

## Preference shares

### **What are the dividends on the Santander UK plc Sterling Preference Shares?**

There are two series of Santander UK plc Sterling preference shares in issue: 10.375% and 8.625%. The cash dividend is paid net of the "associated tax credit" which is available to individuals who are UK tax residents. Under current law the cash dividend is: 9.3375% and 7.7625%.

### **What is the maturity date?**

Each series of preference shares is perpetual. Santander UK plc does not have any rights to redeem the preference shares, but it does have the authority by way of shareholders' resolution to repurchase them provided that the Financial Services Authority agrees to this at the time of repurchase.

### **What is the Associated Tax Credit?**

Each series of preference shares is issued on terms such that the sum of the cash dividend paid by Santander UK plc and the "associated tax credit" equals 10.375% or 8.625% as appropriate.

The "associated tax credit" for this purpose means United Kingdom taxation:

- (a) which is, or is treated as having been, borne by a recipient of dividends on the preference shares by deduction at source or otherwise; or
- (b) for which a credit (which term shall include an absence of or relief from liability and, if appropriate, a repayment of United Kingdom tax) in respect of United Kingdom taxation is available to the recipient of such dividends.

In each case on the assumption that such recipient is an individual resident in the United Kingdom for United Kingdom taxation purposes.

As defined, under current law the "associated tax credit" is equal to 1/9th of the dividend. With the exception of shares held through personal equity plans ("PEPs") or individual savings accounts ("ISAs"), shareholders who are not liable to tax on the dividend are not be entitled to claim payment of the tax credit in cash from HM Revenue and Customs.

The advantage to investors of the structure contained in the preference shares is that in the event of the reduction or withdrawal of the associated tax credit, the cash dividend paid by Santander UK plc would increase.

### **Why is the gross rate quoted when other preference shares quote the net rate?**

If the associated tax credit were withdrawn, we would gross up the dividend. For this reason, we quote the gross rate on the shares.

**What should I do if I lose my preference share certificate?**

If you lose your preference share certificate, please phone or write to Santander UK plc Shareholder Services, who will then issue an indemnity for which there will be a fee.

**Are the Santander UK plc preference shares paid net or gross?**

(Both Preference 1 and 3) The interest rate is calculated gross however the payment is made net of tax. Interest is paid twice a year.

**How do I sell preference shares?**

Preference shares can be sold through any stockbroker.

**Are preference shares redeemable or irredeemable?**

They are Irredeemable.

## Loan Notes

### **What is a Loan Note?**

A Loan Note is a document evidencing the terms on which a debt is owed to you by the issuer of the Loan Note. Interest is payable to the Loan Note holder until the debt is paid back during, or at the end of, a fixed period.

### **Can I sell my loan note?**

No, Loan Notes are not classed as tradable stock.

### **Can I vote at the Banco Santander, S.A. AGM as a Loan Note holder?**

No, Loan Notes are not a shareholding in the Company.

### **What is the duration of the Scottish Provident Loan Note?**

The duration of the Loan Note is 10 years to 31 March 2012 when all outstanding Loan Notes will be redeemed.

### **What can I do with my Scottish Provident Loan Note?**

The Loan Note may be retained until 31 March 2012. During this period, you may elect for some or all of your Loan Note to be redeemed at the nominal value for cash at approximately six monthly intervals. The minimum amount you can redeem at any one time is £100. The Loan Note may also be disposed during this period, for example by transferring it to another person (although they are not listed on any Stock Exchange).

### **What happens to my Scottish Provident Loan Note after the ten years have elapsed?**

The final payment date will be 31 March 2012 when all outstanding payments will be made.

### **How can I redeem my Scottish Provident Loan Note?**

To redeem the Loan Note, please complete the 'Redemption Request' section on the back of the Loan Note Certificate and return to Santander UK plc Shareholder Services.

### **When can I redeem my Scottish Provident Loan Note?**

The first redemption date will be 30 September 2002 and thereafter the Loan Note may be redeemed on the last business day in March and September of each year. It is

recommended that the redemption request is sent as soon as possible. The redemption request must be received and processed by Santander UK plc Shareholder Services 30 days before payment date.

**What is the name of the register for Scottish Provident Loan Notes?**

The name of the Loan Note register is SPL Holdings No 1 Limited.

**What address can I write to if I have a query on Scottish Provident Loan Notes?**

Equiniti or Santander UK plc Shareholder Services  
The Causeway  
Worthing  
West Sussex  
BN99 6DA