depository receipts]
- (c) Underlying Share Issuer: [specify the name of the underlying share issuer]
- (d) Share Exchange: [specify – exchange for underlying shares]
- 23.14 Dividend Provisions: [Applicable] / [Not Applicable]
(If applicable insert relevant provisions, which may use Equity Linked Condition 8 provisions)
- 23.15 Other terms or special conditions: []
- 24. Equity Index Linked Warrants** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- 24.1 Whether the Warrants relate to single index or a basket of indices and the identity of the relevant Index/Indices: [Single index] / [Basket of indices]
[Composite] / [Non-Composite]

(Give or annex details of index / indices)
- 24.2 Closing Level: The Closing Level will be calculated [insert calculation method including weightings if applicable] / [As set out in the Equity Index Linked Conditions]
- 24.3 Key Dates: *(In relation to (c)-(f) below, add wording substantially as follows)*

[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring in accordance with the Equity Index Linked Conditions.]

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- (a) Valuation Date: []
- (b) Trade Date: []
- (c) Initial Valuation Date: []/Not Applicable]
- (d) Scheduled Observation Date(s): []/Not Applicable]
- (e) Observation Period: []/Not Applicable]
- (f) Final Valuation Date: []/Not Applicable]
- 24.4 Averaging: Averaging [applies/does not apply] to the Warrants. [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 24.5 Index Sponsor: [The relevant Index Sponsor[s] [is/are] []]
- 24.6 Exchange(s) [The relevant Exchange[s] [is/are] []]
- 24.7 Related Exchange: [*specify*] / [All Exchanges]
- 24.8 Exchange Business Day [Exchange Business Day (Single Index Basis)] / [Exchange Business Day (All Indices Basis)] / [Exchange Business Day (Per Index Basis)]
- 24.9 Scheduled Trading Day [Scheduled Trading Day (Single Index Basis)] / [Scheduled Trading Day (All Indices Basis)] / [Scheduled Trading Day (Per Index Basis)]
- 24.10 Relevant Time: [Scheduled Closing Time]/[The relevant time is [], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]
- (N.B. *if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time.*)
- 24.11 Additional Disruption Events:
- (a) [As per the Equity Index Linked Conditions]/[The following Additional Disruption Events apply to the Warrants:] (give details)
- (b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is []]
- (NB: *only applicable if Loss of Stock Borrow is applicable and if different from the Equity Index Linked Conditions*)

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(c) [[The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [].]

(NB: only applicable if Increased Cost of Stock Borrow is applicable and if different from the Equity Index Linked Conditions)

24.12 Additional Index Adjustment Events: [If applicable, specify, otherwise delete this paragraph]

24.13 Other terms or special conditions: []

25. Commodity Linked Warrants: [Applicable] / [Not Applicable]

(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to these Final Terms)

26. Debt Linked Warrants: [Applicable] / [Not Applicable]

(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to these Final Terms)

27. Fund Linked Warrants: [Applicable] / [Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph) (If applicable, in the case of American Style or Bermudan Style Warrants consider any relevant amendments required in the Fund Linked Conditions to reflect the nature of such Warrants)

27.1 Settlement Date Extension: [Applicable] / [Not Applicable]

27.2 Reference Fund(s): [If more than one Reference Fund, insert the following:

[] ("**Reference Fund 1**")

[] ("**Reference Fund 2**")

[NB: complete and number accordingly in relation to additional Reference Funds. Also repeat relevant information in 26.2 – 26.8 below inclusive and any other relevant item in respect of each Reference Fund, specifying "In relation to Reference Fund [1]" or similar in relation to the relevant information.

If more than three Reference Funds, annex the details.]

27.3 (a) Fund Interest: [Give details]

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- (b) Fund Interest Unit(s): [Class [] shares] in [the Reference Fund] [Reference Fund 1]
[Class [] shares] in [Reference Fund 2]
[If more than three Fund Interest Units, annex the details.]

27.4 Reference Fund(s) Management and Administration

- (a) Fund Adviser: []
(b) Fund Administrator(s): []
(c) Fund Custodian: []
(d) Other Fund Service Provider(s): [] / [Not Applicable]
(e) Key Person(s): [] / [Not Applicable]

27.5 Fund Documents: []

[NB: *Specify details of the prospectus* - See Fund Linked Condition 5 of the Funds Technical Annex]

27.6 Key Dates:

- (a) Provisions for Valuation: *In relation to each of items 26.5(a)(i), (ii), (iii) and (v) (if applicable), add wording substantially as follows:*

[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Settlement Date Extension pursuant to Fund Linked Condition 1] [and/or] [the consequences of any such day not being a Fund Business Day]

- (i) Valuation Date: []
(a) Initial Valuation Date: [] / [Not Applicable]
(b) Scheduled Observation Date(s): [] / [Not Applicable]
(c) Observation Period: [] / [Not Applicable]
(d) Final Valuation Date: [] / [Not Applicable]

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- (b) Other Dates:
- (a) Trade Date: [Issue Date]
 - (b) Reference Fund Subscription Date: []
 - (c) Subscription Notice Date: [] / [Not Applicable]
 - (d) Fund Valuation Date: [] [specify in relation to Valuation Date or Averaging Date]
 - (e) Fund Reporting Date(s): [] / [Generally expected to fall on the last Fund Business Day of the calendar month]
 - (f) Redemption Notice Date: [] [specify in relation to Valuation Date or Averaging Dates]
 - (g) Scheduled Redemption Payment Date: [Specify/Not Applicable]
 - (h) Cut-off Period/Final Cut-Off Date: [] [Specify Cut-Off Period and Final Cut-off Date, if any]
- 27.7 Averaging: Averaging [applies/does not apply] to the Warrants. [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 27.8 Valuation Method: [Deemed Payout Method]/[Reported Value Method]
- 27.9 Valuation Time: [Not Applicable/give details]
- 27.10 Provisions for Settlement:
- (a) Settlement Price: [As per the Fund Linked Conditions]/[Specify if other than as set out in Fund Linked Conditions. Expressed as price per Fund Interest Unit]
 - (b) Settlement Cycle [As per the Fund Linked Conditions]/[Other - give details]
- 27.11 Fund Business Day: [As per the Fund Linked Conditions]/[Other - give details]
- 27.12 Currency Business Day: [As per the Fund Linked Conditions]/[Other - give details]

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- 27.13 Calculation Agent: [See paragraph 30 below] / [*specify other*]
- 27.14 Additional Extraordinary Fund Events: [Applicable / Not Applicable]
[*please specify*]
- 27.15 Hypothetical Investor Jurisdiction: [As set out in the Fund Linked Conditions/other - *give details*]
- 27.16 Hypothetical Investor: [As set out in the Fund Linked Conditions/other - *give details*]
- 27.17 Redemption Fees: [*Specify if applicable where Reported Value Method applies*]
- 27.18 Additional Fund Representations: [Applicable] / [Not Applicable]
[*If applicable, specify all operative details*]
- 27.19 Exchange Traded Fund Provisions: [Applicable] / [Not Applicable]
- [*If applicable, insert:*
- (a) Underlying Index: []
- (b) Underlying Index Sponsor: []]
- 27.20 Other terms or special conditions, including Initial Stock Loan Rate and Maximum Stock Loan Rate in respect of one or more Component Securities in the Index if required: []
- 28. Inflation Index Linked Warrants:** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- 28.1 Inflation Index/Inflation Indices: []
- (Give or annex details of index/indices)*
- 28.2 Inflation Index Sponsor(s): []
- 28.3 Reference Source(s): []
- 28.4 Formula: []
- 28.5 Related Bond: [Applicable/Not Applicable]
- The Related Bond is: [] [Fallback Bond]

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The issuer of Related Bond is: []

28.6 Fallback Bond: [Applicable] / [Not Applicable]

28.7 Key Dates:

(a) Reference Month: []

(b) Determination Date(s): []

(c) Cut-Off Date: []

(d) End Date: []

(This is necessary whenever Fallback Bond is Applicable)

28.8 Additional Disruption Events:

(a) Change in Law: [Applicable] / [Not Applicable]

(b) Hedging Disruption: [Applicable] / [Not Applicable]

(c) Increased Cost of Hedging: [Applicable] / [Not Applicable]

28.9 Other terms or special conditions: []

29. Property Index Linked Warrants: [Applicable] / [Not Applicable]

(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to these Final Terms)

GENERAL PROVISIONS APPLICABLE TO THE WARRANTS

30. Calculation Agent: [Abbey National Treasury Services plc
2 Triton Square
Regent's Place
London NW1 3AN
United Kingdom]
[specify other]

31. Linked Warrants: [Applicable/Not Applicable]

[If applicable, specify manner in which a Linked Warrant may be separated by a Warrantholder at his option. Warrantholders should be able to separate Linked Warrants at their discretion.]

32. Any Terms and Conditions additional to, or modified from, those set forth in the Prospectus: [] / [Not Applicable]

(When adding any other final terms consideration should be given as to whether such terms constitute

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"significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. 33.1 If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable] / [give names and addresses of each entity acting as underwriter and its respective underwriting commitments]]*
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- 33.2 Date of Subscription Agreement: []
- 33.3 Stabilising Manager(s) (if any): [Not Applicable] / [give name]
34. If non-syndicated, name and address of relevant Dealer: [Not Applicable] / [give name and address]
- [In connection with the issue of any Tranche of Warrants, the relevant Dealer (if any) named as the stabilising manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the "**Stabilising Manager**") may over-allot Warrants or effect transactions with a view to supporting the market price of the Warrants at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of Warrants is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Warrants and 60 days after the date of the allotment of the Tranche of Warrants.]
35. U.S. Selling Restrictions: [Reg. S Compliance Category [1] [2]
36. Non exempt Offer: [Not Applicable] / [An offer of the Warrants may be made by any Dealer [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by any Dealer") or (if relevant) Warrant that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Dealer(s), the "**Financial Intermediaries**") other

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than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] ("**Public Offer Jurisdictions**") during the period from [Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)] until [specify date or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"] ("**Offer Period**"). Copies of these Final Terms will be provided to the competent authorities in the Public Offer Jurisdictions. See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified / passported.)

37. Additional Selling restrictions: [Not Applicable]/[give details]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdiction] [and] admission to trading on [specify relevant regulated market (for example the London Stock Exchange's Regulated Market or the Regulated Market of the Luxembourg Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority or the Official List of the Luxembourg Stock Exchange)] of Warrants described herein pursuant to the Warrant Programme of Abbey National Treasury Services plc.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. Relevant third party information, for example, in compliance with Annex XII to the Prospectus Directive Regulation in relation to each Relevant Asset (as defined in the General Conditions) or its components] has been extracted from [specify source]. The Issuer and the Guarantor each confirm that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer and the Guarantor:

By:

Duly authorised

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PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

1.1 Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed the Official List of the UK Listing Authority with effect on or about [the Issue Date].

[Application is expected to be made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange with effect on or about [the Issue Date]]

[Specify any other listing if applicable]

[Not Applicable.]

(Where documenting a fungible issue, indication must be given that the original Warrants are already admitted to trading).

1.2 Estimate of total expenses related to admission to trading: []

2. RATINGS

2.1 Ratings: [The Warrants to be issued have been rated:

[Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.: []]

[Moody's Investor's Service, Inc.: []]

[Fitch Ratings: []]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating specifically allocated to Warrants by the relevant credit rating agency).

[None. Please note that as at the Issue Date it is not intended that this specific Series of Warrants will be rated.]

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3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer [and any Financial Intermediary[(ies)]]], so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. (*Amend as appropriate if there are other interests*)]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

4.1 Reasons for the offer: [General corporate purposes]

(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

4.2 Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

4.3 Estimated total expenses: []

[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]

(If the Warrants are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at 4.2 and 4.3 above where disclosure is included at 4.1 above.)

5. PERFORMANCE OF REFERENCE ASSET / FORMULA / CURRENCIES, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [RELEVANT ASSET] [INDEX] [THE [EXCHANGE RATE(S)/FORMULA/CURRENCIES]] –

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[Need to include details of where past and future performance and volatility of the Relevant Asset can be obtained]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include any adjustment rules in relation to events concerning the underlying (if applicable)]

[Where the underlying is an index, include the name of [the/each] index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]

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[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

6. OPERATIONAL INFORMATION

6.1 ISIN Code: []

6.2 Common Code: []

(insert here any other relevant codes such as CUSIP and CINS numbers)

6.3 Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not applicable/give name(s) and number(s)]

6.4 Delivery: Delivery [against/free of] payment

6.5 Governing law: English

6.6 Additional investment considerations: [Applicable. See Annex [] contained herein]
[Not Applicable]

[If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Warrants to be issued.]

7. TERMS AND CONDITIONS OF THE PUBLIC OFFER

[Applicable] / [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
[The Warrants will be offered to the public in each of [insert jurisdictions where the Base Prospectus has been approved and published and jurisdictions into which it has been passported ("Public Offer Jurisdictions")] in accordance with the arrangements listed below.]

7.1 Offer Price: [Issue Price] / [Not Applicable] / [give details]

7.2 [Conditions to which the offer is subject:] [Not Applicable] / [give details]

[Offers of the Warrants are conditions on their issue and are subject to such conditions as are set out in the [Distribution Agreement]. As between Dealers and their customers (including Financial Intermediaries) or between Financial Intermediaries and their customers, offers of the Warrants are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]

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- 7.3 [Description of the application process:] [Not Applicable] / [give details]
- 7.4 Time period, including any possible amendments, during which the offer will be open: [[] [a.m.] [p.m.] on [] to [] [a.m.] [p.m.] on []]
- 7.5 [Details of the minimum and/or maximum amount of application:] [Not Applicable] / [give details]
- 7.6 [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable] / [give details]
- 7.7 [Details of the method and time limits for paying up and delivering the Warrants:] [Not Applicable] / [give details]
[NB: Under normal circumstances, on the Issue Date, allocated Warrants will be made available to the Dealer(s) / Financial Intermediaries in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.]
- 7.8 [Manner in and date on which results of the offer are to be made public:] [Not Applicable] / [give details]
[If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published).]
- 7.9 [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable] / [give details]
- 7.10 [Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:] [Not Applicable] / [give details]
[Offers or solicitations may be made by the Dealer(s) in [insert relevant Public Offer Jurisdictions] for the period set out in paragraph 7.4 above, to any person [insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules]. No offer or solicitation in respect of the Warrants shall be made by the Dealer(s) except pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus (a) in any other EEA country or (b) after the period set out in paragraph 7.4 above has ended.]
- [Other]

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- | | | |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.11 | Indication of the expected price at which the Warrants will be offered or the method of determining the price and the process for its disclosure: | [Not Applicable] [The Issuer has offered and will sell the Warrants to the Dealer(s) (and no one else) at the Issue Price of [] [less a total commission of []]. The Dealer(s) and Financial Intermediaries will offer and sell the Warrants to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Financial Intermediaries) or each such Financial Intermediary and its customers by reference to the Issue Price and the market conditions prevailing at the time.] |
| 7.12 | [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] | [Not Applicable] / [give details]

[Prospective Warrantholders will be notified by the relevant Dealer(s) and Financial Intermediary in accordance with the arrangements in place between such Dealer(s) or Financial Intermediary and its customers. Any dealings in the Warrants, which take place will be at the risk of the prospective Warrantholders.] |
| 7.13 | Details of any tranche(s) reserved for specific country: | [Not Applicable] / [give details] |
| 7.14 | [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] | [Not Applicable] / [give details] |
| 7.15 | Additional information applicable to the terms and conditions of the offer, if any: | [Not Applicable] / [give details] |
| 7.16 | [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] | [None known to the Issuer] / [give details] |

The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution Agreement] [Programme Agreement]³. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including the Financial Intermediaries. The Issuer shall not be liable for any offers, sales or purchases of Warrants to persons (other than in respect of offers and sales to, and purchases of, Warrants by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement], which are made by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.

[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Warrants, the Issuer has passported the Base Prospectus in each of the Public Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Warrants may only be publicly offered in Public Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member States and that all offers of Warrants by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.]

³ Delete as applicable depending on whether syndicated trade or not.

General Conditions

GENERAL TERMS AND CONDITIONS OF THE WARRANTS

*The following general terms and conditions (the "**General Conditions**"), together with the Technical Annex(es) (if applicable), are the terms and conditions (collectively, the "**Conditions**") of the Warrants which will be incorporated by reference into each Global Warrant (as defined below). The applicable Final Terms in relation to any Tranche of Warrants will complete and supplement the Conditions in relation to each Tranche of Warrants and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, together with the Technical Annex(es) (if applicable), replace or modify the following Conditions for the purpose of such Warrants. The applicable Final Terms, (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Warrant. Reference should be made to "Form of the Warrants" for a description of the content of the applicable Final Terms which will specify which of such terms are to apply in relation to the relevant Warrants. References in these Conditions to "**Final Terms**" shall mean a tranche of Warrants issued pursuant to this Prospectus.*

This Warrant is one of a Series of Warrants issued by Abbey National Treasury Services plc (the "**Issuer**" which expression shall include any substitute pursuant to General Condition 12 (*Substitution*) below) pursuant to a Warrant Agreement (as defined below). The Warrants of each Series are constituted by a global warrant (the "**Global Warrant**").

References herein to the "**Warrants**" shall be references to the Warrants of this Series and shall include any Global Warrant.

The Warrants have the benefit of a warrant agreement dated on or about 9 December 2010 (such Warrant Agreement as amended and/or supplemented and/or restated from time to time, the "**Warrant Agreement**") made between the Issuer, Santander UK plc (formerly Abbey National plc) (the "**Guarantor**") as guarantor, Citibank, N.A., London as principal warrant agent (the "**Principal Warrant Agent**", which expression shall include any additional or successor agent acting in such capacity), Citigroup Global Markets Deutschland AG & Co KGaA as the German warrant agent (the "**German Warrant Agent**" which expression shall include any additional or successor agent acting in such capacity), and Dexia Banque Internationale à Luxembourg, société anonyme as Luxembourg warrant agent (the "**Luxembourg Warrant Agent**", which expression shall include any additional or successor agent acting in such capacity and, together with the Principal Warrant Agent and the German Warrant Agent, the "**Warrant Agents**"). The Principal Warrant Agent, the German Warrant Agent, the Luxembourg Warrant Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to the entity specified as such in the applicable Final Terms or any successor in such capacity.

The Issuer's obligations in respect of this Warrant have been guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") dated 16 December 2009 and executed by the Guarantor. The original Guarantee is held by the Principal Warrant Agent at its specified office.

The final terms for this Warrant (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Warrant which supplement these General Terms and Conditions of the Warrants (the "**Conditions**", which term shall include one or more Technical Annex(es) in the form annexed hereto (each a "**Technical Annex**") if specified as applicable in such Final Terms) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of this Warrant. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Warrant and provisions relating to types of Warrants for which no Technical Annex exists shall be set out, if required, in the applicable Final Terms.

Any reference to "**Warrantholders**" or "**holders**" in relation to any Warrants shall mean the holders of the Warrants and shall, in relation to any Warrants represented by a Global Warrant, be construed as provided below.

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As used herein, "**Tranche**" means Warrants which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Warrants together with any further Tranche or Tranches of Warrants which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, and/or Issue Prices.

Copies of the Warrant Agreement (which contains the form of the Guarantee) are available for inspection during normal business hours at the specified office of each of the Warrant Agents. Copies of the applicable Final Terms are available for viewing during normal business hours at the specified office of each of the Warrant Agents and copies may be obtained from those offices save that, if the Warrants are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Directive 2003/71/EC (the "**Prospectus Directive**"), the applicable Final Terms will only be obtainable by a Warrantholder holding one or more Warrants and such Warrantholder must produce evidence satisfactory to the Issuer and the relevant Warrant Agent as to its holding of such Warrants and identity. The Warrantholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Warrant Agreement, the Guarantee, and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Warrant Agreement.

Words and expressions defined in the Warrant Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Warrant Agreement and the applicable Final Terms, the applicable Final Terms shall prevail. In the case of any inconsistency between any Technical Annex(es) specified as applicable in the applicable Final Terms and other parts of these Conditions, the provisions of the applicable Technical Annex(es) shall prevail. In the case of any inconsistency between the applicable Final Terms and the Conditions, the applicable Final Terms shall prevail.

1. TYPE, TITLE AND TRANSFER

1.1 Type

A Warrant may be designated in the applicable Final Terms as relating to a single currency or basket of currencies, a single equity index or basket of equity indices, a single share or basket of shares, a single debt security or basket of debt securities, a single commodity or basket of commodities, a single inflation index or basket of inflation indices, a single property index or basket of property indices, a single fund share or unit or basket of fund shares or units and other asset classes or types (the "**Reference Asset**") and accordingly as a Currency Linked Warrant, an Equity Index Linked Warrant, an Equity Linked Warrant, a Commodity Linked Warrant, a Debt Linked Warrant, a Fund Linked Warrant, an Inflation Index Linked Warrant, a Property Index Linked Warrant or any other or further type of warrants including Warrants which relate to any combination of such Reference Assets. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Currency Linked Warrants, Equity Index Linked Warrants, Equity Linked Warrants, Fund Linked Warrants or Inflation Index Linked Warrants are set out in the relevant Technical Annex specified to be applicable in the applicable Final Terms.

The applicable Final Terms will indicate whether the Warrants are American style Warrants ("**American Style Warrants**"), European style Warrants ("**European Style Warrants**") or Bermudan style Warrants ("**Bermudan Style Warrants**") or such other type as may be specified in the applicable Final Terms, whether settlement shall be by way of cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**"), whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"), or such other type as may be specified in the applicable Final Terms, whether the Warrants may only be exercised in Units and whether Averaging ("**Averaging**") will apply to the Warrants. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in the relevant Technical Annex) applies.

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References in the Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such Warrant and where settlement is to be by way of cash payment, and references in the Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is to be by way of physical delivery.

Warrants may allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Warrants where the holder has elected for cash payment will be Cash Settled Warrants and those Warrants where the holder has elected for physical delivery will be Physical Delivery Warrants. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Final Terms.

1.2 Title to Warrants

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular number of Warrants (in which regard any warrant or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Warrant Agents as the holder of such amount of Warrants for all purposes (and the expressions "**Warrantholder**" and "**holder of Warrants**" and related expressions shall be construed accordingly).

1.3 Transfers of Warrants

All transactions (including transfers of Warrants) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to General Condition 5.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, specified in the applicable Final Terms or as may otherwise be approved by the Issuer and Principal Warrant Agent, and notified to the Warrantholders in accordance with General Condition 11 (*Notices*).

2. STATUS OF THE WARRANTS

The Warrants are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

3. STATUS OF THE GUARANTEE

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

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Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably:

- (a) guaranteed to each Warrantholder all obligations of the Issuer in respect of such Warrantholder's Warrants as and when such obligations become due; and
- (b) agreed that if and each time that the Issuer fails to satisfy any obligation under such Warrants as and when such obligation becomes due, the Guarantor will (without requiring the relevant Warrantholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligation punctually when and as the same shall become due and payable or due to be satisfied, as the case may be, as though the Guarantor were the principal obligor in respect of such obligation.

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Entitlement (as specified in the applicable Final Terms) to the holders of Physical Delivery Warrants when the same shall become due and deliverable, but in lieu thereof to make payment in respect of each Physical Delivery Warrant of an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to (i) the cash settlement amount that would have been payable upon exercise of such Warrant as if such Warrant were a Cash Settled Warrant, calculated pursuant to the terms of the applicable Final Terms, or (ii) if, in the determination of the Guarantor, it is impossible or impracticable to determine the cash settlement amount in (i) above by reason of a lack of liquidity in the relevant market or otherwise, the fair market value of such Warrant (calculated without regard to the creditworthiness of the Issuer or the Guarantor at such time) less the costs of unwinding any underlying related hedging and/or funding arrangements (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Entitlement shall constitute a complete discharge of the Guarantor's obligations in respect of such Physical Delivery Warrants.

4. EXERCISE RIGHTS

4.1 Exercise Period

(A) American Style Warrants

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*), at or prior to 10.00 a.m., Luxembourg or Brussels time, as appropriate, on the Expiration Date, shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Exercise Business Day of the Exercise Period (in respect of an American Style Warrant, the "**Expiration Date**") and which in the determination of the Calculation Agent is "In-The-Money", shall be exercised by the Principal Warrant Agent on behalf of the relevant Warrantholder on the Expiration Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any American Style Warrants which Automatic Exercise applies in accordance with this provision.

With respect to an American Style Warrant, the "**Actual Exercise Date**" means (i) the Exercise Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent or, (ii) if Automatic Exercise is specified as applying in the applicable Final Terms and there is no earlier Actual Exercise Date under (i) above and Automatic Exercise

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occurs on the Expiration Date in accordance with the preceding paragraph, the Expiration Date. If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrants in respect of which no Exercise Notice has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*) at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified as applying in the applicable Final Terms, become void, or (ii) if Automatic Exercise is specified as applying in the applicable Final Terms, be automatically exercised on the Expiration Date, subject as provided above.

(B) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*), at or prior to 10.00 a.m. (Luxembourg or Brussels time, as appropriate) on the Exercise Date or if such day is not an Exercise Business Day, the immediately following Exercise Business Day (in respect of a European Style Warrant, the "**Actual Exercise Date**" and the "**Expiration Date**"), shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, any such European Style Warrant which in the determination of the Calculation Agent is "In-The-Money", shall be automatically exercised by the Principal Warrant Agent on behalf of the Warrantholders on the Actual Exercise Date and the provisions of General Condition 5 (*Exercise Procedure*) shall apply. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any European Style Warrants to which Automatic Exercise applies in accordance with this provision.

(C) Bermudan Style Warrants

Bermudan Style Warrants are exercisable on each Exercise Date or if any Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*), at or prior to 10.00 a.m. (Luxembourg or Brussels time, as appropriate) on the last Exercise Date or if such day is not an Exercise Business Day, the immediately following Exercise Business Day (in respect of a Bermudan Style Warrant, the "**Expiration Date**"), shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, any such Bermudan Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date, and which in the determination of the Calculation Agent is "In-The-Money", shall be exercised by the Principal Warrant Agent on behalf of the relevant Warrantholder on the Expiration Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any Bermudan Style Warrants to which Automatic Exercise applies in accordance with this provision.

With respect to a Bermudan Style Warrant, the "**Actual Exercise Date**" means (i) the Exercise Date, or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day, on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent or, (ii) if Automatic Exercise is specified as applying in the applicable Final Terms and there is no

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earlier Actual Exercise Date under (i) above and Automatic Exercise occurs on the Expiration Date in accordance with the preceding paragraph, the Expiration Date. If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Date, or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day, such Exercise Notice will be deemed to have been delivered on the next Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day), which Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day) shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in General Condition 5 (*Exercise Procedure*) at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified as applying in the applicable Final Terms, become void or (ii) Automatic Exercise is specified as applying in the applicable Final Terms, be automatically exercised on the Expiration Date, subject as provided above.

For the purposes of this General Condition 4.1, **In-The-Money** means:

- (i) in the case of a Cash Settled Warrant, the Cash Settlement Amount in respect of such Cash Settlement Warrant is greater than zero; and
- (ii) in the case of a Physical Delivery Warrant, the Assessed Value Payment Amount for such Physical Delivery Warrant is greater than zero,

in each case in the determination of the Calculation Agent.

4.2 Cash Settlement

(A) Cash Settlement Amount

If the Warrants are Cash Settled Warrants, unless otherwise specified in the Final Terms, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (i) where Averaging is not specified in the applicable Final Terms:
 - (a) if such Warrants are Call Warrants,

(Settlement Price less Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Nominal Amount; and
 - (b) if such Warrants are Put Warrants,

(Exercise Price less Settlement Price) multiplied by, in the case of Currency Linked Warrants only, the Nominal Amount.
- (ii) where Averaging is specified in the applicable Final Terms:
 - (a) if such Warrants are Call Warrants,

(i) the arithmetic mean of the Settlement Prices for all the Averaging Dates less (ii) Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Nominal Amount; and

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(b) if such Warrants are Put Warrants,

((i) Exercise Price less (ii) the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Currency Linked Warrants only, the Nominal Amount.

Any amount determined pursuant to the above, if not an amount in the Specified Currency, will be converted into the Specified Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount.

(B) Rounding provisions

If “**Rounded Up**” is specified in the applicable Final Terms, then the Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Specified Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be.

If “**Rounded Down**” is specified in the applicable Final Terms, then the Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Specified Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded down, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be.

4.3 Physical Settlement

(A) Exercise Rights in relation to Physical Delivery Warrants

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants or Units, as the case may be, exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be, PROVIDED THAT the aggregate Entitlements in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof, unless otherwise provided for in the applicable Final Terms.

Following exercise of an Equity Linked Warrant which is a Physical Delivery Warrant, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in General Condition 5.1(b)(vi).

(B) Failure to deliver an Exercise Notice for Physical Delivery Warrants

In the event that a Warrantholder does not, in respect of a Physical Delivery Warrant, deliver an Exercise Notice in accordance with General Condition 5 (*Exercise Procedure*) on or prior to 10.00 a.m. Luxembourg or

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Brussels time (as appropriate) on the Expiration Date and Automatic Exercise is specified as applying in the applicable Final Terms and the Physical Delivery Warrant is In-The-Money, the Issuer shall not be obliged to deliver the Entitlement but shall as soon as reasonably practicable determine the Assessed Value Payment Amount and in respect of such Warrant where the Assessed Value Payment Amount is greater than zero, pay the Assessed Value Payment Amount to the relevant Warrantholder in lieu of delivery of the Entitlement as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount, the Issuer's obligations in respect of such Warrant shall be discharged and the Guarantor's obligations in respect of such Warrant pursuant to the Guarantee shall be discharged. As used herein:

"Assessed Value Payment Amount" means, in respect of a Warrant, an amount determined by the Calculation Agent acting in good faith and in a commercially reasonable manner to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of such Warrant (calculated without regard to the creditworthiness of the Issuer or the Guarantor at the relevant time) less the applicable Exercise Price less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer.

(C) Settlement Disruption

If, following the exercise of Physical Delivery Warrants by delivery of an Exercise Notice, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with General Condition 11 (*Notices*). Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or Unit, as the case may be, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Guarantor.

For the purposes hereof:

"Settlement Business Day" is as specified in the applicable Final Terms.

"Disruption Cash Settlement Price" means, in respect of any relevant Warrant or Unit, as the case may be, the fair market value of such Warrant or Unit, as the case may be (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such

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non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless otherwise provided in the applicable Final Terms), all as determined by the Issuer, plus, if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

"Settlement Disruption Event" means, in the opinion of the Calculation Agent, as applicable, an event beyond the control of the Issuer or the Guarantor, as applicable, as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(D) Failure to Deliver due to Illiquidity

If, following the exercise of Physical Delivery Warrants by the delivery of an Exercised Notice, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **"Affected Relevant Assets"**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **"Failure to Deliver due to Illiquidity"**), then

- (i) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with General Condition 4.3(A) and the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement; and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with General Condition 11 (*Notices*). Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) that the provisions of this General Condition 4.3(D)(ii) apply.

For the purposes hereof:

"Failure to Deliver Settlement Price" means, in respect of any relevant Warrant or Unit, as the case may be, the fair market value of such Warrant or Unit, as the case may be (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for otherwise in the relevant Final Terms), all as determined by the Issuer, plus, if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

4.4 Issuer's Option to Vary Settlement

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the Warrants, upon a valid exercise of Warrants in accordance with the Conditions, the Issuer may at its sole and unfettered discretion in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, elect not to pay the relevant Warrantholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Warrantholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders, as the case may be. Notification of such election will be given to Warrantholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

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4.5 General

In relation to any Warrants where Automatic Exercise is specified as applying in the applicable Final Terms, the expressions "exercise", "due exercise" and related expressions shall be construed to apply to any such Warrants which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Guarantor, the Calculation Agent and the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to "**Luxembourg or Brussels time**" shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

4.6 Business Day Convention

If the date for payment of any amount due in respect of any Warrant is not a Business Day, the Warrantholder shall not be entitled to payment until:

- (a) if "**Following**" is specified in the applicable Final Terms, the next following Business Day; or
- (b) if "**Modified Following**" is specified in the applicable Final Terms, the next following Business Day unless that day falls in the next calendar month, in which case the first preceding day that is a Business Day,

in each case with payment being made in the relevant place and the Warrantholder shall not be entitled to any further payment in respect of such delay. If no Business Day Convention is specified in the applicable Final Terms the "Following" Business Day Convention will apply to the Warrants.

4.7 Definitions

For the purposes of the Conditions, the following general definitions will apply:

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

"**Cash Settlement Amount**" means, in relation to Cash Settled Warrants, the amount to which the Warrantholder is entitled in the Specified Currency in relation to each such Warrant as determined by the Calculation Agent pursuant to General Condition 4.2. If Units are specified in the applicable Final Terms, the "Cash Settlement Amount" shall mean the aggregate amount to which the Warrantholder is entitled in the Specified Currency in relation to each Cash Settled Warrant comprising a Unit. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards if "Rounded Up" is specified in the applicable Final Terms or (b) rounded downwards if "Rounded Down" is specified in the applicable Final Terms, in each case as provided in General Condition 4.2 (*Cash Settlement*).

"**Entitlement**" means, in relation to a Physical Delivery Warrant the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant following payment of the Exercise Price (and any other sums payable). If Units

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are specified in the applicable Final Terms, the "Entitlement" shall mean the aggregate quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in relation to each Physical Delivery Warrant comprising a Unit. The Entitlement shall be rounded down as provided in General Condition 4.3(A), as determined by the Calculation Agent including any documents evidencing such Entitlement.

"Exercise Business Day" means:

- (a) in the case of Cash Settled Warrants, a day that is a Business Day; and
- (b) in the case of Physical Delivery Warrants, a day that is a Business Day and a Scheduled Trading Day.

"Exercise Date" is as specified in the applicable Final Terms, provided that, if such date is not an Exercise Business Day the Exercise Date shall be the immediately succeeding Exercise Business Day.

"Exercise Price" is as specified in the applicable Final Terms.

"Nominal Amount" is as specified in the applicable Final Terms.

"Relevant Asset" is as specified in the applicable Final Terms.

"Scheduled Trading Day" is as defined in the applicable Technical Annex.

"Settlement Date" means:

- (a) in relation to Cash Settled Warrants, (i) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the Valuation Date, or (ii) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date, in such case, subject to adjustment in accordance with the applicable Technical Annex, (iii) or, if different, the date specified as such in the applicable Final Terms; or
- (b) in relation to Physical Delivery Warrants, the date specified as such in the applicable Final Terms.

"Settlement Price" means, in relation to each Cash Settled Warrant:

- (a) in respect of Equity Index Linked Warrants, subject to the Equity Index Linked Conditions, (i) in the case of Equity Index Linked Warrants relating to a basket of Indices, an amount, (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of the product of (x) the Closing Level in respect of each Index specified in the applicable Final Terms on the Valuation Date or Averaging Date, as the case may be, and (y) the relevant Multiplier, or (ii) in the case of Equity Index Linked Warrants relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the Closing Level in respect of the Index specified in the applicable Final Terms;
- (b) in respect of Equity Linked Warrants, subject to the Equity Linked Conditions, (i) in the case of Equity Linked Warrants relating to a basket of Shares, an amount equal to the sum of the product of (x) the Settlement Price in respect of each Share specified in the applicable Final Terms on the Valuation Date or Averaging Date, as the case may be, and (y) the relevant Multiplier or (ii) in the case of Equity Linked Warrants relating to a single Share, the Settlement Price in respect of the Share specified in the applicable Final Terms;
- (c) in respect of Currency Linked Warrants, subject to the Currency Linked Conditions, (i) in the case of Currency Linked Warrants relating to a basket of reference rates, an amount equal to the sum of the product of (x) each Specified Rate specified in the applicable Final Terms on the Valuation Date or Averaging Date, as the case may be, and (y) the relevant Multiplier or (ii) in the case of Currency

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Linked Warrants relating to a single Specified Rate, the Specified Rate specified in the applicable Final Terms; and

- (d) in respect of any other Warrants, as specified in the applicable Final Terms.

5. EXERCISE PROCEDURE

5.1 Exercise Notice

Other than in the case of Automatic Exercise, Warrants may only be exercised by the delivery, (which may include the sending by fax), of a duly completed exercise notice (an "**Exercise Notice**") in the form set out in the Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in General Condition 4.1 (*Exercise Period*) and this General Condition.

- (a) In the case of Cash Settled Warrants, the Exercise Notice shall:
- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
 - (ii) specify the number of the Warrantholder's securities account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
 - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's securities account with the Warrants or unites, as the case may be, being exercised;
 - (iv) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;
 - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants ("**Exercise Expenses**") and an authority to Clearstream, Luxembourg or Euroclear to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
 - (vi) certify, inter alia, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person and no cash has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any exercise thereof, and where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America, as required by the Issuer or indicated and set out in the applicable Final Terms; and
 - (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

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- (b) In the case of Physical Delivery Warrants, the Exercise Notice shall:
- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
 - (ii) specify the number of the Warrantholder's securities account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
 - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's securities account with the Warrants being exercised or Units, as the case may be, being exercised;
 - (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the Actual Exercise Date a specified account of the Warrantholder with Clearstream, Luxembourg or Euroclear, as the case may be, with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be, (together with any other amounts payable);
 - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants and/or the delivery or transfer of the Entitlement pursuant to the terms of such Warrants ("**Exercise Expenses**") and an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
 - (vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable;
 - (vii) certify, inter alia, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person and no Entitlement or cash has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any exercise thereof, and where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America, as required by the Issuer or indicated and set out in the applicable Final Terms; and
 - (viii) authorise the production of such certification in any applicable administrative or legal proceedings,
- all as provided in the Warrant Agreement.
- (c) If General Condition 4.4 (*Issuer's Option to Vary Settlement*) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from the Warrant Agents during normal office hours.

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5.2 Verification of the Warrantholder

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the holder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Warrant Agent the series number and number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Warrant or Unit, as the case may be, being exercised. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants or Bermudan Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Warrant Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

5.3 Settlement

(A) Cash Settled Warrants

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be:

- (i) to the Warrantholder's account specified in the relevant Exercise Notice, or
- (ii) where no Exercise Notice is received, Automatic Exercise is specified as applying in the applicable Final Terms and Automatic Exercise has occurred in respect of the Warrant or Unit, as the case may be, to the Warrantholder's account with Clearstream, Luxembourg or Euroclear, as applicable, in accordance with the rules of Clearstream, Luxembourg or Euroclear,

in each case, for value on the Settlement Date less any Exercise Expenses.

(B) Physical Delivery Warrants

- (C) Subject to payment of the aggregate Exercise Prices and payment of any Exercise Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, as the case may be pursuant to the details specified in the relevant Exercise Notice. Subject as provided in General Condition 4.3, the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

5.4 Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in General Condition 5.1 above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Warrant Agent.

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If Automatic Exercise is not specified as applying in the applicable Final Terms, any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in General Conditions 4.1(A), 4.1(B) and 4.1(C), in respect of American Style Warrants, European Style Warrants and Bermudan Style Warrants respectively, shall become void.

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Warrant Agents, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

5.5 Delivery of an Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants.

5.6 Automatic Exercise

- (A) If Automatic Exercise is specified as applying in the applicable Final Terms and if no Exercise Notice is delivered in respect of the relevant Warrants, where the Warrants are, in the determination of the Calculation Agent, "In-The-Money", such Warrants shall be automatically exercised.
- (B) In the case of General Condition 5.6(A) above, the Issuer shall transfer or cause to be transferred to Clearstream, Luxembourg or Euroclear, as the case may be, through which such Warrants are held an amount equal to the aggregate of the Cash Settlement Amounts or Assessed Value Payment Amount, as the case may be, in respect of the Warrants held in such clearing system and Clearstream, Luxembourg or Euroclear, as the case may be, shall, subject to having received such aggregate Cash Settlement Amount or Assessed Value Payment Amount, as the case may be, on the Settlement Date credit the account of each Warrantholder of such Warrant(s) in its books with an amount equal to the aggregate Cash Settlement Amount or Assessed Value Payment Amount, as the case may be, relating to the Warrant(s) held by such Warrantholder and on or before the Settlement Date debit such account with the number of Warrants automatically exercised and in respect of which such Cash Settlement Amount or Assessed Value Payment Amount, as the case may be, is being paid.

5.7 Exercise Risk

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, the Guarantor and the Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor and the Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg or Euroclear in relation to the performance of its duties in relation to the Warrants.

5.8 Minimum and Maximum Number of Warrants Exercisable

- (A) American Style Warrants

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder and exercised by Automatic Exercise on the Expiration Date, in each case, as determined by the Issuer, must not be less

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than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “**Quota**”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(B) European Style Warrants

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable by or on behalf of any Warrantholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

(C) Bermudan Style Warrants

This paragraph (C) applies only to Bermudan Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder and exercised by Automatic Exercise on the Expiration Date, in each case, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “**Quota**”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Date until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

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6. EARLY CANCELLATION

6.1 Cancellation for Illegality

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer under the Warrants or the obligations of the Guarantor under the Guarantee, or any arrangements made to hedge the Issuer's obligations under the Warrants, has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof, the Issuer may, having given not less than 10 nor more than 30 calendar days' notice to the Warrantheolders in accordance with General Condition 11 (*Notices*) (which notice shall be irrevocable), on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

6.2 Regulatory Cancellation Event

In the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results, or will result, solely by reason of the Warrants being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than 10 nor more than 30 calendar days' notice to the Warrantheolders in accordance with General Condition 11 (*Notices*) (which notice shall be irrevocable) may, on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount. Payment shall be made in such manner as shall be notified to Warrantheolders in accordance with General Condition 11 (*Notices*).

6.3 Force Majeure or act of State

In the event that the Calculation Agent determines that by reason of a Force Majeure Event occurring after the Issue Date it becomes impossible or impracticable for the Issuer, the Guarantor or the Calculation Agent to perform in whole or in part its obligations under the Warrants and/or any related hedging arrangements, the Issuer may, having given not less than 10 nor more than 30 calendar days' notice to the Warrantheolders in accordance with General Condition 11 (*Notices*) (which notice shall be irrevocable), on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount. Payment shall be made in such manner as shall be notified to Warrantheolders in accordance with General Condition 11 (*Notices*).

As used herein:

"Affiliate" means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

"Associated Costs" means, in respect of a Warrant, an amount equal to such Warrant's *pro rata* share of the total amount of any and all costs or expenses associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early cancellation, including, without limitation, any costs associated with unwinding the funding relating to the Warrants and any costs associated with unwinding any hedge positions relating to the Warrant, all as determined by the Calculation Agent in its discretion.

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"Early Cancellation Amount" means, in respect of a Warrant, the fair market value of such Warrant plus any Exercise Price paid in respect of such Warrant, less any Associated Costs, as determined by the Calculation Agent in its discretion.

"Force Majeure Event" means an event or circumstance which prevents in whole or in part the performance by the Issuer, the Guarantor and/or the Calculation Agent of its obligations under the Warrants and/or related hedging arrangements including, without limitation a system failure, fire, natural or man-made disaster, act of God, act of State, armed conflict, act of terrorism, riot or labour disruption.

"Hedging Party" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Warrants from time to time.

6.4 Early Cancellation at the Option of the Issuer

If Issuer Early Cancellation is specified in the applicable Final Terms, the Issuer may, subject to, and in accordance with, the terms specified in the applicable Final Terms, having given:

- (a) not less than 15 nor more than 30 calendar days' notice to the Warrantholders in accordance with General Condition 11 (*Notices*); and
- (b) not less than 15 calendar days before the giving of the notice referred to in (a) above, notice to the Principal Warrant Agent,

(which notices shall be irrevocable and shall specify the date fixed for cancellation), cancel all of the Warrants then outstanding on any Issuer Early Cancellation Date and at the Issuer Early Cancellation Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms.

7. EVENTS OF DEFAULT

7.1 If (a) any of the following events shall occur and be continuing and (b) holders of at least twenty-five per cent. (25%) (by number) of the Warrants then outstanding so request the Issuer by notice in relation to the same event given in accordance General Condition 11 (*Notices*), then upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) below, on expiry of the relevant time period specified therein, the relevant event shall be treated as an **"Event of Default"** and unless (in the case of (i) or (ii) below) the relevant default(s) or failure(s) shall have been cured by the Issuer or the Guarantor prior to receipt of such written notice, all but not some only of the Warrants shall be cancelled at an amount in respect of each Warrant equal to the fair market value of a Warrant, calculated without regard to the creditworthiness of the Issuer or the Guarantor at such time, less any Associated Costs all as determined by the Calculation Agent in its discretion. For the purposes of (a) above, the relevant events are:

- (i) default is made for a period of 30 days or more in the payment of any cash settlement or delivery of any Entitlement due in respect of the Warrants or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid or such Entitlement was not delivered in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 30 day period by an independent legal adviser; or
- (ii) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Warrants, the Guarantee or the Warrant Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or
- (iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation where the entity resulting

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from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Warrants) or the Guarantor (including its obligations under the Guarantee)).

- 7.2 Any default by the Issuer or the Guarantor, other than the events described in General Condition 7.1(i), may be waived by the written consent of holders of a majority (by number) of the Warrants then outstanding affected thereby, or by resolution adopted by a majority (by number) of such Warrants then outstanding present or represented at a meeting of holders of the Warrants affected thereby at which a quorum is present, as provided in the Warrant Agreement.

8. PURCHASES

The Issuer, the Guarantor or any of their respective Affiliates (as defined above) may, but is not obliged to, at any time purchase Warrants at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such Warrants may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered for cancellation.

9. EXPENSES AND TAXATION

- 9.1 A holder of Warrants must pay all Exercise Expenses relating to such Warrants as provided above.
- 9.2 Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer or Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

10. AGENTS

10.1 Warrant Agents

Each of the Issuer and the Guarantor reserves the right to vary or terminate the appointment of any Warrant Agent and/or approve any change in the specified office through which any Warrant Agent acts and/or appoint additional or other Warrant Agents, provided that:

- (A) there will at all times be a Principal Warrant Agent; and
- (B) so long as the Warrants are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Warrant Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Any variation, termination, appointment or change in relation to any Series of Warrants shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Warrantholders of the relevant Series of Warrants in accordance with General Condition 11 (*Notices*).

In acting under the Warrant Agreement, the Agents act solely as agents of the Issuer and the Guarantor, and do not assume any obligation to, or relationship of agency or trust with, any Warrantholders. The Warrant Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

10.2 Calculation Agent

In relation to each issue of Warrants, the Calculation Agent acts solely as agent of the Issuer and the Guarantor and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the

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Warrantholders. All calculations and determinations made in respect of the Warrants by the Calculation Agent under the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor and the Warrantholders.

In exercising its discretion under the Conditions, the Calculation Agent shall act in good faith and in a commercially reasonable manner. The exercise of the Calculation Agent's discretion under the Conditions are necessary because certain circumstances or events (e.g. a material modification or disruption to the underlying asset or reference basis to which the Warrants are linked) may occur subsequent to the issuance of the Warrants or the time at which hedging arrangements are made which may materially affect the costs to the Issuer and/or a Hedging Party of maintaining the relevant Warrants or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Warrants. In addition, as a result of certain circumstances or events (e.g. price unavailability or material disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of the underlying asset or otherwise reference basis to be made in connection with the Warrants, and thus making it necessary for the Calculation Agent to exercise its discretion in such a case.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

10.3 Determinations by the Issuer or the Guarantor

The Issuer's ability to perform its obligations under the Warrants may be hedged by the Issuer entering into certain hedging arrangements with a Hedging Party. In relation to the discretion of the Issuer in respect of the method of settlement under the Conditions, the exercise of any such discretion is necessary to enable the Issuer to settle the Warrants taking into account its hedging arrangements. Certain events (e.g. failure by the Hedging Party to deliver the relevant underlying assets) beyond the control of the Issuer may occur and such events may materially increase the costs of the Issuer to perform its obligations under the Warrants and consequently require modifications or other actions under the Warrants.

In exercising its discretion under the Conditions, the Issuer or the Guarantor, as the case may be, shall act in good faith and in a commercially reasonable manner. The exercise of the Issuer's or the Guarantor's discretion under the Conditions is necessary because certain circumstances or events (e.g. material modification or disruption to the underlying asset or reference basis to which the Warrants are linked) may occur subsequent to the issuance of the Warrants or the time at which hedging arrangements are made which may materially affect the costs to the Issuer and/or a Hedging Party of maintaining the relevant Warrants or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Warrants. In addition, as a result of certain circumstances or events (e.g. price unavailability or material disruption to any reference source), it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of the underlying asset or otherwise reference basis to be made in connection with the Warrants, and thus making it necessary for the Issuer or the Guarantor to exercise its discretion in such a case.

Any determination made by the Issuer or the Guarantor pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor and the Warrantholders.

11. NOTICES

All notices regarding the Warrants will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Warrants are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above

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is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

Notice may be given (and so long as the rules of any stock exchange on which the Warrants are listed, or the rules of any other relevant authority by which the Warrants have been admitted to listing, permit) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the Warrants provided that, in addition, for so long as any Warrants are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in the manner required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Warrants on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.

Notices to be given by any Warrantholder shall be given to the Principal Warrant Agent through Clearstream, Luxembourg or Euroclear, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Warrant Agent, Clearstream, Luxembourg, and/or Euroclear, as the case may be, may approve for this purpose.

12. SUBSTITUTION

12.1 Substitution of Issuer

The Issuer (or any previously substituted company as issuer from time to time) shall, without the consent of the Warrantholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute Issuer**") as principal obligor in respect of all obligations arising from or in connection with the Warrants provided that (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute Issuer shall have assumed all obligations arising from or in connection with the Warrants and shall have become a party to the Warrant Agreement, with any consequential amendments, as if it had been an original party to it; (iii) the obligations of the Substitute Issuer in respect of the Warrants shall be unconditionally and irrevocably guaranteed by the Guarantor; (iv) each stock exchange or listing authority on which the Warrants are listed shall have confirmed that following the proposed substitution of the Substitute Issuer, the Warrants would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Warrantholders in accordance with General Condition 11 (*Notices*).

12.2 Substitution of Guarantor

The Guarantor (or any previously substituted company as guarantor from time to time) shall, without the consent of the Warrantholders, be entitled at any time to substitute for the then Guarantor (the "**Current Guarantor**") any other company (the "**Substitute Guarantor**") as guarantor in respect of all obligations of the Issuer in respect of the Warrants provided that (i) the creditworthiness of the Substitute Guarantor at such time is at least equal to the creditworthiness of Santander UK plc (or if different, of the Current Guarantor), as determined in good faith by the Guarantor by reference to, *inter alia*, the long term senior debt ratings (if any) assigned by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., and/or Moody's Investors Service Limited and/or Fitch Ratings Limited, or any successor rating agent or agencies thereto, to the Substitute Guarantor, (ii) the Substitute Guarantor having entered into a guarantee (the "**Substitute Guarantee**") in respect of the Warrants in substantially the same form as the Guarantee and such other documents (if any) as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute Guarantor shall undertake in favour of each Warrantholder to be bound by these General Conditions and the provisions of the Warrant Agreement as fully as if the Substitute Guarantor had been named in these General Conditions, the Documents and the Warrant Agreement as the guarantor in respect of the Warrants in place of Santander UK plc (or if

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different, of the Current Guarantor); (iii) the Substitute Guarantee and the Documents having been delivered to the Principal Warrant Agent; (iv) each stock exchange or listing authority on which the Warrants are listed shall have confirmed that following the proposed substitution of the Substitute Guarantor, the Warrants would continue to be listed on such stock exchange; and (v) the Guarantor shall have given at least 14 calendar days' prior notice of the date of such substitution to the Warrantholders in accordance with General Condition 11 (*Notices*).

12.3 Substitution of Branch

The Issuer shall have the right upon notice to the Warrantholders in accordance with General Condition 11 (*Notices*) to change the branch or office through which it is acting for the purpose of the Warrants, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

13. MEETINGS OF WARRANTHOLDERS AND MODIFICATIONS

The Warrant Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agreement) of a modification of the Warrants or any of the provisions of the Warrant Agreement. Such a meeting may be convened by the Issuer or the Guarantor at any time and shall be convened by the Issuer at the request of Warrantholders holding not less than five per cent. (5%) (by number) of the Warrants for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) (by number) of the Warrants for the time being remaining unexercised, or at any adjourned such meeting one or more persons being or representing Warrantholders whatever the number of the Warrants so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Warrants, the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing in the aggregate not less than one-third (by number) of the Warrants for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting.

The Principal Warrant Agent and the Issuer may agree, without the consent or sanction of the Warrantholders to:

- (A) any modification of (except as mentioned above) the provisions of the Warrants or the Warrant Agreement which is not prejudicial to the interests of the Warrantholders; or
- (B) any modification of any of the provisions of these Conditions, the Warrants or the Warrant Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the Warrantholders and any such modification shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*) as soon as practicable thereafter.

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further Warrants having terms and conditions the same as the Warrants or the same in all respects save for the issue price and date of issue thereof and so as to be consolidated and form a single Series with the outstanding Warrants.

15. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

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The Issuer may, without the consent of the Warrantholders, on giving notice to the Warrantholders in accordance with General Condition 11 (*Notices*):

- (A) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro;

The election will have effect as follows:

- (a) where the Settlement Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Warrants will be made solely in euro as though references in the Warrants to the Settlement Currency were to euro;
- (b) where the Exchange Rate and/or any other terms of these Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "Original Currency") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
- (c) such other changes shall be made to the Conditions (including the Exchange Rate) as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (B) require that the Calculation Agent make such adjustments to the weighting and/or the Settlement Price and/or the Exercise Price and/or any other terms of the Conditions and/or the Final Terms as the Calculation Agent, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the weighting and/or the Settlement Price and/or the Exercise Price and/or such other terms of the Conditions.

Notwithstanding the foregoing, none of the Issuer, the Guarantor, if any, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith;

In this Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this General Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

"euro" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

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"**National Currency Unit**" means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Warrants by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any reason which exists or is available apart from that Act.

17. SEVERABILITY

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

18. GOVERNING LAW

The Warrant Agreement, the Guarantee, the Warrants and any non-contractual obligations arising out of or in connection with the Warrant Agreement, the Guarantee, the Warrants are governed by, and shall be construed in accordance with, English law.

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Warrants (including any disputes relating to any non-contractual obligations arising out of or in connection with the Warrants).

The Issuer and, where applicable, the Guarantor, have in the Warrant Agreement and the Guarantee agreed to the jurisdiction of the English courts.

Currency Technical Annex

CURRENCY TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED WARRANTS

*The terms and conditions applicable to Currency Linked Warrants shall comprise the General Terms and Conditions of the Warrants (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Currency Linked Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Currency Linked Conditions, the Currency Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Currency Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Currency Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date or Averaging Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Currency Linked Warrants notwithstanding the same terms being used in another Technical Annex.

1. FX MARKET DISRUPTION EVENT

If, in the determination of the Calculation Agent, as of any Valuation Date or Averaging Date, an FX Market Disruption Event occurs in respect of any Specified Rate, the relevant Specified Rate in relation to such Valuation Date or Averaging Date shall be determined as provided in the definition of Valuation Date or Averaging Date, as applicable.

2. ADDITIONAL DISRUPTION EVENTS AND CURRENCY DISRUPTION EVENTS

If, in the determination of the Calculation Agent, on or prior to any Valuation Date or Averaging Date an Additional Disruption Event or Currency Disruption Event occurs, the Calculation Agent may:

- (a) determine the appropriate adjustment, if any, to be made to any provision of the Conditions and/or the applicable Final Terms including, without limitation any amount payable by the Issuer, and/or any other terms of the Conditions and/or the applicable Final Terms to account for such Additional Disruption Event or Currency Disruption Event, and determine the effective date of that adjustment; or
- (b) give notice to Warranholders in accordance with General Condition 11 (*Notices*) and cancel all, but not some only, of the Warrants, at the Early Cancellation Amount and payment will be made in such manner as shall be notified to Warranholders; or
- (c) give notice to the Warranholders in accordance with General Condition 11 (*Notices*) and designate the Warrants as "**Suspended Warrants**", giving notice of the effective date thereof (the "**Suspension Date**"). The Issuer shall have no obligation to make any payment or perform any other obligation in respect of the Warrants while the Warrants are Suspended Warrants and, subject as provided below, any such payment or other performance shall be postponed to no later than the tenth (10th) Business Day following the Cessation Date (as defined below). No Exercise Notice shall be delivered or and no Automatic Exercise may occur during the period from and including the Suspension Date to and including the Cessation Date (the "**Suspension Period**"). Any Exercise Notice delivered during the Suspension Period shall be void. No payment or compensation shall be due to Warranholders as a result of any such delay. The Warrants shall remain Suspended Warrants until the relevant Additional Disruption Event or Currency Disruption Event ceases to exist and the Issuer notifies the cessation of such Additional Disruption Event or Currency Disruption Event to Warranholders in accordance with

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General Condition 11 (*Notices*) (the effective date of such notification the "**Cessation Date**") provided that if in the determination of the Calculation Agent the relevant Additional Disruption Event or Currency Disruption Event continues to exist on the second (2nd) anniversary of the Suspension Date (the "**Suspension Cut-Off Date**"), the Suspended Warrants shall expire worthless and shall be cancelled by the Issuer in which case all obligations of the Issuer to the Warrantholders in respect of the Warrants shall be discharged and the Warrantholders shall have no further recourse to the Issuer in respect of the Warrants.

Without prejudice to the foregoing, following any Cessation Date the Issuer may require the Calculation Agent to determine any adjustment to any amount payable pursuant to the terms of these Currency Linked Conditions and/or the applicable Final Terms as necessary or appropriate in order to determine any such amounts or other obligations due or to be performed in respect of the Warrants, taking into account, without limitation, the occurrence of the relevant Additional Disruption Event or Currency Disruption Event and the effect of any delay pursuant to this paragraph.

3. DEFINITIONS

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Force Majeure Event, Special Taxation Event and/or any other Additional Disruption Event specified in the applicable Final Terms.

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of such entity, whether by contract or otherwise.

"**Averaging Date**" means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Final Terms, or, if any such date is not an FX Business Day, the relevant Averaging Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Averaging Date being an Unscheduled Holiday, the Averaging Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Averaging Date is a Disrupted Day in relation to any Specified Rate. If such relevant Averaging Date is a Disrupted Day, then in relation to each Specified Rate not affected by an FX Market Disruption Event the Averaging Date shall be the Scheduled Averaging Date and in relation to each Specified Rate affected by an FX Market Disruption Event:

- (a) If "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Specified Rate provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant rate on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant rate on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive FX Business Days (with respect to a

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Specified Rate which is determined by reference to an NDF Currency) or consecutive calendar days (with respect to a Specified Rate which is not determined by reference to an NDF Currency) equal to (i) in the case of a Specified Rate which is not determined by reference to an NDF Currency, the Specified Maximum Days of Disruption or (ii) in the case of a Specified Rate which is determined by reference to an NDF Currency the Specified NDF Maximum Days of Disruption, in each case immediately following the Scheduled Averaging Date, then:

- (A) (x) in the case of a Specified Rate which is not determined by reference to an NDF Currency, that last such consecutive FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive FX Business Day is already an Averaging Date); and
- (y) in the case of a Specified Rate which is determined by reference to an NDF Currency, the first FX Business Day immediately following that last consecutive calendar day, shall be deemed to be the Averaging Date (irrespective of whether that FX Business Day is already an Averaging Date); and
- (B) the Calculation Agent shall determine the relevant rate for that Averaging Date in accordance with:
 - (x) in the case of a Specified Rate which is not determined by reference to an NDF Currency, sub-paragraph (a)(ii) in of the definition of "Valuation Date" below; or
 - (y) in the case of a Specified Rate which is determined by reference to an NDF Currency, sub-paragraph (b)(ii) in of the definition of "Valuation Date" below.

For the purposes of these Currency Linked Conditions "**Valid Date**" means an any FX Business Day (in the case of a Specified Rate which is not determined by reference to an NDF Currency) or calendar day (in the case of a Specified Rate which is determined by reference to an NDF Currency) that in each case is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or interpretation of any rule, law, regulation or statute by any court, tribunal or regulatory authority with competent jurisdiction) or the issuance of any order or decree, or any action taken by a taxing authority, the Issuer determines that it has become illegal or not reasonably practicable for any Hedging Party to hold, acquire or dispose of relevant hedge positions relating to any Reference Currency, the Specified Currency or other relevant currency(ies) in relation to the Warrants.

"**Currency Disruption Event**" means any of:

- (a) "**General Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the Local Currency into the Specified Currency or (ii) to convert the relevant Reference Currencies for the purpose of determining the Specified Rate, in any relevant jurisdiction through customary legal channels;

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- (b) "**Specific Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the Local Currency into the Specified Currency or (ii) of any relevant Reference Currencies for the purpose of determining the Specified Rate, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the Local Currency into the Specified Currency or (ii) any relevant Reference Currencies for the purpose of determining the Specified Rate) other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (c) "**General Non-Transferability**", being the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the Specified Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction;
- (d) "**Specific Non-Transferability**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the Local Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the Local Currency into the Specified Currency), other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (e) "**Nationalisation**", being any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction; and/or
- (f) "**Dual Exchange Rate**", being the occurrence of an event that splits any rate referred to in the definition of any applicable Specified Rate into dual or multiple currency exchange rates.

"**Currency Reference Dealers**" shall mean at any relevant time up to five dealers in the currency and foreign exchange markets, as selected by the Calculation Agent at such time.

"**Currency Reference Dealer Quotation**" shall mean, in relation to any FX Business Day and a relevant Specified Rate, a rate determined on the basis of five currency or foreign exchange rate quotations requested by the Calculation Agent at or about the Valuation Time on such FX Business Day from five Currency Reference Dealers expressed on the same basis as such Specified Rate in accordance with the following:

- (a) After disregarding the highest and lowest quotation provided by the Currency Reference Dealers (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded and if two or more such quotations are the lowest quotations then only one of such lowest quotations shall be disregarded), the applicable Currency Reference Dealer Quotation shall be determined by the Calculation Agent as the arithmetic mean (rounded to the

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nearest five decimal places, 0.000005 being rounded upwards) of the remaining three such quotations for such rate; or

- (b) If only four such quotations are provided as requested, (after disregarding the highest and lowest such quotations in the manner described above), the applicable Currency Reference Dealer Quotation shall be the arithmetic mean of the remaining two quotations for such rate (rounded as described above) as determined by the Calculation Agent; or
- (c) If only three or two quotations are provided as requested, the applicable Currency Reference Dealer Quotation shall be the arithmetic mean of such quotations (rounded as described above) as determined by the Calculation Agent; or
- (d) If only one or no such quotation is provided as requested, no applicable Currency Reference Dealer Quotation shall be determined.

"Disrupted Day" means:

- (a) any day on which an FX Market Disruption Event exists or has occurred; or
- (b) with respect to an NDF Currency only, any relevant day on which an Unscheduled Holiday occurs.

"Force Majeure Event" means the occurrence, as determined by the Calculation Agent, of an event resulting in the Calculation Agent being unable to make any determination under the Warrants, including being unable to determine any amount, rate, level or other variable necessary to determine any payment due under the Warrants as a result of market conditions, including, but not limited to, acts of God, riots, civil commotion, insurrections, wars, actions of foreign or local governmental agencies, breakdowns in telecommunications or other electronic communication, blockades, boycotts, strikes, lockouts, industrial actions of whatever nature, bomb threats or terrorist actions or any other causes beyond its control.

"FX Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) or, but for an FX Market Disruption Event, would have settled payments and been open in such manner in each of the Principal Financial Centres specified in the applicable Final Terms.

"FX Market Disruption Event" means any FX Price Source Disruption and/or FX Trading Suspension or Limitation and/or any other event specified as such in the applicable Final Terms.

"FX Price Source" shall mean the information source(s) specified as such for the relevant Specified Rate in the applicable Final Terms.

"FX Price Source Disruption" means it becomes impossible or not reasonably practicable to obtain or determine a relevant Specified Rate by reference to a relevant FX Price Source.

"FX Trading Suspension or Limitation" means the suspension of and/or limitation of trading in any relevant market for the determination of a Specified Rate (which may be, without limitation, any over-the-counter or quotation-based market, whether regulated or unregulated) if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material.

"Governmental Authority" means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

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"Hedging Disruption" means that any Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"Hedging Party" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Warrants from time to time.

"Increased Cost of Hedging" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Local Currency" means, in relation to General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability or Special Taxation Event, the currency specified as such in relation to such event in the applicable Final Terms and any successor currency as determined by the Calculation Agent.

"NDF Currency" shall mean each relevant currency specified as such in the applicable Final Terms.

"Principal Financial Centre" means the relevant financial centre(s) specified as such in the applicable Final Terms.

"Reference Currency" shall mean each relevant currency specified as such in the applicable Final Terms.

"Reuters Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

"Scheduled Averaging Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Averaging Date.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Screen Page" means the page specified in the applicable Final Terms, or any successor page or service thereto.

"Special Taxation Event" means the occurrence, in the determination of the Calculation Agent of one or more of the following:

- (a) (i) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (ii) the issuance of any order or decree by any Governmental Authority, (iii) any action being taken by a taxing authority in a relevant jurisdiction, or (iv) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any Reference Currency specified in the applicable Final Terms, which (in the case of (i), (ii), (iii) or (iv) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Warrants;

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- (b) the imposition of taxes on the transfer of any Local Currency or Reference Currency or any other currency out of any relevant jurisdiction; or
- (c) the imposition of any taxes on any conversion of any Local Currency into another currency.

"Specified Maximum Days of Disruption" means eight (8) FX Business Days or such other number of FX Business Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable, to (but excluding) the second (2nd) FX Business Day prior to any due date for any payment under the Warrants for which valuation on the relevant Valuation Date or Averaging Date is relevant.

"Specified NDF Maximum Days of Disruption" means the maximum number of calendar days of postponement of the Scheduled Valuation Date or Scheduled Averaging Date, as applicable, as specified in the applicable Final Terms or, if shorter, such number of calendar days ending on (but excluding) the second (2) FX Business Day prior to any due date for any payment under the Warrants for which valuation on the relevant Valuation Date or Averaging Date is relevant, all as determined by the Calculation Agent.

"Specified Rate" means, in relation to any Valuation Date or Averaging Date, each relevant currency or foreign exchange rate in relation to such Valuation Date or Averaging Date, as specified in the applicable Final Terms.

"Unscheduled Holiday" shall have the meaning specified in the applicable Final Terms.

"Valuation Date" means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Final Terms, or, if any such Valuation Date is not an FX Business Day, the relevant Valuation Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Valuation Date being an Unscheduled Holiday, the Valuation Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Valuation Date is a Disrupted Day in relation to any Specified Rate. If such relevant Valuation Date is a Disrupted Day, then in relation to each Specified Rate not affected by an FX Market Disruption Event the Valuation Date shall be the Scheduled Valuation Date and in relation to each Specified Rate affected by an FX Market Disruption Event:

- (a) in the case of a Specified Rate which is not determined by reference to an NDF Currency, the relevant Valuation Date shall be the first succeeding FX Business Day that is not a Disrupted Day, unless each of the number of consecutive FX Business Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:
 - (i) the last such consecutive FX Business Day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
 - (ii) the Calculation Agent shall determine the relevant Specified Rate as:
 - (A) the Currency Reference Dealer Quotation for the last such consecutive FX Business Day for the relevant Specified Rate; or
 - (B) if only one or no quotations are provided by the Currency Reference Dealers for the last such consecutive FX Business Day or if it is not reasonably practicable for the Calculation Agent to request quotations from the Currency Reference Dealers for any reason, the relevant Specified Rate shall be determined by the Calculation Agent as of the Valuation Time on the last such consecutive FX Business Day as its good faith estimate of the Specified Rate which would have prevailed at such time but for the provisions of this sub-paragraph (a)(ii) applying by reference to such

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source(s) as it may determine appropriate and taking into account the unavailability of the relevant FX Price Source and market quotations at such time; or

- (b) in the case of a Specified Rate which is determined by reference to an NDF Currency, the relevant Valuation Date shall be the first succeeding calendar day that is not a Disrupted Day, unless each of the number of consecutive calendar days equal to the Specified NDF Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:
 - (i) the FX Business Day immediately following such last consecutive calendar day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day may be a Disrupted Day; and
 - (ii) the Calculation Agent shall determine the relevant Specified Rate as of the Valuation Time on such FX Business Day (x) as the Specified Rate determined on the basis of the Second Fallback FX Price Source, if any, being the FX Price Source or, if no such Second Fallback FX Price Source applies or if it applies but is unavailable or otherwise not reasonably practicable to use, (y) as its good faith estimate of the Specified Rate which would have prevailed at such time but for the provisions of this sub-paragraph (b)(ii) applying by reference to such source(s) as it may determine appropriate and taking into account any FX Market Disruption Event at such time.

"Valuation Time" shall mean, in relation to a Specified Rate the relevant time specified for such Specified Rate in the applicable Final Terms.

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EQUITY TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED WARRANTS

*The terms and conditions applicable to Equity Linked Warrants shall comprise the General Terms and Conditions of the Warrants (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Equity Linked Conditions**" and, together with the General Conditions, the "**Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Equity Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Equity Linked Warrants.

1. MARKET DISRUPTION

"Market Disruption Event" means, in relation to Warrants relating to a single Share or a basket of Shares, in respect of a Share, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (c) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date.

2. POTENTIAL ADJUSTMENT EVENTS

"Potential Adjustment Event" means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;

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- (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. In its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares relating to any Potential Adjustment Event, and any related adjustments to the terms of the Warrants, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as reasonably practicable under the circumstances to (i) the Issuer and the Principal Warrant Agent and (ii) the Warrantholders in accordance with General Condition 11 (*Notices*), stating the adjustment to any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Potential Adjustment Event.

3. EXTRAORDINARY EVENTS

(a) Definitions applicable to Extraordinary Events

As used herein:

"**Extraordinary Event**" means any of an Additional Extraordinary Event, a De-Listing, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer, any other events specified as "Additional Extraordinary Events" in the applicable Final Terms and, in the case of Warrants relating to a basket of Shares, each of a De-Merger and a Participation Event (whether or not such events are Additional Extraordinary Events),

and

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"**Additional Extraordinary Event**" means any of a De-Merger, a Participation Event, Illiquidity or any other event but in each case only if specified as applicable in the applicable Final Terms;

"**De-Listing**" means, in respect of any relevant Shares, the relevant Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

"**De-Merger**" means, in respect of any relevant Shares, that the Basket Company or Share Company, as the case may be, is affected by a de-merger including, without limitation, a spin off, scission or any operation of a similar nature;

"**Illiquidity**" means, in respect of any relevant Shares, that, in the determination of the Calculation Agent, during any period of five (5) consecutive Scheduled Trading Days falling after the Issue Date (the "**Relevant Period**"), (a) the difference between the bid prices and the ask prices (as quoted on any Relevant Market) in respect of a Share during the Relevant Period is greater than 1% of the lower of such prices (on average), and/or (b) the average purchase price or the average selling price, determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period, in relation to the purchase or sale of Shares with a value equal to or greater than euro 10,000 (or its equivalent), is greater than MID plus 1% (in relation to a purchase of Shares) or lower than the MID minus 1% (in relation to a sale of Shares). For these purposes, **MID** means an amount equal to (a) the sum of the bid price and the ask price (as quoted on any Relevant Market), in each case for the relevant Share at the relevant time, (b) divided by two;

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them;

"**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

"**Merger Event**" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (1) in the case of Cash Settled Warrants, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date or (2) in the case of Physical Delivery Warrants, the relevant Settlement Date;

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"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

"**Participation Event**" means that a Basket Company takes a stake exceeding 20.00 per cent. of another separate Basket Company comprised within the same basket of Shares.

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10.00 per cent. and less than 100.00 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant; and

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which the voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent.

(b) **Consequences of an Extraordinary Event**

If any Extraordinary Event occurs in relation to a Share, the Issuer may take the action described in (i), (ii), or (iii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms to account for such Extraordinary Event, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Warrants, or selecting a replacement share and making any relevant adjustments in relation thereto. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange and the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Extraordinary Event; or
- (ii) where the Warrants relate to a basket of Shares, on giving notice to Warrantholders in accordance with General Condition 11 (*Notices*), cancel each Warrant in part. If a Warrant is so cancelled in part the portion (the "**Partial Amount**") of each such Warrant representing the affected Share(s) shall be cancelled, as the case may be, and the Issuer will (x) pay to each Warrantholder in respect of each Warrant held by him an amount equal to the fair market value of the Partial Amount, calculated without regard to the creditworthiness of the Issuer or the Guarantor at the relevant time and taking into account the relevant Extraordinary Event less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent; and (y) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of the Conditions and/or the applicable Final Terms to account for such cancellation in part. For the avoidance of doubt the remaining part of each such Warrant after cancellation and adjustment shall remain outstanding with full force and effect (if applicable, as so adjusted). Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*); or
- (iii) on giving notice to Warrantholders in accordance with General Condition 11 (*Notices*), cancel all but not some only of the Warrants, each Warrant being cancelled at the Early Cancellation Amount which shall be determined by taking into account the relevant Extraordinary Event all as determined by the

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Calculation Agent. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*); or

- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for such Extraordinary Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) if the applicable Final Terms provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or such other appropriate date (taking into account the Extraordinary Event) as the Calculation Agent may select, the Calculation Agent may adjust the terms of the Conditions and/or the applicable Final Terms to include a share selected by it in accordance with the criteria for share selection set out below (the "**Substitute Shares**") in place of the Share(s) (the "**Affected Share(s)**") which are affected by the relevant Extraordinary Event and the Substitute Shares will be deemed to be "**Shares**" and the relevant issuer of such shares, a "**Share Company**" or a "**Basket Company**" for the purposes of the Warrants, and the Calculation Agent will make such adjustment, if any, to the Relevant Asset, the Entitlement, any weighting applied to the Substitute Shares, any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate and shall determine the effective date (the "**Substitution Date**") for such substitution, provided that in the event that any amount payable under the Warrants was to be determined by reference to an initial price or value of the Affected Share (the "**Initial Price**"), and unless the Calculation Agent determines this would be inappropriate or impracticable (in which case, the Calculation Agent may select such other methodology as it determines appropriate), the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula;

$$\text{Initial Price} = A \times (B/C)$$

Where:

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") and specified in the notice referred to in the final paragraph of this Equity Linked Condition 3 below which may, but need not, be the Merger Date or Tender Offer Date or the date of such Extraordinary Event, as applicable.

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Unless the Calculation Agent determines this would be inappropriate (in which case, the Calculation Agent may select such other methodology as it determines appropriate), the weighting of each Substitute Share will be equal to the weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which the Calculation Agent determines:

1. is not already comprised in the basket of Shares;
2. the relevant issuer in respect of which belongs to a similar economic sector as the Share Company or Basket Company in respect of the Affected Share; and
3. the relevant issuer in respect of which is of comparable market capitalisation, international standing and exposure as the Share Company or Basket Company in respect of the Affected Share ignoring for this purpose the occurrence of the relevant Merger Event, Tender Offer or Extraordinary Event.

Upon the occurrence of an Extraordinary Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) stating the occurrence of the Extraordinary Event giving details thereof and the action proposed to be taken in relation thereto, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Extraordinary Event or the proposed action.

4. CORRECTION OF SHARE PRICE

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Settlement Date, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants, is subsequently corrected and the correction published by the relevant Exchange within one Settlement Cycle after the original publication, the Calculation Agent may make any adjustments to the Conditions and/or adjust any subsequent payments under the Warrants, as it may determine appropriate to take into account such correction(s). The price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three (3) Exchange Business Days prior to a due date for payment under the Warrants calculated by reference to the price of a Share, will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

5. ADDITIONAL DISRUPTION EVENTS

"Additional Disruption Event" means any of Analogous Event, Change of Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Jurisdiction Event, Loss of Stock Borrow, Stop-Loss Event (but, in the case of a Stop-Loss Event, only if specified as applicable in the applicable Final Terms) and/or any other event specified as such in the applicable Final Terms and/or, if applicable pursuant to Equity Linked Condition 1, a Termination or an Adjustment Event.

- (a) If an Additional Disruption Event occurs, the Issuer may take the action described in (i), or (ii) below:
 - (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or any of the other terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment. Without limitation, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation

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Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Additional Disruption Event; or

- (ii) cancel the Warrants by giving notice to the Warrantholders in accordance with General Condition 11 (*Notices*). If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by him which amount shall be the Early Cancellation Amount, determined by taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*).
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Extraordinary Event or the proposed action.

6. NON-EURO QUOTED SHARES

In respect of Warrants relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty on the Functioning of the European Union (as amended), if such shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Shares are traded, then the Calculation Agent may adjust any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines to be appropriate to preserve the economic terms of the Warrants. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the relevant Valuation Time (or such other time as the Calculation Agent determines appropriate) at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of such time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Warrants.

7. DEPOSITARY RECEIPTS

(a) Application of Depositary Receipt provisions

If "Depositary Receipt provisions" are specified as applicable in the applicable Final Terms, for the purposes of these Equity Linked Conditions:

- (i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company to which the relevant Depositary Receipts specified in the applicable Final Terms relate;
- (ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company, be deemed to be references to the Share Exchange specified in the applicable Final Terms;
- (iii) references to "**Share Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;
- (iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 2:

"a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares;" and

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- (v) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 5:
 - (A) a Termination; and
 - (B) an Adjustment Event.

(b) **Definitions specific to Depositary Receipts**

"Adjustment Event" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or any party having influence over such terms and conditions) or the Depositary Receipts converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

"Depositary Receipt" means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company, as specified in the applicable Final Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 2, 3 and 5.

"Termination" means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company to the depository of the Shares to withdraw or surrender the Shares.

8. DEFINITIONS RELATING TO DIVIDENDS

The following definitions may be used in connection with Equity Linked Warrants if so specified in the applicable Final Terms:

"Currency Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency or, in respect of any relevant amount in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

"Dividend Amount" means, in respect of the relevant Share, the related Dividend Period and the related Dividend Payment Date, the Record Amount, the Ex Amount or the Paid Amount, as specified in the applicable Final Terms or any other amount determined as provided in the applicable Final Terms, or included as part of an adjustment pursuant to Equity Linked Condition 4.

"Dividend Payment Date" means, in respect of a Dividend Period, each date specified or otherwise determined as provided in the applicable Final Terms or, if such date is not a Currency Business Day, the next following Currency Business Day. If no such date is specified in the applicable Final Terms the Dividend Payment Date shall be the Valuation Date falling closest in time to the last day of the relevant Dividend Period.

"Dividend Period" means, the First Period or the Second Period, as specified in the applicable Final Terms, or such other period determined as provided in the applicable Final Terms. If no Dividend Period is specified in the applicable Final Terms, the Dividend Period will be the Second Period.

"Ex Amount" means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the Exchange occurs during the relevant Dividend Period.

"Excess Dividend Amount" means, in respect of a Dividend Period, the Extraordinary Dividend Record Amount, the Extraordinary Dividend Ex Amount or the Extraordinary Dividend Paid Amount, as specified in the applicable Final Terms, or any other amount determined as provided in the applicable Final Terms.

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"Extraordinary Dividend" means an amount per Share specified or otherwise determined as provided in the applicable Final Terms. If no Extraordinary Dividend is specified in or otherwise determined as provided in the applicable Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in its sole and absolute discretion.

"Extraordinary Dividend Ex Amount" means, in relation to an Excess Dividend Amount, 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the relevant Exchange occurs during the relevant Dividend Period.

"Extraordinary Dividend Paid Amount" means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

"Extraordinary Dividend Record Amount" means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

"First Period" means each period from, and including, one Valuation Date to, but excluding, the next following Valuation Date, except that (i) the initial Dividend Period will commence on, and include, the Clearance System Business Day that is one Settlement Cycle following the Trade Date and (ii) the final Dividend Period will end on, but exclude, the final Valuation Date.

"Paid Amount" means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

Any **"gross cash dividend"** shall represent a sum before the withholding or deduction of taxes at the source by or on behalf of any applicable authority having power to tax in respect of such a dividend, and shall exclude any imputation or other credits, refunds or deductions granted by any applicable authority having power to tax in respect of such dividend and any taxes, credits, refunds or benefits imposed, withheld, assessed or levied thereon. In addition, "gross cash dividends" shall exclude Extraordinary Dividends and Excess Dividend Amounts, if any, unless otherwise provided in the applicable Final Terms.

"Record Amount" means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

"Second Period" means each period from, but excluding, one Valuation Date to, and including, the next Valuation Date, except that (i) the initial Dividend Period will commence on, but exclude, the Trade Date and (ii) the final Dividend Period will end on, and include, the final Valuation Date or, in respect of Physical Delivery Warrants, the date that is one Settlement Cycle prior to the Settlement Date.

9. DEFINITIONS

Unless otherwise specified in the applicable Final Terms:

"Affiliate" means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity.

"Analogous Event" means any event analogous to any of the Additional Disruption Events: Change of Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and Loss of Stock Borrow, in each case if such Additional Disruption Event is specified as applicable in the applicable Final Terms, all as determined by the Calculation Agent.

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"**Averaging Date**" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
 - (i) where the Warrants relate to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a) of the definition of "Valuation Date" below; or
 - (ii) where the Warrants relate to a basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of "Valuation Date" below; and
 - (iii) for the purposes of these Equity Linked Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket Company**" means a company whose shares are included in the basket of Shares and "**Basket Companies**" means all such companies.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may

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replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (i) it has become illegal to hold, acquire or dispose of any relevant Share and/or (ii) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or any Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"Clearance System" shall mean any one of Euroclear, Clearstream, Luxembourg or any other relevant clearance systems specified as such in the applicable Final Terms or any successor to such clearance system.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"Closing Price" means, in relation to a Share:

- (a) if the relevant Exchange is the Tokyo Stock Exchange or the Osaka Securities Exchange, the last traded price of such Share for the day quoted by the Exchange, provided however, that if there is a closing special quote on such Shares quoted by the Exchange (*tokubetsu kehaine*), such quote shall be deemed to be the relevant Closing Price;
- (b) if the relevant Exchange is the Italian Stock Exchange, the *Prezzo di Riferimento*, which means the price as published by the Italian Stock Exchange at the close of trading and having the meaning ascribed thereto in the Rules of the Markets organised and managed by the Italian Stock Exchange, as such Rules may be amended by the Borsa Italiana S.p.a. from time to time; or
- (c) in any other case, the official closing price of such Share on the relevant Exchange.

"Currency Event" means that, on or after the Trade Date, it has become impracticable, illegal or impossible (a) for the Issuer or any of its Affiliates or Hedging Party to convert the relevant currency ("**Local Currency**") in which the Shares or any options or futures contracts or other hedging arrangement in relation to the Shares are denominated, into the currency required for settlement of the Warrants ("**Settlement Currency**"), or exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the Shares or any options or futures contracts in relation to the Shares are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (b) for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Warrants, all as determined by the Calculation Agent.

"Disrupted Day" means any Scheduled Trading Day on which: (i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (ii) a Market Disruption Event has occurred.

"Early Closure" means the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b)

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the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange" means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means either (a) in the case of a single Share, Exchange Business Day (Single Share Basis) or (b) in the case of a basket of Shares, (i) Exchange Business Day (All Shares Basis) or (ii) Exchange Business Day (Per Share Basis), in each case as specified in the applicable Final Terms provided that if, in the case of (b), no such specification is made in the applicable Final Terms, Exchange Business Day (All Shares Basis) shall apply.

"Exchange Business Day (All Shares Basis)" means, in respect of a basket of Shares, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of Shares is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Business Day (Per Share Basis)" means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange (if any) in respect of such Share is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Business Day (Single Share Basis)" means any Scheduled Trading Day on which the relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

"Failure to Deliver" means failure of the Hedging Party to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

"Final Valuation Date" means the date specified as a Final Valuation Date in the applicable Final Terms, which, unless otherwise specified in the applicable Final Terms, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with the Equity Linked Conditions.

"Force Majeure Event" means that on or after the Trade Date, the performance of the Issuer's obligations under the Warrants or the Hedging Agreement or the performance of the Hedging Party's obligations under the Hedging Agreement is prevented or materially hindered or delayed due to (a) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (b) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond the Issuer's control, or (c) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer or the Hedging Party and/or any of its Affiliates of all or substantially all of its assets in a relevant or connected jurisdiction.

"Government Authority" means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court,

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tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hedging Agreement" means any transaction that hedges the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Warrants.

"Hedging Disruption" means that the Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

"Hedging Party" means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Warrants as the Issuer may select at such time.

"Hedging Shares" means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

"Increased Cost of Hedging" means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, unless otherwise specified in the applicable Final Terms, and in respect of a Share, the rate which the Hedging Party would have incurred to borrow such Share in any Relevant Market, as of the Trade Date, as determined by the Calculation Agent.

"Insolvency Filing" means that a Share Company or Basket Company, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

"Jurisdiction Event" means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates or the Hedging Party to purchase, sell, hold or otherwise deal (or to continue to do so in the future) in the Shares or any options or futures contracts in relation to the Shares in order for the Issuer to perform its obligations under the Warrants or in respect of any relevant hedging arrangements in connection with the Warrants (including, without limitation, any purchase, sale or entry into or holding of one or more securities positions, currency positions, stock loan transactions, derivatives position or other instruments or arrangements (however described) by the Issuer and/or any of its Affiliates in order to hedge, either individually or on a portfolio basis, the Warrants) or the costs of so doing would (in the

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determination of the Calculation Agent) be materially increased under the restriction or limitation of the existing or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority or otherwise, all as determined by the Calculation Agent.

"Local Jurisdiction" has the meaning given in the definition of Offshore Investor.

"Local Taxes" shall mean taxes, duties, and similar charges imposed by the taxing authority of the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located.

"Loss of Stock Borrow" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means the Maximum Stock Loan Rate specified in the applicable Final Term.

"Observation Period" means the period specified as the Observation Period in the applicable Final Terms.

"Offshore Investor" shall mean a holder of Shares who is an institutional investor not resident in the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located (the **"Local Jurisdiction"**), for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (i) shall be determined by the Calculation Agent and (ii) may be the jurisdiction of a Hedging Party.

"Related Exchange" means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Final Terms, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

"Relevant Market" means, for the purpose of determining any value or other amount pursuant to these Equity Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Warrants.

"Relevant Time" means, in relation to a Share, the time specified as such in the applicable Final Terms or, if not specified, the Scheduled Closing Time.

"Reuters Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

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"Scheduled Observation Date" means each date specified as a Scheduled Observation Date in the applicable Final Terms, which, unless otherwise specified in the applicable Final Terms, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Linked Conditions.

"Scheduled Trading Day" means either (a) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (b) in the case of a basket of Shares, (i) Scheduled Trading Day (All Shares Basis) or (ii) Scheduled Trading Day (Per Share Basis), in each case as specified in the applicable Final Terms, provided that if, in the case of (b), no such specification is made in the applicable Final Terms, Scheduled Trading Day (All Shares Basis) shall apply.

"Scheduled Trading Day (All Shares Basis)" means, in respect of a basket of Shares, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of Shares is scheduled to be open for trading for its regular trading session.

"Scheduled Trading Day (Per Share Basis)" means, in respect of a Share, any day on which the relevant Exchange and each Related Exchange (if any) in respect of such Share is scheduled to be open for trading for its regular trading session.

"Scheduled Trading Day (Single Share Basis)" means any day on which the relevant Exchange and each relevant Related Exchange (if any) is scheduled to be open for trading during its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Screen Page" means the page specified in the applicable Final Terms, or any successor page or service thereto.

"Settlement Cycle" means, in respect of any Share, the period of Clearance System Business Days following a trade in Shares on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"Settlement Price" means, unless otherwise specified in the applicable Final Terms and subject as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Warrants relating to a single Share, an amount equal to the Closing Price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if, in the opinion of the Calculation Agent, any such Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide; and

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- (b) in the case of Warrants relating to a basket of Shares, an amount equal to the sum of the values calculated for each Share at the Closing Price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if in the opinion of the Calculation Agent, any such Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide.

"**Shares**" and "**Share**" mean in the case of an issue of Warrants relating to a basket of Shares, each share and, in the case of an issue of Warrants relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly.

"**Share Company**" means, in the case of an issue of Warrants relating to a single Share, the company that has issued such share.

"**Specified Maximum Days of Disruption**" means the lesser of (i) eight (8) Scheduled Trading Days or (ii) such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date to (but excluding) the third (3) Business Day prior to any due date for any payment under the Warrants for which valuation on the relevant Averaging Date or Valuation Date is relevant.

"**Stop-Loss Event**" means the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the applicable Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5.00 per cent., or (if different) such percentage specified in the applicable Final Terms, of its Strike Price or, if no Strike Price is stipulated in the applicable Final Terms, the price given as the Benchmark Price for such Share in the applicable Final Terms, all as determined by the Calculation Agent.

"**Trade Date**" shall have the meaning specified in the applicable Final Terms.

"**Trading Disruption**" means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the share or (b) in futures or options contracts relating to such share on any relevant Related Exchange.

"**Valuation Date**" means the date specified as such in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Warrants relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled

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Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price (including without limitation the conversion of such amount from or into any applicable currency) in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

- (b) in the case of Warrants relating to a basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last consecutive Scheduled Trading Day,

and otherwise in accordance with the above provisions; and

"Valuation Time" means the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

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EQUITY INDEX TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY INDEX LINKED WARRANTS

The terms and conditions applicable to Equity Index Linked Warrants shall comprise the General Terms and Conditions of the Warrants (the "General Conditions") and the additional Terms and Conditions set out below (the "Index Linked Conditions", together with the General Conditions (the "Conditions"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Index Linked Conditions, the Equity Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Equity Index Linked Condition are to such numbered section as set out in this Equity Index Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Equity Index Linked Warrants.

1. MARKET DISRUPTION

"Market Disruption Event" means, in relation to Warrants relating to a single Index or basket of Indices:

- (a) in respect of a Composite Index:
 - (i) (x) the occurrence or existence, in respect of any Component Security, of:
 - (A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
 - (C) an Early Closure in respect of such Component Security; and
 - (y) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20.00 per cent. or more of the level of such Index; or
- (ii) the occurrence or existence, in each case, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that

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Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (1) at any time during the one hour period that ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

2. **ADJUSTMENTS TO AN INDEX**

(a) **Successor Index Sponsor Calculates and Reports an Index**

If a relevant Index is:

- (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or
- (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index,

then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(b) **Modification and Cessation of Calculation of an Index**

If, in the determination of the Calculation Agent,

- (i) on or prior to the last Valuation Date or the last Averaging Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"); or
- (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"); or
- (iii) on any Valuation Date or any Averaging Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**")

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and, together with an Index Modification and an Index Cancellation, and any other events specified as such in the applicable Final Terms, each an "**Index Adjustment Event**";

then the Calculation Agent shall:

- (A) determine if such Index Adjustment Event has a material effect on the Warrants and, if so, shall calculate the relevant Closing Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised that Index immediately prior to that Index Adjustment Event;
- (B) replace the Index by a new Index provided that such index is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or
- (C) on giving notice to Warrantholders in accordance with General Condition 11 (*Notices*), the Issuer shall cancel all but not some only of the Warrants, each Warrant being cancelled by payment of the relevant Early Cancellation Amount.

(c) **Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by Warrantholders copies of any such determinations.

3. CORRECTION OF INDEX

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Settlement Date, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants, is subsequently corrected and the correction published by the relevant Index Sponsor within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Warrants shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Warrants to account therefor, as the Calculation Agent determines.

4. ADDITIONAL DISRUPTION EVENTS

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or any other event specified in the applicable Final Terms.

- (a) If an Additional Disruption Event occurs, the Issuer may either:
 - (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of the Warrants to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) cancel the Warrants by giving notice to the Warrantholders in accordance with General Condition 11 (*Notices*). If the Warrants are so cancelled the Issuer will pay each Warrantholder the Early Cancellation Amount in respect of each Warrant held by him.

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Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*).

- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto.

5. INDEX DISCLAIMER

The Warrants are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Warrants. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Warrantholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

6. DEFINITIONS

Unless otherwise specified in the applicable Final Terms:

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Averaging Date**" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Closing Level provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "**Valuation Date**" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "**Valuation Date**" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

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- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
- (i) where the Warrants relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "**Valuation Date**" below;
 - (ii) where the Warrants relate to a basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "**Valuation Date**" below; and
 - (iii) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (i) it has become illegal for it or any of its Affiliates or Hedging Party to hold, acquire or dispose of any Component Security or the relevant hedge positions relating to an Index, or (ii) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"**Clearance System**" shall mean any one of Euroclear, Clearstream, Luxembourg or any other relevant clearance systems specified as such in the applicable Final Terms or any successor to such clearance system.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

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"**Closing Level**" means, unless otherwise specified in the applicable Final Terms, and subject as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Warrants relating to:
 - (i) a single Index other than a Composite Index, an amount equal to the official closing level of the Index; or
 - (ii) a single Composite Index, the official closing level of such Index as published by the relevant Index Sponsor,

in each case as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date; and

- (b) in the case of Warrants relating to a basket of Indices, an amount equal to the sum of the values calculated for each Index as the official closing level for each Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting.

"**Component Security**" means each and any component security of any Index.

"**Composite Index**" means any Index specified as such in the applicable Final Terms, or if not specified, any Index the Calculation Agent determines as such.

"**Disrupted Day**" means:

- (a) in the case of a Composite Index, any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred; and
- (b) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which: (i) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (ii) a Market Disruption Event has occurred.

"**Early Closure**" means:

- (a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and
- (b) in the case of any Index which is not a Composite Index, the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or

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Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange" means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent, any successor thereto or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Component Securities on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in the case of any Index which is not a Composite Index, the relevant exchange or quotation system specified for such Index in the applicable Final Terms or if no such exchange or quotation system is specified for such Index in the Final Terms, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means either (a) in the case of a single Index, Exchange Business Day (Single Index Basis) or (b) in the case of a basket of Indices, (i) Exchange Business Day (All Indices Basis) or (ii) Exchange Business Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that, in the case of (b), if no such specification is made in the applicable Final Terms, Exchange Business Day (All Indices Basis) shall apply.

"Exchange Business Day (All Indices Basis)" means, in respect of a basket of Indices, any Scheduled Trading Day on which (a) in respect of any Index other than Composite Index, each relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session in respect of all such Indices comprised in the basket, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of any Composite Index, (i) the relevant Index Sponsor calculates and publishes the level of each such Composite Index and (ii) each Related Exchange (if any) in respect of each Composite Index in the basket, is open for trading during its regular trading session notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Business Day (Per Index Basis)" means any Scheduled Trading Day on which: (a) in the case of any Composite Index (i) the Index Sponsor calculates and publishes the level of such Composite Index; and (ii) each Related Exchange (if any) in respect of such Composite Index is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and (b) for any other Index, the relevant Exchange and each Related Exchange (if any) in respect of such Index is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

- (a) **"Exchange Business Day (Single Index Basis)"** means any Scheduled Trading Day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and each relevant Related Exchange (if any) in respect of such Index is open for trading during its regular trading session, notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of a Composite Index (i) the relevant Index Sponsor

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calculates and publishes the level of such Composite Index and (ii) each Related Exchange (if any) in respect of such Composite Index, is open for trading during its regular trading session notwithstanding such Related Exchange closing prior to its Scheduled Closing Time..

"Exchange Disruption" means, with respect to:

- (a) in the case of any Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of any Index which is not a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values on any relevant Exchange(s) in Component Securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"Final Valuation Date" means the date specified as the Final Valuation Date in the applicable Final Terms, which unless otherwise specified in the applicable Final Terms, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"Hedging Disruption" means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"Hedging Party" means the Issuer or any Affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer in any underlying or hedging transactions relating to an Index in respect of the Issuer's obligations under the Warrants.

"Hedging Shares" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

"Increased Cost of Hedging" means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow any Component Security comprised in an Index that is greater than the Initial Stock Loan Rate.

"Index" and **"Indices"** mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

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"Index Sponsor" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Warrants is the index sponsor specified for such Index in the applicable Final Terms.

"Initial Stock Loan Rate" means, unless otherwise specified in the applicable Final Terms, and in respect of a Component Security comprised in an Index the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the applicable Final Terms, which unless otherwise specified in the applicable Final Terms, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"Loss of Stock Borrow" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means, , unless otherwise specified in the applicable Final Terms, and in respect of a Component Security comprised in an Index, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"Observation Period" means the period specified as the Observation Period in the applicable Final Terms.

"Related Exchange" means, in respect of Equity Index Linked Warrants and in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"Relevant Time" shall have the meaning specified in the applicable Final Terms, or if no Relevant Time is specified, the Relevant Time shall be the Scheduled Closing Time.

"Relevant Market" means, for the purpose of determining any value or other amount pursuant to these Equity Index Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Warrants.

"Reuters Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

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"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Observation Date" means each date specified as a Scheduled Observation Date in the applicable Final Terms, which, unless otherwise specified in the applicable Final Terms, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"Scheduled Trading Day" means either (a) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (b) in the case of a basket of Indices, (i) Scheduled Trading Day (All Indices Basis) or (ii) Scheduled Trading Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if, in the case of (b), no such specification is made in the applicable Final Terms, Scheduled Trading Day (All Indices Basis) shall apply.:

"Scheduled Trading Day (All Indices Basis)" means, in respect of a basket of Indices, any day on which (a) in respect of any Indices which are not Composite Indices, each relevant Exchange and each Related Exchange (if any) in respect of each such Index in the basket is scheduled to be open for trading during its regular trading session, and (b) in respect of any Composite Indices, (i) the relevant Index Sponsor is scheduled to calculate and publish the levels of each such Composite Index in the basket and (ii) each Related Exchange (if any) in respect of such Composite Indices is scheduled to be open for trading during its regular trading session.

"Scheduled Trading Day (Per Index Basis)" means (a) in respect of an Index other than a Composite Index, any day on which the relevant Exchange and each Related Exchange (if any) in respect of such Index is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to calculate and publish the level of such Composite Index; and (ii) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading for its regular trading session.

(a) **"Scheduled Trading Day (Single Index Basis)"** means any day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session, and (b) in respect of a Composite Index (i) the relevant Index Sponsor is scheduled to calculate and publish the level of such Composite Index and (ii) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

"Screen Page" means the page specified in the applicable Final Terms, or any successor page or service thereto.

"Settlement Cycle" means, in respect of any Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"Specified Maximum Days of Disruption" means eight (8) Scheduled Trading Days or if less such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date to (but excluding) the third (3rd) Business Day prior to any due date for any payment under the Warrants for which valuation on the relevant Averaging Date or Valuation Date is relevant.

"Trading Disruption" means:

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- (a) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange; and
- (b) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

"Valuation Date" means the date specified as such in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Warrants relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Closing Level in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Closing Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) in the case of Warrants relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Closing Level using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day) and otherwise in accordance with the above provisions.

"Valuation Time" means:

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- (a) the Relevant Time specified in the applicable Final Terms;
- (b) in the case of a Composite Index, means in respect of such Index: (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

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FUNDS TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED WARRANTS

*The terms and conditions applicable to Fund Linked Warrants shall comprise the General Terms and Conditions of the Warrants (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Fund Linked Conditions**", and together with the General Conditions, the "**Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Fund Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Fund Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date or Averaging Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Fund Linked Warrants notwithstanding the same terms being used in another Technical Annex.

1. SETTLEMENT DATE EXTENSION

If Settlement Date Extension is specified as applying in the applicable Final Terms then, if the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) Currency Business Day preceding the originally scheduled Settlement Date, the Settlement Date shall be postponed and shall occur on the seventh (7th) Currency Business Day following (i) the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date or (ii) if earlier, the last day of the Cut-off Period.

2. POTENTIAL ADJUSTMENT EVENTS

If any Potential Adjustment Event exists or occurs at any time, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of the Fund Interest and, if so, the Issuer may require the Calculation Agent to (i) make the corresponding adjustment(s), if any, to any one or more of the terms of these Fund Linked Conditions, the General Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of the adjustment(s).

Upon making any such adjustment pursuant to this Fund Linked Condition 2, the Calculation Agent shall give notice as soon as practicable to Warrantholders in accordance with General Condition 11 (*Notices*), stating the adjustment to be taken and giving details of the Potential Adjustment Event.

3. CONSEQUENCES OF AN EXTRAORDINARY FUND EVENT AND/OR AN ADDITIONAL EXTRAORDINARY FUND EVENT

If, in the determination of the Calculation Agent, an Extraordinary Fund Event(s) and/or Additional Extraordinary Fund Event(s) has occurred or exists, the Issuer may either:

- (i) require the Calculation Agent to (1) make the corresponding adjustment(s) (each an "**Adjustment**"), if any, to any one or more of the terms of these Fund Linked Conditions, the General Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event and (2) determine the effective date(s) of the Adjustment(s). Such Adjustments may include, without limitation:

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- (A) adjusting any method for calculating a Settlement Price or any other relevant level or value;
 - (B) delaying any determination or payment until the Calculation Agent determines that no Extraordinary Fund Event and/or Additional Extraordinary Fund Event exists; and/or
 - (C) replacing an affected Fund Interest (the "**Affected Fund Interest**") with a replacement fund interest (the "**Replacement Fund Interest**") with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Reference Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event; or
- (ii) partially cancelling all, but not some only, of the Warrants by making a series of partial cancellation amount payments, in respect of each Warrant, each such payment reflecting a Warrant's *pro rata* share of any partial realisation amount in cash or in kind, adjusted, if appropriate, to take account of the economic characteristics of the Warrants, including its option characteristics (a "**Partial Realisation Amount**") which the Calculation Agent determines would be received by a Hypothetical Investor holding the relevant Fund Interest in circumstances where a Fund Insolvency Event has occurred or exists or a Reference Fund has otherwise determined to make partial payments or deliveries in respect of any Fund Interest which may, without limitation, be made by or on behalf of a Reference Fund to reflect the realisation or liquidation of the Reference Fund's assets or positions.

Each such payment in respect of the Warrants shall be made on such date and on such terms following each corresponding receipt of a Partial Realisation Amount by a Hypothetical Investor as the Calculation Agent shall notify to Warrantholders. However, where any Partial Realisation Amount is a non-cash amount, the relevant Warrants payment shall only be made following such time (if any) as the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Partial Realisation Amount for cash proceeds. It should be noted that any such partial payments on the Warrants may be significantly delayed (in some cases for a number of years) and may be zero, including in the event the Calculation Agent determines any such realisation could not be reasonably made. Each such partial payment shall be net of a Warrant's *pro rata* share of any relevant fees, costs or taxes which the Calculation Agent determines a Hypothetical Investor would suffer or would be required to pay in respect of any such realisation of the Fund Interest or a Partial Realisation Amount; or

- (iii) cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount on the seventh (7th) Currency Business Day following an applicable Redemption Payment Date or, if later following the date as of which the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Fund Interest in full, as determined by the Calculation Agent.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest in full and the Calculation Agent shall determine all related Adjustments to the Warrants to account for such replacement.

Upon making an Adjustment or following any determination by the Issuer to cancel the Warrants pursuant to this Fund Linked Condition 3, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 11 (*Notices*) stating the adjustment or other action to be taken and giving brief details of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event (as applicable).

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4. CORRECTION OF FUND INTEREST PRICES

With the exception of any corrections published after the day which is three (3) Currency Business Days prior to the Settlement Date (the "**Correction Cut-off Date**"), if (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants, is subsequently corrected and the correction is published by or on behalf of the Reference Fund after the original publication, or (ii) a Reference Fund with respect to any Fund Interest adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, the Calculation Agent may make any relevant Adjustment (as defined in Fund Linked Condition 3 above) to the Conditions or any subsequent amount payable under the Warrants to account therefor. Corrections published after the Correction Cut-off Date will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

5. DEFINITIONS APPLICABLE TO FUND LINKED WARRANTS

(a) Principal definitions applicable to the Reference Fund

"**Fund Documents**" means, with respect to any Fund Interest, each relevant document specified as such in the applicable Final Terms and each relevant prospectus or offering document or any supplement thereto, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any additional fund documents, in each case, as amended from time to time.

"**Fund Interest**" means, subject to adjustment in accordance with these Fund Linked Conditions, an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Final Terms.

"**Fund Interest Unit**" means, unless otherwise specified in the applicable Final Terms, in respect of a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the applicable Final Terms provided that if no such amount is so specified, then the entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the relevant Reference Fund Subscription Date shall be a single Fund Interest Unit. In relation to a Fund Interest Unit or Fund Interest, unless otherwise specified in the applicable Final Terms, a Settlement Price shall be determined by reference to the value of such Fund Interest Unit or Fund Interest, as determined by the Calculation Agent, and Reported Value Method or Deemed Payout Method shall be deemed to be applicable as specified in the applicable Final Terms.

"**Reference Fund**" means, subject to adjustment in accordance with these Fund Linked Conditions and in respect of a Fund Interest, unless otherwise specified in the applicable Final Terms, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.

(b) Definitions applicable to Reference Fund Management/Administration

"**Fund Administrator**" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.

"**Fund Adviser**" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary investment manager or

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non-discretionary investment adviser (including a non discretionary investment adviser to a discretionary investment manager or to another non discretionary investment manager) for such Reference Fund.

"Fund Custodian" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, any entity specified in the relevant Fund Documents which is responsible for the custody of the assets of the relevant Reference Fund.

"Fund Service Provider" means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, in respect of that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, auditor and any other person specified as such in the applicable Final Terms.

(c) Principal definitions applicable to Valuation

"Averaging Date" means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms or (i) in respect of any Fund Interest for which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day.

"Currency Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant Specified Currency or, if the Specified Currency is euro, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system is open.

"Cut-off Period" means, in respect of any Valuation Date or Averaging Date, as the case may be, the period specified as such in the applicable Final Terms, or if no such period is specified, a period of one calendar year ending on the first anniversary of such Valuation Date or Averaging Date, as the case may be; provided that if a "Final Cut-off Date" is specified in the applicable Final Terms, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.

"Final Cut-off Date" means the date, if any, specified as such in the applicable Final Terms.

"Fund Business Day" means any day specified as such in the applicable Final Terms or, otherwise, any day the Reference Fund or the primary Fund Administrator, acting on behalf of the Reference Fund, is open for business.

"Fund Valuation Date" means, with respect to any Fund Interest and a Valuation Date or Averaging Date, as applicable, a date as of which the related Reference Fund (or a Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, a date as of which such Reference Fund determines its aggregate net asset value in relation to such Valuation Date or Averaging Date, as applicable.

"Hypothetical Investor" means, unless otherwise specified in the applicable Final Terms, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in the Hypothetical Investor Jurisdiction and deemed: (i) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to the number of Fund Interest Units or amount of the Fund Interest; (ii) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the relevant number of Fund Interest Units or amount of the Fund Interest; and (iii) in the case of any deemed redemption of such Fund Interest or amount of the Fund Interest, to have submitted to the relevant Reference Fund on the relevant

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Redemption Notice Date a duly completed notice requesting redemption of the relevant number of Fund Interest Units or amount of the Fund Interest.

"Hypothetical Investor Jurisdiction" means the jurisdiction of organisation or formation, as applicable, of the relevant Hedging Party, unless otherwise specified in the applicable Final Terms.

"Redemption Notice Date" means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such in the applicable Final Terms, or if no such date is specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of the relevant Valuation Date or Averaging Date, as applicable.

"Redemption Payment Date" means, with respect to any Fund Interest and any Valuation Date or Averaging Date, as applicable, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Valuation Date or Averaging Date, as applicable.

"Redemption Proceeds" means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Valuation Date or Averaging Date, as applicable, redeems such amount of such Fund Interest; provided that (i) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent by reference to such source(s) as it determines appropriate (and may be assigned the value of zero) and (ii) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Final Terms.

"Reference Fund Subscription Date" means the date specified as such in the applicable Final Terms or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Reference Fund.

"Reported Fund Interest Value" means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and a Valuation Date or Averaging Date, as applicable, relating to such Fund Interest, the value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate net asset value, the portion of such Reference Fund's aggregate net asset value relating to such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on the related Fund Reporting Date by (i) the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service (ii) the Fund Administrator or (iii) any other relevant entity, as determined by the Calculation Agent, unless otherwise specified in the applicable Final Terms.

"Settlement Price" means, in relation to a Valuation Date or Averaging Date, as the case may be, in respect of a Fund Interest, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the applicable Final Terms, or otherwise either:

- (i) in respect of any Fund Interest to which the Reported Value Method is applicable, the Settlement Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined in relation to the Valuation Date or Averaging Date, as the case may be *provided that* the Calculation Agent may: (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of: (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as 'Redemption Fees' in the applicable Final Terms, and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each

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case in connection with a deemed redemption as of the relevant Valuation Date or Averaging Date, as the case may be, of all Fund Interest Units that are subject to valuation; and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, it may elect that Deemed Payout Method shall apply; and

- (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Settlement Price per Fund Interest Unit in respect of a Valuation Date or Averaging Date, as the case may be, shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the relevant Cut-off Period in relation to such Valuation Date or Averaging Date, as the case may be.

"Subscription Notice Date" means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the applicable Final Terms or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the applicable Final Terms does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.

"Trade Date" means the date as specified in the applicable Final Terms.

"Valuation Date" means (i) in respect of any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Fund Business Day, the next following Fund Business Day); and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Currency Business Day, the next following Currency Business Day).

(d) Other Definitions applicable to Valuation

"Fund Reporting Date" means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest, as determined as of such Fund Valuation Date, is reported or published.

"Redemption Valuation Date" means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the Redemption Proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.

"Scheduled Fund Valuation Date" means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, the date as of which the Reference Fund is scheduled to determine aggregate net asset value.

"Scheduled Redemption Payment Date" means the date specified as such in the applicable Final Terms or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

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"Scheduled Redemption Valuation Date" means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Final Terms, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if the Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Fund Disrupted Day, would have been a Valuation Date.

"Settlement Cycle" means the period specified as such in the applicable Final Terms, or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two (2) Currency Business Days.

"Valid Date" means: (i) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day; and (ii) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Fund Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

"Valuation Time" means the time specified as such in the applicable Final Terms or, if no such time is specified, (i) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (ii) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant Valuation Date or Averaging Date, as the case may be.

(e) Other Definitions, including Definitions applicable to Disruption

"Additional Extraordinary Fund Event" means any event specified as such in the applicable Final Terms and each event specified in Fund Linked Condition 6.1(a) if such Condition applies.

"Adviser Resignation Event" means, in respect of any Reference Fund, (i) the resignation, termination, or replacement of a Fund Adviser, any Fund Service Provider or (ii) the resignation, replacement or death of any Key Person or cessation or termination of any Key Person's appointment by or employment with the Reference Fund or any relevant entity in relation to the Reference Fund, in each case unless immediately replaced by another adviser or service provider acceptable to the Calculation Agent.

"Affiliate" means, in relation to any person, any entity (the **"First Entity"**) controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For such purposes, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person or, if the Calculation Agent determines appropriate, control may include the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

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"Change in Law" means that, on or after the Trade Date, (i) due to the adoption of or any change in any applicable law or regulation, including without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal for the Hedging Party to hold, acquire or dispose of Fund Interests; or (B) the Hedging Party will incur a materially increased cost in performing its obligations in respect of hedging arrangements in relation to the Warrants (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"De-Listing" means, in respect of any Fund Interest Units which are listed on any stock exchange (an **"Exchange"**), the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Interests Units cease (or will cease) to be listed, traded or publicly quoted on that Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as that Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Extraordinary Dividend" means an amount per relevant Fund Interest Unit or other amount of Fund Interest which the Calculation Agent determines appropriate to characterise as an extraordinary dividend.

"Extraordinary Fund Event" means, Nationalisation, Insolvency, Fund Insolvency Event, Adviser Resignation Event, Strategy Breach, Reporting Disruption, Change in Law, Fund Modification, Fund Hedging Disruption, Increased Cost of Hedging, Regulatory Action, Fund Disruption Event, Fund Adviser Event, Fund Service Provider Event, Fund Administrator Disruption, Holding Ratio Change, Merger Event, De-Listing, NAV Trigger Event, Notice Period Extension, Related Agreement Termination and/or any other event which the Calculation Agent determines has an analogous effect to any of the events specified above.

"Fund Administrator Disruption" means any event or circumstances compromising the independence of a Fund Administrator from the relevant Fund Adviser.

"Fund Adviser Event" means that the Calculation Agent determines that over a period of twelve (12) months, the total value of the assets managed by the Fund Adviser (including in relation to the Reference Fund) has decreased by fifty per cent. (50%) (either due to redemptions or decrease in the value of such assets or otherwise).

"Fund Disrupted Day" means any day on which a Fund Disruption Event has occurred or is continuing.

"Fund Disruption Event" means, unless otherwise specified in the applicable Final Terms, in respect of any Fund Interest, the occurrence or existence of a Fund Valuation Disruption or a Fund Settlement Disruption.

"Fund Hedging Disruption" means, with respect to a Fund Linked Warrant, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Linked Warrant, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem the Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included as a Fund Interest in relation to the Warrants).

"Fund Insolvency Event" means any Fund Interest or related Reference Fund or any Fund Service Provider, as applicable, (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or

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arrangement with or for the benefit of the creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or other similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (v) above.

"Fund Modification" means any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case as determined by the Calculation Agent) from those prevailing on the date the relevant Fund Interest was first included as a Fund Interest in relation to the Warrants.

"Fund Service Provider Event" means (i) a change of control or indirect control of any Fund Service Provider or (ii) in the reasonable opinion of the Calculation Agent, a Fund Service Provider is no longer able to carry out its business with the standard of care which was prevailing as of the Trade Date. For the purpose of this definition, **"control"** has the same meaning as in the definition of "Affiliate" above.

"Fund Settlement Disruption" means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay all or part of the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).

"Fund Valuation Disruption" means the failure of a Valuation Date or Averaging Date, as applicable, to be a valuation date in respect of the Fund Interest or any continued postponement of such valuation date.

"Hedging Party" means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Warrants as the Issuer may select at such time.

"Holding Ratio Change" means the reduction of the Reference Fund's aggregate net asset value under an amount that, in the determination of the Calculation Agent, has, or is likely to have, a material adverse effect on the performance or management of the Reference Fund or would increase the proportion of the Fund Interest Units held, or likely to be held, by the Hedging Party, to the extent that the full redemption of the Fund Interest Units held by the Hedging Party is likely to be delayed or become subject to "gating" by the Reference Fund.

"Increased Cost of Hedging" means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any

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transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of entering into and performing its obligations with respect to hedging arrangements in relation to the Warrants; or (ii) realise, recover, remit the proceeds of any such transaction(s) or asset(s) provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them.

"Key Person" means, in relation to a Reference Fund, each person specified as such in the applicable Final Terms.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Fund Interest Units, or Reference Fund (as applicable), any:

- (i) reclassification or change of such Fund Interest Units that results in a transfer of or an irrevocable commitment to transfer all of such Fund Interest Units outstanding to another entity or person;
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Reference Fund with or into another entity or person;
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. (100%) of the outstanding Fund Interest Units of the relevant Reference Fund that results in a transfer of or an irrevocable commitment to transfer all such Fund Interest Units (other than such Fund Interest Units owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the Reference Fund or its subsidiaries, as the case may be, with or into another entity in which the Reference Fund is the continuing entity and which does not result in a reclassification or change of all such Fund Interest Units outstanding but results in the outstanding Fund Interest Units (other than Fund Interest Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. (50%) of the outstanding Fund Interest Units immediately following such event,

in each case if the Merger Date is on or before the last occurring Valuation Date and/or last occurring Averaging Date.

"Nationalisation" means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"NAV Trigger Event" means, in respect of any Fund Interest, that (i) the Reported Fund Interest Value has decreased by 30.00 per cent. or more since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date, or (ii) the related Reference Fund has violated any leverage restriction that is applicable to, or affecting, such Reference Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Reference Fund or any of its assets.

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"Notice Period Extension" means, in respect of any Reference Fund, any increase in the notice period in respect of subscription for, or redemption of Fund Interest Units or a decrease in the frequency with which Fund Interest Units can be redeemed or subscribed for.

"Potential Adjustment Event" means any of the following:

- (i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or
- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

"Regulatory Action" means, with respect to any Fund Interest:

- (i) any cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Reference Fund;
- (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Calculation Agent); or
- (iii) the related Reference Fund or any of its Fund Administrator or Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, Fund Administrator or Fund Adviser.

"Related Agreement" means any existing agreement or arrangement relating to (i) hedging arrangements in connection with the Warrants, or (ii) any other arrangements the Reference Fund or any Fund Service Provider has with the Issuer and/or any Hedging Party and any such agreement or arrangement may relate to, without limitation, dealing fees, liquidity or licensing.

"Related Agreement Termination" means the Reference Fund or any Fund Service Provider in respect of such Reference Fund is in breach of or has terminated any Related Agreement.

"Removal Date" means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest (including any related non-monetary assets as referred to in the

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definition of Removal Value) effected as soon as reasonably practicable following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable.

"Removal Value" means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

"Reporting Disruption" means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest for the purposes of and at such time as the Calculation Agent is required to make such determination under the Warrants (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary for it to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests.

"Strategy Breach" means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents or any Related Agreement or otherwise published or notified by or on behalf of the Reference Fund or Fund Adviser, that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent).

6. EXCHANGE TRADED FUNDS (ETFs)

6.1 If "Exchange Traded Fund Provisions" are specified in the applicable Final Terms as being applicable, the following Additional Extraordinary Fund Events (each such term below as defined in the Equity Index Technical Annex containing Equity Index Linked Conditions for use in connection with Equity Index Linked Warrants (the "**Equity Index Technical Annex**")) shall apply to the Warrants, subject as set out in Fund Linked Condition 6.2 below:

- (a) Additional Disruption Event;
- (b) Index Cancellation;
- (c) Index Disruption;
- (d) Index Modification; and
- (e) the occurrence of a Disrupted Day.

6.2 For the purpose of the deemed inclusion in these Fund Linked Conditions of the defined terms from the Equity Index Technical Annex set out in Fund Linked Condition 6.1 above, such terms shall be construed in accordance with the Equity Index Technical Annex, save that (i) the terms Valuation Date, Averaging Date, Calculation Agent, Trade Date, Affiliate, Guarantor, Guarantee and Warrants shall have the meanings given in the General Conditions, the applicable Final Terms and these Fund Linked Conditions and the term Relevant Time shall mean the Scheduled Closing Time as defined in the Equity Index Technical Annex, (ii) for the purposes of the definition of Market Disruption Event, the Warrants will be deemed to be Warrants relating to a single Index and the Calculation Agent shall determine whether the Index (as defined below) is a Composite

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Index, (iii) for the purposes of the definition of Related Exchange, "All Exchanges" shall be deemed to be specified in the applicable Final Terms, and (iv) the following terms shall have the meaning set out below:

"Component Security" means each and any component security of any Index.

"Index" means, subject to adjustment in accordance with these Fund Linked Conditions, the Underlying Index specified in the applicable Final Terms or any Successor Index and related expressions shall be construed accordingly.

"Index Sponsor" means, subject to adjustment in accordance with these Fund Linked Conditions, the Underlying Index Sponsor specified in the applicable Final Terms or any Successor Sponsor.

"Initial Stock Loan Rate" means, unless otherwise specified in the applicable Final Terms, and in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"Hedging Party" means the Issuer or any Affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer in any underlying or hedging transactions relating to an Index and/or the Fund Interest in respect of the Issuer's obligations under the Warrants.

"Hedging Shares" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

"Maximum Stock Loan Rate" means the Maximum Stock Loan Rate specified in the applicable Final Terms.

"Relevant Market" means, for the purpose of determining any value or other amount pursuant to these Fund Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Warrants.

"Successor Index" means, in the event that the Index is:

- (a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a **"Successor Sponsor"**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that index will be deemed to be a Successor Index.

- 6.3 The Warrants are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Warrants. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Warrant holders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not

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independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

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INFLATION INDEX TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX LINKED WARRANTS

*The terms and conditions applicable to Inflation Index Linked Warrants shall comprise the General Terms and Conditions of the Warrants (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Inflation Index Linked Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Index Linked Conditions, the Inflation Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Inflation Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Inflation Index Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date or Averaging Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Inflation Index Linked Warrants notwithstanding the same terms being used in another Technical Annex.

1. INFLATION INDEX DELAY AND DISRUPTION PROVISIONS

(a) Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the "**Substitute Index Level**") shall be determined by the Calculation Agent as follows:

- (i) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond;
- (ii) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times \left(\frac{\text{Latest Level}}{\text{Reference Level}} \right); \text{ or}$$

- (iii) otherwise in accordance with any formula specified in the relevant Final Terms,

in each case as of such Determination Date,

where:

"Base Level" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

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"Latest Level" means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

"Reference Level" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest.

The Issuer shall give notice to Warrantheholders, in accordance with General Condition 11 (*Notices*), of any Substitute Index Level calculated pursuant to this Inflation Index Linked Condition 1.

If the Relevant Level is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Index Linked Condition 1 will be the definitive level for that Reference Month.

(b) Cessation of Publication

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the **"Successor Inflation Index"**) (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Index Linked Warrants by using the following methodology:

- (i) if at any time (other than after an early cancellation event has been designated by the Calculation Agent pursuant to Inflation Index Linked Condition 1(b)(v) below), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Inflation Index Linked Conditions 1(b)(ii), 1(b)(iii) or 1(b)(iv) below;
- (ii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Condition 1(b)(i) above, and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Index Linked Warrants from the date that such replacement Inflation Index comes into effect;
- (iii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Conditions 1(b)(i) or 1(b)(ii) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Inflation Index Linked Condition 1(b)(iii), the Calculation Agent will proceed to Inflation Index Linked Condition 1(b)(iv) below;
- (iv) if no replacement index or Successor Inflation Index has been determined under Inflation Index Linked Conditions 1(b)(i), 1(b)(ii) or 1(b)(iii) above by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or

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- (v) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Index Linked Warrants, on giving notice to Warrantholders in accordance with General Condition 11 (*Notices*), the Issuer shall cancel all but not some only of the Inflation Index Linked Warrants, each Inflation Index Linked Warrant being cancelled by payment of the relevant Early Cancellation Amount. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 11 (*Notices*).

(c) Rebasing of the Inflation Index

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

(d) Material Modification Prior to Last Occurring Cut-Off

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

(e) Manifest Error in Publication

With the exception of any corrections published after the day which is three (3) Business Days prior to the relevant Settlement Date, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Index Linked Warrants as it determines appropriate to account for the correction and will notify the Warrantholders of any such adjustments in accordance with General Condition 11 (*Notices*).

(f) Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may cancel all but not some of the Inflation Index Linked Warrants on the date notified by the Calculation Agent to Warrantholders in accordance with General Condition 11 (*Notices*) by payment of the relevant Early Cancellation Amount as at the date of cancellation, taking into account the relevant Additional Disruption Event.

2. INFLATION INDEX DISCLAIMER

The Warrants are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Warrants. The Issuer (or, if

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applicable, the Guarantor) shall have no liability to the Warrantholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

3. DEFINITIONS

For the purpose of the Inflation Index Linked Warrants:

"Additional Disruption Event" means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

"Affiliate" means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms):

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any other Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"Cut-Off Date" means, in respect of a Determination Date, five (5) Business Days prior to any due date for payment under the Warrants for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Final Terms.

"Delayed Index Level Event" means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the **"Relevant Level"**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

"Determination Date" means each date specified as such in the applicable Final Terms.

"Fallback Bond" means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Final Terms, (b) the next longest maturity after

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the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Hedging Disruption" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the relevant price risk of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

"Hedging Party" means at any relevant time, the Issuer, or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Warrants as the Issuer may select at such time.

"Increased Cost of Hedging" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Inflation Index" means each inflation index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Inflation Index Sponsor" means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms.

"Reference Month" means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Final Terms, regardless of when this information is published or announced; except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported.

"Related Bond" means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond.

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"**Relevant Level**" has the meaning set out in the definition of "Delayed Index Level Event" above.

USE OF PROCEEDS

The net proceeds from each issue of Warrants will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF ABBEY NATIONAL TREASURY SERVICES PLC

Background

Abbey National Treasury Services plc is a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. The Issuer was incorporated on 24 January 1989 with registered number 2338548, is regulated by the Financial Services Authority and is an authorised person with permission to accept deposits under the FSMA.

The Issuer is a direct wholly-owned subsidiary of Santander UK, which has given a full and unconditional guarantee in respect of the liabilities of the Issuer, and Banco Santander and Santusa Holding, S.L. own the entire issued ordinary share capital of Santander UK. Banco Santander is able (subject to any regulatory constraints or considerations) to control the Issuer by procuring that Santander UK's votes at general meetings of the Issuer are exercised in a particular way.

Currently, the Issuer's registered office is 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of the Issuer is 0870 607 6000.

Business Overview

The Issuer falls within the Global Banking & Markets, Corporate Banking and Group Infrastructure Divisions of the Santander UK Group. It currently operates the following sub-divisions:

Asset & Liability Management (**ALM**);

Global Banking & Markets (**GBM**); and

Corporate Banking.

ALM is responsible for managing the Santander UK Group's structural liquidity. This includes Santander UK's capital management activities and medium and long-term funding programmes. ALM recommends and helps to implement risk policies for all aspects of balance sheet management – formulating guidance for, and monitoring, the overall balance sheet shape, including maturity profile.

GBM business conducted through Abbey National Treasury Services plc is structured primarily into two business areas: Rates and Equity. Rates covers sales and trading activity for fixed income derivatives. Equity comprises the Equity Derivatives, Property Derivatives and Short Term Markets areas. Equity and residential property derivatives activities include the manufacture of structured products sold to retail customers both by Santander UK and by other financial institutions. Short Term Markets runs the securities lending/borrowing and repurchases ("repo") businesses and retains a U.S. branch for funding purposes.

Corporate Banking provides a range of banking services, including loans, deposits, trade finance and supplier payment solutions, principally to small and mid-sized United Kingdom companies in a variety of sectors. The Corporate Banking business conducted through Abbey National Treasury Services plc tends to focus on larger sized corporates and on the specialised sectors of Real Estate, Social Housing, Education, Health and Communities. Abbey National Treasury Services plc provides funding, treasury services and, via GBM, derivative products to Corporate Banking clients.

As at the date hereof, the following are the members of the Board of Directors of the Issuer:

Position	Name

Directors	Luis de Sousa David Green Brian Morrison Stephen Pateman
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The business address of each of the above is 2 Triton Square, Regent's Place, London, NW1 3AN with telephone number +44(0)870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the persons listed as members of the Board of Directors above and their private interests or other duties.

Corporate Governance

The Issuer complies with the requirements of the United Kingdom's corporate governance regime to the extent applicable to it.

DESCRIPTION OF SANTANDER UK PLC AND THE SANTANDER UK GROUP

Background

Santander UK plc (formerly Abbey National plc) was formed as a building society in 1944 and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. It was incorporated on 12 September 1988 with registered number 2294747.

The registered office of Santander UK is 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of Santander UK is +44 (0) 870 607 6000.

On 12 November 2004, Banco Santander completed the acquisition of the entire issued ordinary share capital of Abbey National plc (now called Santander UK plc), implemented by means of a scheme of arrangement under Section 425 of the Companies Act 1985. Banco Santander is one of the largest banks in the world by market capitalisation. Founded in 1857, Banco Santander has approximately 90 million customers, over 13,500 branches – more than any other international bank – and over 170,000 employees.

As of 11 January 2010, Abbey National plc changed its name to Santander UK plc (**Santander UK**) and now operates under the Santander brand name.

Corporate Purpose and Strategy

Santander UK's purpose is to maximise value for its shareholders, Banco Santander and Santusa Holding S.L., by focusing on offering a full commercial banking service in the United Kingdom providing value-for-money products to customers. With the continuing support of Banco Santander, Santander UK aims to be the best commercial bank in the United Kingdom.

Business and Support Divisions

Santander UK's management structure consists of a number of business and support divisions. The business divisions consist of:

Retail Banking

Retail Banking offers residential mortgages, savings and banking and other personal financial service products to customers throughout the United Kingdom. It serves customers through the Santander UK network of branches and ATMs, as well as through telephone and internet channels.

Global Banking & Markets

Global Banking & Markets is a financial markets business focussed on providing value added financial services to large corporates not serviced by Corporate Banking (being, in general, very large multinationals and financial institutions, as well as to the rest of Santander UK's business (including the Retail Banking and Corporate Banking divisions)). The division is principally structured into two business areas, Rates and Equity. Rates cover sales and trading activity for fixed income derivatives. Equity comprises the Equity Derivatives, Property Derivatives and Short Term Markets areas.

Corporate Banking

Corporate Banking provides a range of banking services, principally to small and mid-sized United Kingdom companies (with turnover between £1m and £25m) through its network of Corporate Business Centres and specialist businesses. A broad range of banking products is offered including loans, bank accounts, deposits, treasury services, asset finance, cash transmission, trade finance and invoice discounting. The specialist businesses within Corporate

Banking service customers in various business sectors including Real Estate, Social Housing and Infrastructure. Corporate Banking is also responsible for managing the run down of certain acquired A&L treasury portfolios.

Private Banking (formerly known as Wealth Management)

Private Banking offers private banking services for retail and corporate clients and other specialist banking services (including onshore and offshore savings accounts, execution-only stock-broking and marketing of structured products).

The support divisions consist of:

- **Retail Products and Marketing** – responsible for integrating and gaining the maximum value from Santander UK's products, marketing and brand communications to serve Santander UK's customers better.
- **Human Resources** – responsible for delivering the human resources strategy and personnel support. It also includes the learning function.
- **Manufacturing** – responsible for all information technology, cost control and operations activity, including service centres.
- **Risk** – responsible for ensuring that the Board and senior management team of Santander UK are provided with an appropriate risk policy and control framework, and to report any material risk issues to the Risk Committee and the Board.
- **Internal Audit** – responsible for supervising the compliance, effectiveness and efficiency of Santander UK's internal control systems to manage its risks.

In addition there are a number of corporate units – including Group Infrastructure (which includes Asset and Liability Management, Group Capital and Funding) Strategy and Planning; Financial Accounting and Economics, Corporate Services, Services Quality, Communications and Santander Universities in the United Kingdom.

Capital injection – Santander UK

Santander UK has announced that, on 3 August 2010, Banco Santander, through a wholly-owned Spanish-based subsidiary Santusa Holding, S.L., provided £4,456 million of equity capital to Santander UK. The capital will be used to support growth as well as a planned reorganisation of certain group companies in the United Kingdom (subject to the approval of the U.K. Financial Services Authority). The reorganisation will result in Santander UK owning certain United Kingdom-related group businesses of the Banco Santander Group. The capital increase has received all relevant regulatory approvals.

Alliance & Leicester plc

On 10 October 2008, Banco Santander completed the acquisition of the entire issued ordinary share capital of A&L, implemented by means of a Scheme of Arrangement under Section 425 of the Companies Act 1985. A&L is a public limited company incorporated and registered in England and Wales under the Companies Act 1985. The Alliance & Leicester Building Society (the **Society**) was formed in 1985 with the merger of two long-standing building societies, the Alliance Building Society and the Leicester Building Society. In 1997, A&L was incorporated as a bank and the Society transferred business to A&L as part of the conversion and listing on the London Stock Exchange. A&L was incorporated as a public limited company on 10 October 1996 (with registration number 3263713) and the conversion became effective as of 21 April 1997. The memorandum and articles of association of A&L are available for inspection at the registered offices of Santander UK at 2 Triton Square, Regent's Place, London, NW1 3AN.

On 9 January 2009, in order to optimise the capital, liquidity funding and overall financial efficiency of the Enlarged Santander UK Group, Banco Santander transferred all of its A&L shares to Santander UK in exchange for 12,631,375,230, Santander UK newly issued ordinary shares. Accordingly, Santander UK is now the immediate parent company of A&L.

Santander UK has given a full and unconditional guarantee in respect of the unsubordinated liabilities of A&L incurred prior to 31 July 2012. A&L in turn has given a full and unconditional guarantee in respect of the unsubordinated liabilities of Santander UK incurred prior to 31 July 2012. Each guarantee is granted pursuant to a deed poll entered into by Santander UK and A&L on 19 March 2009. The respective forms of the deed poll guarantees are each incorporated by reference in this Prospectus. The guarantee by A&L of any obligation or liability lawfully incurred by Santander UK to any person, would include any obligation of Santander UK as Guarantor of Warrants under the Programme.

The registered office of A&L is Carlton Park, Narborough, Leicester LE19 0AL. The telephone number of A&L's registered office is +44 (0) 116 201 1000. The board composition of A&L is identical to that of Santander UK plc. Therefore, the directors of A&L are set out in the table below, "Directors of Santander UK plc", which sets forth the directors of Santander UK. The business address of each of the directors of A&L is 2 Triton Square, Regent's Place, London NW1 3AN with telephone number +44 (0) 870 607 6000. There are no potential conflicts of interest between the duties to A&L of the persons listed under "*Directors of Santander UK plc*" below and their private interests or other duties.

Changes to Alliance & Leicester plc: Part VII Transfer

A&L announced on 25 February 2010 that, subject to Financial Services Authority support and approval by the High Court of England and Wales, it intended to transfer its business to its immediate parent company, Santander UK, under a scheme allowed by Part VII of the FSMA.

On 13 May 2010, the High Court of England and Wales granted an order (the **Order**) approving the transfer of the business of A&L to Santander UK pursuant to Part VII of the FSMA (the "**Transfer**"). The Transfer became effective at 00.01 hours on 28 May 2010.

Following the Transfer becoming effective, substantially all of A&L's business, assets and liabilities transferred to Santander UK. As at the date of this Prospectus, the residual assets and liabilities of A&L are limited to assets and liabilities which were excluded from the Transfer under the terms of the Order or which the Order was ineffective to transfer as a matter of law.

The Alliance & Leicester plc guarantee in respect of the unsubordinated liabilities of Santander UK

A&L has given a full and unconditional guarantee in respect of the unsubordinated liabilities of Santander UK incurred prior to 31 July 2012. The A&L guarantee applies to any obligation or liability lawfully incurred by Santander UK to any person.

Following the Transfer becoming effective, substantially all of A&L's business, assets and liabilities were transferred to Santander UK. Pursuant to the terms of the Order, A&L agreed with Santander UK that the rights and obligations of A&L under the A&L guarantee shall remain with A&L until such time as A&L and Santander UK agree that they should be transferred to Santander UK. Whilst the A&L guarantee still has legal effect until that time, it has ceased to be of material benefit to Warrantholders.

Acquisition – RBS and Natwest branches

Santander UK announced on 4 August 2010 that it had reached an agreement to acquire the parts of the banking businesses of The Royal Bank of Scotland Group plc which are carried out through its Royal Bank of Scotland plc ("**RBS**") branches in England and Wales and its National Westminster Bank plc ("**Natwest**") branches in Scotland.

The consideration for the acquisition, subject to completion adjustments, comprises £350 million of goodwill relative to a notional equity value of approximately £1.3 billion as at 31 December 2009.

Completion is expected to occur at the end of 2011.

The acquisition, upon completion, will include:

- 311 RBS branches in England and Wales and 7 NatWest branches in Scotland;
- 40 small and medium sized enterprises (SME) banking centres and more than 400 relationship managers;
- 4 corporate banking centres and 3 private banking centres;
- 1.8 million retail customers (giving a retail market share of around 2 per cent.);
- around 244,000 SME customers (giving a SME market share of around 5 per cent.) and around 1,200 mid-corporate customers (giving a market share of around 5 per cent.); and
- around 5,000 employees.

Change of Company Name

As of 11 January 2010, Abbey National plc changed its name to Santander UK plc and now operates under the name Santander. A&L branches have also now been rebranded as Santander, and following information technology changes can be used by all Santander UK customers in the United Kingdom. The move has delivered a significant advantage for customers who are now able to use up to 1,300 branches. The change reflects the Group's policy to operate under a single brand.

Directors of Santander UK plc

The following table sets forth the directors of Santander UK plc.

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Chairman	Lord Terence Burns	Non-Executive Director, Banco Santander S.A. Chairman, Alliance & Leicester plc President, National Institute of Economic and Social Research. Fellow, London Business School Companion of the Institute of Management President of the Society of Business Economists Vice President of the Royal Economic Society Chairman, Channel Four Television Corporation
Deputy Chairman and Non-Executive Director	Juan Rodriguez Inciarte	Chief Executive of Santander Consumer Finance, S.A. Executive Vice President of Banco Santander S.A. Non-Executive Director, Alliance & Leicester plc. Director, ABN AMRO Holding N.V. Director, ABN AMRO Bank N.V. Director, RFS Holdings Director, Banco Banif S.A

		Director, Vista Capital de Expansion S.A
Chief Executive and Executive Director	Ana Patricia Botin (see <i>Management Changes at Santander UK plc</i> below)	Executive Director of Banco Santander, S.A. Non-Executive Director of Assicurazioni Generali S.p.A. Chief Executive, Alliance & Leicester plc
Executive Directors	Alison Brittain	Executive Director, Alliance & Leicester plc
Non-Executive Directors	Jane Barker	Director, Equitas Limited Non-Executive Director, Alliance & Leicester plc Member of appeal panel for Scotland and Northern Ireland banknote regulation regime Non-Executive Director, Marsh Limited
	Roy Brown	Chairman, GKN plc Non-Executive Director, Alliance & Leicester plc
	José Maria Fuster	Executive Vice President of Operations and Technology and Non-Executive Director of Banesto Chief Information Officer, Banco Santander, S.A. Non-Executive Director, Alliance & Leicester plc
	José María Carballo	Chairman, La Unión Resinera Española Chairman, Vista Desarrollo Director, Teleférico Pico del Teide, S.A. Director, Vista Capital Expansion S.A. S.G.E.C.R. Non-Executive Director, Alliance & Leicester plc
	Rosemary Thorne	Senior Independent Director on the board of Smurfit Kappa Group plc Non-Executive Director, Alliance & Leicester plc
	Keith Woodley	Non-Executive Director, Alliance & Leicester plc Council Member and Pro-Chancellor, University of Bath.

The business address of each of the directors is 2 Triton Square, Regent's Place, London NW1 3AN with telephone number +44 (0) 870 607 6000.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed under "Directors of Santander UK plc" above and their private interests and or other duties.

Management Changes at Santander UK plc

Santander UK plc made an announcement in respect of board and management changes:

- (1) With effect from 1 December 2010, António Horta-Osório formally resigned as Chief Executive Officer and Executive Director and will leave Santander UK plc on 16 January 2011. António Horta-Osório will join Lloyds Banking Group plc in early 2011 and assume responsibilities as Chief Executive Officer on 1 March 2011. The FSA formally approved the appointment of Ana Patricia Botín as Chief Executive Officer and Executive Director of Santander UK plc. Ana Patricia Botín formally took up the role on 1 December 2010;
- (2) Juan Colombás resigned as Chief Risk Officer and Executive Director on 1 December 2010 and will leave Santander UK plc on 16 January 2011;
- (3) The Board of Directors have resolved to appoint, subject to FSA approval, Jose María Nus as Chief Risk Officer and Executive Director of Santander UK plc.;
- (4) Antonio Lorenzo resigned as Executive Director with effect from 1 December 2010 and as Chief Finance Officer from 31 December 2010. Antonio Lorenzo will leave Santander UK plc on 16 January 2011;
- (5) The duties of the Chief Finance Officer will be divided as follows, subject to FSA approval;
 - a. Justo Gómez will become Finance Director on Santander UK plc's Executive Committee, responsible for Asset & Liability Management, Economics and Investor Relations;
 - b. Mónica Cueva will become Financial Controller on Santander UK plc's Executive Committee, responsible for Financial Planning, Financial Reporting, Tax, Cost Management and Control;
 - c. Alison Brittain, Executive Director, Retail Distribution and member of Santander UK plc's Executive Committee, will assume responsibility for Intermediaries in addition to her existing responsibilities;
 - d. Miguel-Ángel Rodríguez-Sola, a member of Santander UK plc's Executive Committee, will assume responsibility for Wealth Management and Private Banking in addition to his existing responsibilities;
- (6) The Board of Directors of Santander UK plc have resolved to appoint, subject to FSA approval, Alfredo Sáenz Abad, Second Vice Chairman and Chief Executive Officer of Banco Santander, S.A., as a Non Executive Director.

The appointments will be effective following confirmation of FSA approval.

A public announcement confirming the effective date of the appointment of Jose María Nus as Chief Risk Officer and Executive Director and Alfredo Sáenz Abad as Non Executive Director will be made following the receipt of FSA approval.

TAXATION

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Warrants and is a summary of the Issuer's understanding of current law and Her Majesty's Revenue & Customs (HMRC) practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Warrantholders depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a holder of a Warrant will also depend for each issue on the terms of the Warrant, as specified in the General Conditions of the Warrant as amended and supplemented by the applicable Final Terms. The statements in this section are not intended to be tax advice and Prospective Warrantholders should seek their own professional advice.

Withholding on account of United Kingdom tax

Payments made on the exercise of Warrants may be made without deduction or withholding on account of United Kingdom income tax where such payments are not regarded as interest for United Kingdom tax purposes.

Even if such payments were to be regarded as interest for United Kingdom tax purposes, payments made by the Issuer on the exercise of Warrants issued by the Issuer may be made without deduction or withholding on account of United Kingdom income tax, provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the **Act**), and provided that any such interest is paid in the ordinary course of the Issuer's business within the meaning of section 878 of the Act.

Furthermore, the Issuer should not be required to deduct sums for or on account of United Kingdom income tax from payments made on the exercise of Warrants issued by the Issuer which are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009.

Taxation of Profits and Gains of United Kingdom resident individuals

Capital gains tax

Gains arising to an individual as a result of acquiring then exercising or otherwise disposing of a "qualifying option" are generally charged to tax under the capital gains tax rules in the Taxation of Chargeable Gains Act 1992 (**TCGA 1992**). Options which are listed on a recognised stock exchange at the time of disposal are qualifying options. The Warrants will satisfy this listing requirement if they are at the time of disposal included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange or officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on Bourse de Luxembourg or Euro MTF.

In the case of Currency Linked Warrants, Equity Linked Warrants, Equity Index Linked Warrants, Commodity Linked Warrants and Property Index Linked Warrants, provided that such Warrants are options and remain so listed, an individual holding such a Warrant (a **Qualifying Warrant**) should be charged to tax on any gain made on the disposal of the Qualifying Warrant under the capital gains tax rules in TCGA 1992, described below. This means that such a Warrantholder should, on the disposal of a Qualifying Warrant, be entitled to make a tax-free gain in any tax year equal to the annual exempt amount (which is £10,100 for the tax year 2010-11), assuming the annual exemption has not been utilised in relation to another gain in the same year.

The base cost of a Qualifying Warrant for capital gains tax purposes will generally be calculated by reference to the amount paid for a Qualifying Warrant by a Warrantholder. Accordingly, on the disposal of a Qualifying Warrant by sale, a Warrantholder should, subject to the availability of the annual exempt amount (see above), be charged to capital

gains tax on the chargeable gain arising on the disposal (calculated by comparing the amount received on disposal with the base cost).

In the case of a Physical Delivery Warrant, the acquisition of the Qualifying Warrant and the acquisition of a new asset on the exercise of such a Qualifying Warrant is treated as a single transaction for capital gains tax purposes, so that, the base cost of the new asset is calculated by reference to the amount paid for the Qualifying Warrant plus the amount paid for the new asset. The exercise of such a Qualifying Warrant is not treated as a disposal of the Warrant. Accordingly, no charge to capital gains tax will arise on the exercise of such a Qualifying Warrant. However, a disposal of the new asset acquired on the exercise of a Warrant may give rise to a charge to capital gains tax, if a gain arises on that disposal.

In the case of a Cash Settled Warrant, the exercise of the Qualifying Warrant will be treated as a disposal. The cash amount received on the exercise will be treated as the consideration for the disposal. The amount paid for a Qualifying Warrant will be treated as the base cost for the purposes of calculating any capital gain arising on the exercise of the Qualifying Warrant.

Warrants that are not Qualifying Warrants for example because they are not options for tax purposes may be taxed in a different way to Qualifying Warrants.

Disposals of futures and options involving guaranteed returns

Any Warrant which is (either alone or taken together with other related transactions) designed to produce a return that equates, in substance, to the return on an investment of money at interest may not be taxed in accordance with the rules described above. Any profit or gain arising in relation to such a Warrant may instead be charged to tax as income under Chapter 12 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (**ITTOIA 2005**), without the benefit of the annual exempt amount.

Individual Savings Accounts (ISAs), Self-invested Personal Pensions (SIPPs) and Small Self-administered Schemes (SSASs)

Warrants will not qualify for inclusion within an ISA.

The Warrants should generally be capable of being held within a SIPP or a SSAS that is a registered pension scheme. However, Warrant holders should obtain independent advice in relation to the tax treatment of Warrants held within such a SIPP or SSAS.

Taxation of Profits and Gains of United Kingdom resident companies

Part 7 of the Corporation Tax Act 2009 applies to "derivative contracts" of United Kingdom resident companies and of United Kingdom permanent establishments of non-UK resident companies. Subject to certain exceptions, where Part 7 applies to a contract, all income, profits and gains will generally be taxed on an income basis (whether they arise from acquiring, holding, disposing or exercising rights under the contract) consistently with the way those profits are recognised in accordance with United Kingdom generally accepted accounting practice or international financial reporting standards. Accordingly, any income, profit or gains in relation to Warrants which fall within the derivative contracts tax regime in Part 7 will generally be charged to tax as income.

Warrants which are not treated as derivative contracts and which are not taxed on an income basis should generally be taxed in accordance with the capital gains rules set out above under the heading "Capital gains tax" except that companies do not benefit from an annual exemption. United Kingdom companies may be entitled to an indexation allowance on the disposal of a Warrant.

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

(i) Issue of a Global Warrant into Euroclear or Clearstream

A Global Warrant or any instrument granting a Global Warrant (each an instrument) may be subject to United Kingdom stamp duty. However, in the context of retail covered warrants listed on the London Stock Exchange, HMRC has indicated that no charge to United Kingdom stamp duty will arise on the grant of such warrants. It is not clear whether or not HMRC would be prepared to take such a view in relation to a Global Warrant.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. In the case of a Global Warrant, if any United Kingdom stamp duty is required to be paid, it would be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the Warrants represented by that Global Warrant.

If the Warrants carry a right to allotments of or to subscribe for, or an option to acquire, stocks, shares or loan capital, then the issuance of a Warrant into Euroclear or Clearstream, or any other clearing system, may give rise to a charge to SDRT at the rate of 1.5% on their price when issued. Otherwise, no SDRT is payable on the issue, into Euroclear or Clearstream, of a Global Warrant.

(ii) Transfer within Euroclear or Clearstream

No United Kingdom stamp duty should be required to be paid on the transfer of any Warrants within Euroclear or Clearstream provided no instrument is used to complete the transfer.

No United Kingdom SDRT should be payable on the transfer of any Warrants within Euroclear or Clearstream provided that no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Warrants.

(iii) Exercise

No Stamp Duty or SDRT should be payable on the exercise of Cash Settled Warrants. However, stamp duty and SDRT may be payable in relation to the exercise of a Physical Delivery Warrant.

Reporting of information

In relation to any Warrant under which any amounts which are characterised as interest are payable, holders of Warrants may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Warrantholder. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Warrantholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information

exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

LUXEMBOURG TAXATION

The following summary is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Non-resident Holders of Warrants

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-residents holders of Warrants, nor on accrued but unpaid interest in respect of the Warrants, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Warrants held by non-resident holders of Warrants.

However, under the Luxembourg laws of 21 June 2005 (the **Laws**), implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20% and will be levied at a rate of 35% after 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Warrants coming within the scope of the Laws would at present be subject to withholding tax of 20%.

Resident Holders of Warrants

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Warrants, nor on accrued but unpaid interest in respect of Warrants, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Warrants held by Luxembourg resident holders of Warrants.

However, under the Luxembourg law of 23 December 2005 (the **Law**) payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Warrants coming within the scope of the Law would be subject to withholding tax of 10%.

PROSPECTIVE WARRANTHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN ANY RELEVANT JURISDICTION SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in a programme agreement (the "**Programme Agreement**") dated on or about the date of this Prospectus agreed with the Issuer and the Guarantor a basis upon which the Issuer may from time to time agree to issue Warrants. Any such agreement will extend to those matters stated under "*General Terms and Conditions of the Warrants*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Warrants under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The price and amount of Warrants to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Warrants may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Programme Agreement also provides for Warrants to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers. If a Tranche of Warrants is syndicated, the details of such syndicated will be specified in the applicable Final Terms.

In connection with the issue of any Tranche of Warrants, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot or effect transactions with a view to supporting the market price of the Warrants of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Warrants is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Warrants and 60 days after the date of the allotment of the relevant Tranche of Warrants.

SELLING RESTRICTIONS

1. The Americas

United States of America

No Warrants of any series, the Guarantee, nor any Entitlements have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws and trading in the Warrants has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. The Warrants are only being offered and sold pursuant to the exemption from the registration requirements pursuant to Regulation S under the Securities Act. No Warrants of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the **United States**) or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered to, or for the account or benefit of, any person (**U.S. person**) who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act. Notwithstanding the preceding sentence to the extent provided in Treasury Regulations, certain trusts in existence on 20 August 1996 and treated as U.S. persons before such date that elect to be so treated shall also be considered U.S. persons. Consequently, any offer, sale, re-sale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each Dealer of an issue of Warrants will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Warrants of such series (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date of any subscription period in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Dealer of an issue of Warrants will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Warrants at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any directed selling efforts in the United States with respect to the Warrants and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Any person purchasing Warrants of any series must agree with the Dealer or the seller of such Warrants that (i) it is not located in the United States and was not solicited to purchase the Warrants while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Warrants of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (iii) it is not purchasing any Warrants of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of any Warrants of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Dealer of an issue of warrants will also be required to agree, and any person purchasing Warrants of such series must agree, to send each person who purchases any Warrants of such series from it, at or prior to confirmation of sale of any Warrants, a written confirmation (which shall include the definitions of "**United States**" and "**U.S. persons**" set forth herein) stating that the Warrants and the Guarantee have not been registered under the Securities Act, or any state securities laws, and trading in the Warrants and the Guarantee has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Warrants, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

2. **Europe, the Middle East and Africa**

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Warrants, which are subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto, to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Warrants to the public in that Relevant Member State:

- (a) if the final terms in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year(s); (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Warrants referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Warrants to the public**" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 (financial promotion) of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA would not, if they were not authorised persons apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Warrants has not been registered pursuant to Italian securities legislation and, accordingly, no Warrants may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Warrants be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and defined in Art 34-er, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 as amended from time to time ("**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter, first paragraph, of Regulation 11971

Any offer, sale or delivery of the Warrants or distribution of copies of this Prospectus or any other document relating to the Warrants in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended; and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or another Italian authority.

In accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of Warrants with a denomination per unit of less than €50,000 (or its equivalent in another currency at the date of issue) on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Warrants being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

Switzerland

Unless explicitly stated so in the relevant Final Terms, the Warrants may not be publicly offered in or from Switzerland, as such term is defined or interpreted under the Swiss Federal Code of Obligations or the Swiss Federal Act on Collective Investment Schemes, and neither the Programme nor any documents related to the Warrants shall constitute a prospectus in the sense of article 652a or 1156 of the Swiss Federal Code of Obligations, or constitute a simplified prospectus in the sense of article 5 of the Swiss Collective Investment Schemes Act. The Warrants do not constitute a participation in a collective investment scheme in the meaning of the Swiss Federal Act on Collective Investment Schemes and they are neither subject to approval nor supervision by the Swiss Financial Market Supervisory Authority (FINMA).

If the relevant Final Terms specify that the Warrants may not be publicly offered in or from Switzerland, such Warrants may only be offered or sold in or from Switzerland to qualified investors within the meaning of, and in accordance with, the Swiss Collective Investment Schemes Act. Pursuant to the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) as of the date of this Prospectus, qualified investors within the meaning of the Swiss Collective Investment Schemes Act (in its version of 1 January 2009) and the Swiss Collective Investment Schemes Ordinance (in its version of 1 March 2009) are:

- (i) regulated financial intermediaries such as banks, brokers dealers or fund administrations;
- (ii) regulated insurance companies;
- (iii) public entities and pension funds with a professional treasury (professional treasury is assumed if there is at least one qualified employee with experience in the financial sector who is responsible for the management of the investments);
- (iv) (iv) corporations organised under private law having a professional treasury;
- (v) high net worth individuals, provided they confirm in writing to a regulated financial intermediary or qualifying independent asset manager that they directly or indirectly possess at least CHF 2 million in bankable assets;

- (vi) investors who have concluded a written discretionary asset management contract with a regulated financial intermediary; and
- (vii) independent asset managers and investors who have concluded a written asset management contract with such an independent asset manager, provided that
 - (x) the asset manager is deemed a financial intermediary within the meaning of the Swiss Anti-Money Laundering Act;
 - (y) the asset manager is subject to accepted conduct of business rules of an organisation in the financial sector (for practical purposes, this is mainly the Association of Swiss Asset Managers); and
- (z) the discretionary asset management contract is in accordance with the accepted guidelines of such organisation.

3. Asia-Pacific region

Hong Kong Special Administrative Region

Each Dealer acknowledges and agrees that the Warrants have not been authorised by the Hong Kong Securities and Futures Commission. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Warrants other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Warrants may not be circulated or distributed, nor may the Warrants be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Warrants are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Taiwan

No person or entity in Taiwan is authorised to distribute or otherwise intermediate the offering of the Warrants or the provision of information relating to the Programme, including, but not limited to, this Prospectus. The Warrants may be made available for purchase from outside Taiwan by investors residing in Taiwan, but may not be offered or sold in Taiwan. Any subscriptions of Warrants shall only become effective upon acceptance by the Issuer or the relevant Dealer outside Taiwan and shall be deemed a contract entered into in the jurisdiction of incorporation of the Issuer or relevant Dealer, as the case may be, unless otherwise specified in the subscription documents relating to the Warrants signed by the investors.

The People's Republic of China

The Warrants may not be offered or sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, directly or indirectly, (i) by means of any advertisement, invitation, document or activity which is directed at or other contents of which are likely to be accessed or read by the public in the People's Republic of China, excluding Hong Kong, Macau and Taiwan (**PRC**); or (ii) to any person within the PRC other than in full compliance with the relevant laws and regulations of the PRC, including, but not limited to, the PRC Securities Law, the Company Law and/or The Provisional Administrative Measures on Derivatives Business of Financial Institutions (as amended from time to time). Neither this Prospectus nor any material or information contained or incorporated by reference herein relating to the Programme, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission or other relevant governmental authorities in the PRC, may be supplied to the public in the PRC or used in connection with any offer for the subscription, purchase or sale of the Warrants other than in compliance with the aforesaid in the PRC. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

General

The Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuer and the Guarantor that it will observe all applicable laws and regulations in any jurisdiction in which

it may purchase, offer, sell or deliver Warrants and that it will not, directly or indirectly, offer, sell or deliver Warrants or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Warrants in or from any country of jurisdiction except under circumstances that will to best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Warrants by it will be made on the foregoing terms.

None of the Issuer, the Guarantor and the Dealers represents by virtue of the Prospectus that Warrants may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The restrictions on offerings may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms applicable to each Series of Warrants or in a supplement to this document.

Disclaimer

As a result of the foregoing restrictions, purchasers of Warrants are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Warrants.

Unless otherwise specified in the applicable Final Terms, no offers, sales, re-sales or deliveries of any Warrants, or distribution of any offering material relating to any Warrants, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer, Guarantor or the Dealers.

GENERAL INFORMATION

1. Statutory Auditors

The auditors of Abbey National Treasury Services plc, Santander UK plc and Alliance and Leicester plc are Deloitte LLP (formerly called Deloitte & Touche LLP) of 2 New Street Square, London, EC4A 3BZ (formerly of Stonecutter Court, 1 Stone Cutter Street, London EC4A 4TR). Deloitte LLP are members of the Institute of Chartered Accountants in England and Wales.

2. Incorporation

The Issuer and the Guarantor were incorporated in England and Wales on 24 January 1989 and 12 September 1988 respectively, and with registered numbers 2338548 and 2294747 respectively.

3. Authorisation

The establishment, implementation and operation of the Programme and the issue of Warrants had been duly confirmed and authorised by a resolution of the Board of Directors of the Issuer dated 24 September 2003; a wholesale funding approval and authorisation in respect of the Issuer given by two Directors of the Issuer dated 3 September 2009; and a programme approval and authorisation in respect of the Issuer given by an authorised person dated 3 December 2010. The giving of the guarantee of the Warrants by the Guarantor plc had been duly authorised by a resolution of the Board of Directors of the Guarantor dated 16 September 2003; a wholesale funding approval and authorisation in respect of the Guarantor given by its two of its Directors dated 3 September 2009; and a programme approval and authorisation in respect of the Guarantor given by an authorised person dated 3 December 2010.

4. Listing of Warrants on the Official List

The listing of Warrants on the Official List will be expressed by their number. It is expected that each Tranche of Warrants which is to be admitted to listing on the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Warrant or Warrants initially representing the Warrants of such Tranche. Application has been made to the UK Listing Authority for Warrants issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Warrants to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Warrants is expected to be granted on or about 14 December 2010.

5. Documents Available

So long as Warrants are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Guarantor and at the specified offices of the Warrant Agents save that items (v) and (vi) will not be available at the specified offices of the Warrant Agents (and items (i), (vii) and (viii) will be available for collection free of charge):

- (i) the memorandum and articles of association of the Issuer and the memorandum and articles of association of the Guarantor and A&L;
- (ii) the consolidated and non-consolidated audited financial statements of the Issuer and the Guarantor in respect of the financial years ended 31 December 2008 and 31 December 2009 (including the form of the Santander UK guarantee, on pages 148-150 of the Guarantor's Annual Report and Accounts for the financial year ended 31 December 2008, in respect of the unsubordinated liabilities of A&L incurred prior to 31 July 2012);

- (iii) the unaudited half yearly financial reports of the Issuer and Guarantor for the six months ended 30 June 2010;
- (iv) the audited consolidated and non-consolidated annual financial statements of A&L in respect of the financial year ended 31 December 2008 and the audited consolidated and non-consolidated annual financial statements of A&L in respect of the financial year ended 31 December 2009 (including the form of the A&L guarantee, on pages 115-117 of the A&L Annual Report and Accounts for the financial year ended 31 December 2009, in respect of the unsubordinated liabilities of Santander UK incurred prior to 31 July 2012);
- (v) the Programme Agreement and the Warrant Agreement (which contains the forms of Global Warrant and the Guarantee);
- (vi) this Prospectus;
- (vii) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;
- (viii) in the case of each issue of listed Warrants subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (ix) each Final Terms document (save that any Final Terms document relating to an unlisted Warrant will only be available for inspection by a holder of such Warrant and such holder must produce evidence satisfactory to the Issuer and the Warrant Agent as to its holding of Warrants and its identity).

In addition, copies of this Prospectus, any supplementary prospectus, any documents incorporated by reference and each Final Terms document relating to Warrants which are admitted to trading on the London Stock Exchange's Regulated Market will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

6. Clearing Systems

The Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Warrants allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Warrants are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.

7. Significant or Material Change

The consolidated annual financial statements of the Guarantor, A&L and the Issuer for the years ended 31 December 2009 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS). The half yearly financial statements of the Guarantor and the Issuer for the six months ended 30 June 2010 were prepared in accordance with International Accounting Standard 34. In the absence of authoritative guidance under IFRS for accounting for transactions between entities under common control, the transfer of A&L shares to the Guarantor by Banco Santander effected on 9 January 2009 (as further described on page 147 of this Prospectus under the heading "Alliance & Leicester plc"), has been accounted for in a manner consistent with group reconstruction relief under UK GAAP. As a result, the transfer of A&L has been accounted for by the Guarantor with effect from 10 October 2008, the date on which Banco Santander acquired A&L. The consolidated balance sheet and related notes of the Guarantor Group at 31 December 2008

have been updated to reflect this treatment in the annual financial statements of the Guarantor for the year ended 31 December 2009. For the avoidance of doubt, this treatment is not reflected in the consolidated balance sheet and related notes of the Guarantor Group contained within the audited consolidated annual financial statements of the Guarantor in its Annual Report and Accounts for the year ended 31 December 2008.

There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries since 30 June 2010, being the date of the half yearly financial report of the Guarantor.

There has been no material adverse change in the prospects of the Guarantor since 31 December 2009, being the date of its last published audited financial statements.

Since 31 December 2009, being the date of the last audited financial statements of A&L, substantially all of A&L's business, assets and liabilities have been transferred to the Guarantor pursuant to the Order. As at the date of this Prospectus, the residual assets and liabilities of A&L are limited to assets and liabilities which were excluded from the Transfer under the terms of the Order or which the Order was ineffective to transfer as a matter of law. There has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 30 June 2010, being the date of the unaudited half yearly financial report of the Issuer.

There has been no material adverse change in the prospects of the Issuer since 31 December 2009, being the date of its last published audited financial statements.

8. Litigation

The Guarantor along with seven other financial institutions have been involved in legal proceedings with the Office of Fair Trading ("**OFT**"), regarding the legal status and enforceability of unarranged overdraft fees (the "**OFT Proceedings**"). The OFT Proceedings were concerned with whether certain of the financial institutions' terms and conditions are subject to the fairness test in the Unfair Terms in Consumer Contract Regulations 1999 (the "**Regulations**") and whether they are capable of being 'penalties' at common law.

In April 2008 the High Court confirmed that the Guarantor's then current terms and conditions were not capable of being penalties at common law. The finding was not appealed by the OFT. The High Court also found that the relevant terms were assessable for fairness under the Regulations. On 26 February 2009, the Court of Appeal dismissed the appeal against the High Court's judgment made by the relevant financial institutions and held that unarranged overdraft charges were assessable for fairness under the Regulations.

The House of Lords gave the relevant financial institutions permission to appeal this judgment.

The hearing before the House of Lords took place on 23 to 25 June 2009. The Supreme Court (previously The House of Lords) gave its judgment on 25 November 2009 and ruled that the level of the unauthorised overdraft charges of the relevant financial institutions could not be assessed for fairness under the Regulations (to the extent that the terms pursuant to which the fees are levied are in plain and intelligible language), although they may be assessed for fairness on some other basis. On 22 December 2009, the OFT announced that it would not be continuing with its investigation into the fairness of unarranged overdraft fees.

Those companies in the Santander UK Group against whom complaints in respect of unarranged overdraft fees remained after the Supreme Court decision have rejected the vast majority of such complaints, and it is understood that the Financial Ombudsman Service has also rejected the vast majority of complaints that it had on hold since the commencement of the OFT Proceedings. Santander UK Group companies have started to invite County Courts to dismiss those claims against them which have been stayed since the commencement of the OFT Proceedings and which relate to the issues covered in the OFT proceedings. It is presently anticipated that such Santander UK Group companies will continue with this approach.

The Issuer has received a demand from an overseas tax authority relating to the repayment of certain tax credits and related charges. Following modifications to the demand, its nominal amount stands at £69 million at the balance sheet exchange rate (2009: £74m). At 30 June 2010, additional interest in relation to the demand could amount to £34 million at the balance sheet exchange rate (2009: £34 million). A favourable judgment was handed down at first instance in September 2006, which was appealed against by the tax authorities in January 2007. In June 2010, the Court ruled in favour of the tax authorities. The Issuer is in the process of appealing to the next stage.

Other than the proceedings disclosed in the preceding paragraphs, the Santander UK Group is not, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, the Guarantor or A&L is aware) which may have or had, in the 12 months prior to the date hereof, a significant effect on the financial position or profitability of the Santander UK Group, the Issuer, the Guarantor or A&L and its subsidiaries.

9. Independent Auditors

The consolidated annual financial statements of the Issuer, the Guarantor and A&L for the years ended 31 December 2009 and 31 December 2008 herein incorporated by reference have been audited by Deloitte LLP, Chartered Accountants and Registered Auditors, as stated in the report appearing therein.

10. Contracts (Rights of Third Parties) Act 1999

The Contracts (Rights of Third Parties) Act 1999 (the "**Act**") provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Final Terms to the contrary, this Programme expressly excludes the application of the Act to any issue of Warrants under the Programme.

11. Post-Issuance Information

Save as set out in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issue of Warrants.

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THE GUARANTOR**

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