Securities Note for Protected Cell 250

This Securities Note forms part of a tripartite prospectus for Guaranteed Investment Products 1 PCC Limited (the "**Company**") and sets out specific information on, and the terms and conditions applicable to, the Cell Shares. The tripartite prospectus in respect of the Company's offer for the Cell Shares comprises the Registration Document dated 17 January 2014, the Summary dated 28 January 2014 and this Securities Note (together the "**Prospectus**").

A copy of this document, which has been prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 85(1) of the Financial Services and Markets Act 2000 (the "**FSMA**"), has been filed with the Financial Conduct Authority (the "**FCA**") in accordance with rule 3.2.1 of the Prospectus Rules.

This Securities Note includes particulars given in compliance with the Prospectus Rules of the UK Listing Authority and the Listing Rules of the Channel Islands Securities Exchange for the purposes of giving information with regard to the Company and the relevant Shares being offered. The information contained in this Securities Note should be read in the context of, and together with, the information contained in the Registration Document and the Summary and distribution of this Securities Note is not authorised unless accompanied by, or supplied in conjunction with, copies of the Registration Document and the Summary. The Directors of the Company, whose names appear at page 50 of this Securities Note, and the Company itself, accept responsibility for the information contained in the Prospectus and declare that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. Santander Guarantee Company (the "**Guarantor**") accepts responsibility for the information contained in Part E of the Registration Document and Section E of this Securities Note and declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part E of the Registration Document and Section E of this Securities Note, and for which the Guarantor is responsible, is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Guaranteed Investment Products 1 PCC Limited

(a protected cell company incorporated with limited liability under the laws of Guernsey with registered number 42754)

Offer for Subscription

of up to 500 million Protected Cell 250 Cell Shares

The Company is authorised as an Authorised Closed Ended Investment Scheme by the Guernsey Financial Services Commission under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. Notification of the offer of the Cell Shares has been made to the Guernsey Financial Services Commission. The Guernsey Financial Services Commission has not reviewed this document and it together with the States of Guernsey Policy Council continue to take no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

The number of Cell Shares being offered should not be taken to be indicative of the number of Cell Shares which will be issued. The minimum subscription under the Offer for Subscription is £1,500.

This document is not an offer of securities for sale in the United States. The Cell Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, such registration. The Cell Shares will not be registered under the relevant securities laws of Canada, Australia or Japan. Accordingly, unless an exemption under such acts or laws is applicable, the Cell Shares may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan. Investors should also be aware of further sale restrictions on the Cell Shares (see the section headed "Investor Restrictions" in Part A of the Registration Document). Application has been made to the Channel Islands Securities Exchange for up to 500 million Cell Shares to be admitted for block listing on the Channel Islands Securities Exchange. Admission is subject to allotment and issue of the Cell Shares. Dealings in the Cell Shares for normal settlement will commence on Admission of the relevant Cell Shares. Mourant Ozannes Securities Limited is acting as sponsoring member in relation to the application for listing on the Channel Islands Securities Exchange. No application is being made for the Cell Shares to be listed, or dealt in, on any stock exchange or investment exchange other than the Channel Islands Securities Exchange.

An investment in the Cell Shares involves complex risks and is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

Before making any investment decision with respect to the Cell Shares, any investors should consult their own stockbroker, bank manager, solicitor, accountant or other financial adviser and should carefully review and consider such an investment decision in the light of the foregoing and the investor's personal circumstances.

The attention of potential investors is drawn to "Risk Factors" set out on pages 3 to 17 of this document. For an explanation of defined terms see "Definitions" on pages 46 to 50 of this document.

28 January 2014

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RISK FACTORS

Investment in the Cell Shares issued by the Company in respect of the Protected Cell is subject to certain risk factors. Investors should carefully consider both the risks generally associated with investing in the Company and the risks associated in investing in the Cell Shares.

The risks listed below and in the Registration Document are those risks that the Company, as at the date of this Securities Note, is aware of and considers to be material and should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Cell Shares. Risks that the Company considers to be immaterial or of which it is not aware have not been included and potential investors should be aware that an investment in the Cell Shares may be exposed to other risks not considered material by the Company based on information currently available to it or which it is not currently able to anticipate. Investors should read the detailed information set out elsewhere in this Securities Note and in the Registration Document and Summary and reach their own views prior to making any investment decision.

Where information has been sourced from a third party within these risk factors the third party source of such information is identified in a footnote and the Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- *Plan Investments and Investment Objective*

  Investors should be aware that the Company's only investments for the Protected Cell will be in Plan Investments and that there may be no counterparty risk diversification. The obligations of each Investment Counterparty under the Plan Investments will not be collateralised. There can be no assurance that the Company's full investment objective in respect of the Protected Cell will be achieved.

- *Performance Return Risk and Extent of Guaranteed Return*

  Investors should note that the Guaranteed Return for the Protected Cell extends only to an amount equal to the aggregate of the Investment Amount and the Fixed Return and the guarantee does not extend to the full amount of the Investment Return in respect of the Cell Shares if the Performance Return, rather than the Fixed Return, is payable.

  There can be no assurance that Shareholders will receive the Performance Return in respect of the Cell Shares. Any Performance Return in respect of the Cell Shares will be dependent on the performance of the Index (i.e. the Index Growth multiplied by the Participation Rate has to exceed 2.5 per cent.).

  Investors should note that the calculation of the Performance Return is calculated by reference to the closing level of the Index on the Initial Valuation Date and on each Scheduled Trading Day during the Final Valuation Period. The performance of the Index at any other time or on any other day will not be included in the calculation of the Performance Return.

  Investors should note that any Performance Return per Cell Share will be limited to a maximum amount of £0.50 per Cell Share. Any positive performance of the Index that would otherwise produce a Performance Return greater than this maximum amount will not be reflected in the Investment Return paid to investors.

Investors should note that the Cell Guarantee applicable to the Cell Shares is a guarantee of payment only of an amount equal to the relevant Guaranteed Return by the Company to Shareholders on the Maturity Date. Under the terms of such Cell Guarantee, Santander Guarantee Company does not guarantee or give any other assurance as to the performance of the Index by reference to which the Investment Return in relation to the Cell Shares is to be determined.

Performance of the Cell Guarantee is dependent on the continued solvency of Santander Guarantee Company and Santander UK plc.

- *Long Term Investment*

Investors should be aware that investment in any Cell Shares should be viewed as an investment for the full Investment Term of such Shares. The value of the Cell Shares can fall as well as rise and there is no assurance that investors will be able to sell their Cell Shares prior to the relevant Maturity Date or as to the price at which any sale may be possible (please see further the sub-section headed "Liquidity" below).

- *Liquidity*

Dealings in the Cell Shares on the Channel Islands Securities Exchange will only commence on Admission of the relevant Cell Shares.

The Directors do not anticipate that an active secondary market will develop in the Cell Shares. Although a market maker may offer to buy and sell the Cell Shares in the secondary market during their Investment Term, investors should be aware that such market maker may cease to undertake any market making activities at any time at its sole discretion. For example, the market maker may decide not to buy Cell Shares if it determines that market conditions are unfavourable or it is likely to be in breach of applicable laws and regulations or its internal policies and limits. Accordingly, there can be no assurance that at any time there will be a secondary market for the Cell Shares, and if there is, the secondary market price in respect of the Cell Shares will reflect numerous factors including trade size, volatility of the Index, cost of funding, interest rates, credit risk, supply and demand as well as a bid/offer spread. Accordingly investors should not expect that any secondary market price for any Cell Shares will be calculated entirely or almost entirely by reference to the Net Asset Value per Cell Share or an index of any description, or by reference to any index or asset referred to in the terms of the Cell Shares.

The return to any Shareholder who disposes of his or her Cell Shares prior to their Maturity Date will depend on the price which can be obtained for those Shares in the market at that time and may be less than the Investment Return or even the Investment Amount. **Any Shareholder who disposes of his or her Cell Shares prior to their Maturity Date will not be covered by the Cell Guarantee in respect of such disposal and may receive back less than the amount which he or she invested in the Shares.**

- *Limitation or Cancellation of the Offer*

The Company reserves the right to limit the number of Cell Shares available under the Offer, as set out in Section A of this Securities Note.

The Company may also cancel the Offer by compulsorily redeeming any Cell Shares in issue, as set out in Section A of this Securities Note.

- *Change in Taxation*

  Any change in the Company's tax status, or in taxation legislation or in the interpretation or application of tax legislation in Guernsey or the UK, or in any other tax jurisdiction affecting the Company, a Shareholder or investor, could affect the value of the investments held by the Protected Cell of the Company, the amount paid to the Company under any of the Plan Investments, the Company's ability to achieve the stated investment objective of the Protected Cell, the amounts guaranteed or payable under the Cell Guarantee applicable to the Cell Shares and/or alter the post tax returns to Shareholders. Statements in this Securities Note concerning the taxation of Shareholders resident in Guernsey or the UK are based upon current Guernsey and UK tax law and practice which is subject to change, possibly with retrospective effect. Any such change could adversely affect the ability of the Company to meet the stated investment objective or adversely affect the ability of the Company to pay the Investment Return payable in respect of the Cell Shares on the Maturity Date and the net amount of the Investment Return paid to Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

  It is not currently anticipated that there will be any withholding obligation on account of UK or Guernsey tax affecting payments made under the Plan Investments. If, however, there is a change in UK or Guernsey tax legislation or an introduction of or change in any other tax legislation, regulations thereunder or official interpretations thereof at any time which imposes an obligation to withhold on account of tax from payments by the Investment Counterparty to the Company under the Plan Investments (including but not limited to the US Foreign Account Tax Compliance Act discussed below), the amount payable by the Investment Counterparty may be reduced by the amount of such withholding. This may affect the ability of the Company to pay the Investment Return to Shareholders. In particular, it should be noted that if a change in or introduction of taxation law, regulations thereunder or official interpretations thereof (including but not limited to the US Foreign Account Tax Compliance Act discussed below) were to result in the obligation to withhold on account of tax from payments to Shareholders under the Cell Shares, the amount of the Investment Return actually received by Shareholders would be reduced. The Company will not make any additional payments to Shareholders in the event that any withholding obligation is imposed on payments by the Company under the Cell Shares issued in respect of any Cell. In circumstances where the amounts payable to Shareholders are reduced as a result of a change in or introduction of tax legislation, regulations thereunder or official interpretations thereof as described in this paragraph and those amounts are consequently less than the Guaranteed Return for the relevant Cell, the liability of the Guarantor under the Cell Guarantee applicable to the Cell Shares will be reduced accordingly.

- *US Foreign Account Tax Compliance Withholding may affect payments on the Cell Shares*

  Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Company (a **Recalcitrant Holder**). The Company may be classified as an FFI.

  The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Cell Shares characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Cell Shares characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. On 13 December 2013, Guernsey signed an IGA with the U.S. (the **U.S.-Guernsey IGA**) regarding the implementation of FATCA. On 22 October 2013 Guernsey signed a FATCA-style IGA with the U.K. (**U.K.-Guernsey IGA**) under which mandatory disclosure requirements may be imposed in respect of investors in the Company who are U.K. resident or who are non-U.K. entities controlled by one or more U.K. resident individuals, unless a relevant exemption applies. Each of the U.S.-Guernsey IGA and U.K.-Guernsey IGA is subject to ratification by Guernsey's parliament and implementation of the IGAs will be through Guernsey's domestic legislative procedure.

If the Company does not become a Participating FFI, Reporting FI, or is not treated as exempt from or in deemed compliance with FATCA, the Company may be subject to FATCA Withholding on payments received from U.S. sources and Participating FFIs. Any such withholding imposed on the Company may have a material adverse effect on the Company's results of operations and financial position. Any such withholding imposed on the Company may reduce the amounts available to the Company to make payments on the Cell Shares.

If the Company becomes a Participating FFI under FATCA, the Company and financial institutions through which payments on the Cell Shares are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Cell Shares is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from any payments made in respect of the Cell Shares, neither the Company nor the Guarantor nor any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Company and to payments they may receive in connection with the Cell Shares.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE

PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

- *Entity Risk*

The Company was constituted as a protected cell company pursuant to the Companies (Guernsey) Law, 1994 to 1996, as amended and The Protected Cell Companies Ordinance 1997. With effect from 1 July 2008 the Companies (Guernsey) Law, 1994 to 1996, as amended and The Protected Cell Companies Ordinance 1997 were repealed and replaced with the Companies (Guernsey) Law, 2008, as amended (the **Companies Law**). A protected cell company is a multi-cellular company whose principal feature is that each cell has its own distinct assets which are not available to creditors of other cells of that company or the company as a whole. Jurisdictions other than Guernsey may not be prepared to accept that creditors of a particular cell are prevented from gaining access to the cellular assets of other cells, or that creditors of the company as a whole do not have access to those assets specifically designated as cellular assets. In order to minimise this risk (i) service providers to the Company will generally be required to agree that their fees will be paid solely from the assets of the particular Cell to which the services relate and (ii) each Shareholder will be required to agree when subscribing for Shares that any liability to the Shareholder will be satisfied only out of assets of the particular Cell to which the liability relates. However, a court could determine that such agreements are not enforceable.

Other Cells may be introduced by the Company from time to time. A separate portfolio will be maintained for each Cell and each Cell will bear its own liabilities. Each Cell will remain ultimately liable to third parties for its own liabilities and the assets of one Cell will not be available to meet the liabilities of any other Cell(s).

- *Cross-Cell Liabilities*

The structure of the Company allows for the creation of multiple Cells. Generally, the assets of each Cell are segregated, so that the assets of one Cell are not available to satisfy the liabilities of any other Cell. In the event of a particular Cell's portfolio suffering severe losses such that the liabilities of the Cell exceeded the assets of the Cell, under the law currently in effect in Guernsey, creditors of that Cell could not seek to recover from the assets of other Cells. However, there can be no assurance that such law will not change and thus that there will never be any cross-cell liability risk.

- *Determination Agent's discretion*

The Determination Agent has a very broad discretionary authority to make various determinations and adjustments under the Cell Shares, any of which may have an adverse effect on the Investment Return. For example, the Determination Agent has a broad discretion, without limitation, (i) to determine whether a Disrupted Day, a Market Disruption Event and any other event and/or matter so specified in the Section headed "Market Disruption and Adjustment" in Part B of the Registration Document or this Securities Note, has occurred, (ii) to determine any resulting adjustments, determinations and calculations as described in the Section headed "Market Disruption and Adjustment" in Part B of the Registration Document or this Securities Note and (iii) in respect of any other matters as may be specified in the Prospectus. Prospective investors should be aware that any determinations made by the Determination Agent may have an impact on the Investment Return.

If the Determination Agent determines that any Scheduled Valuation Date (i) is a Disrupted Day or any other day which is subject to adjustment in accordance with the terms and conditions of the Cell

Shares and/or (ii) falls on a day in respect of which a disruption, adjustment or correction or similar event has occurred in respect of the Index which affects the valuation of the Index, the Determination Agent has broad discretion to make any consequential postponement or omission of, or any alternative provision for, valuation of the Index provided for in the terms and conditions of the Cell Shares, including a determination of the value of such Index by the Determination Agent in its discretion, each of which may have an adverse effect on the Investment Return.

- *Bank Account Credit Risk*

  The Company intends to place any subscription monies it receives prior to the Investment Date on deposit in its bank account held in respect of the Protected Cell with Royal Bank of Scotland International Limited (Guernsey Branch). **If Royal Bank of Scotland International Limited (Guernsey Branch) (or any other bank with which the Original Subscription Proceeds were to be deposited) were to be wound-up or otherwise suffer an insolvency-related event between the start of the Offer Period and the Drawdown Date in respect of the Cell Shares, the Plan Investments will not become effective and the Company may lose some or all of its subscription monies in which case, Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect to the Royal Bank Scotland International Limited (Guernsey Branch) as at the date of this Prospectus.**

  The realisation proceeds of any Plan Investments shall be paid into a bank account of the Company acting in respect of the protected Cell at Santander UK plc over which the Guarantor has a first charge pursuant to the Cell Security Documents for the Protected Cell. **If Santander UK plc (or any other bank with which the realisation proceeds of any Plan Investment were to be deposited) were to be wound-up or otherwise suffer an insolvency-related event at a time when it held proceeds (which is expected to be on the Maturity Date, between the time the returns on the Plan Investments are paid into the account and the time they are utilised to make payments to Cell Shareholders), the Company may not be able to utilise all the monies in the account to make payments to Shareholders in respect of the redemption of their Shares and the Guarantor may not be able realise its security interest in respect of all the monies in the account, in which case Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect to Santander UK plc as at the date of this Prospectus.**

- *Cell Guarantee Risks*

  Shareholders will receive an amount at least equal to the Guaranteed Return in respect of their Cell Shares held on the Maturity Date only if either:

  (i) the obligations of Abbey National Treasury Services plc, as the Investment Counterparty, are satisfied in relation to the repayment of an amount equal to the Net Issue Proceeds under the Term Loan Agreement on the Maturity Date and the Forward Cash Settlement Amount is paid under the Forward Transaction on the Maturity Date; or

  (ii) Santander Guarantee Company satisfies its obligations under the Cell Guarantee applicable to the Cell Shares on the Maturity Date if the Company, acting in respect of the Protected Cell, fails to pay an amount at least equal to the Guaranteed Return to Shareholders in respect of their Cell Shares held until the Maturity Date and, if necessary, Santander UK plc satisfies its obligations to Santander Guarantee Company under the Conditional Share Subscription Agreement.

  If the Company does not lend the Net Issue Proceeds to Abbey National Treasury Services plc under the Term Loan Agreement on the Drawdown Date because the Term Loan Conditions Precedent are not satisfied or for any other reason whatsoever, the Forward Transaction will

not become effective and the Company will compulsorily redeem all the Cell Shares and investors will receive back all subscription monies held (plus any net interest earned thereon), save where the Company is unable to recover some or all of its subscription monies as explained in the sub-section headed "Bank Account Credit Risk" above. The Cell Guarantee applicable to the Cell Shares will not apply to any such redemption of the Cell Shares.

If the obligations of Abbey National Treasury Services plc under the Term Loan Agreement and/or the Forward Transaction are not satisfied and Santander Guarantee Company were to default under the Cell Guarantee applicable to the Cell Shares (whether as a result of insolvency or otherwise), Shareholders could lose some or all of their investment.

The obligation of Santander Guarantee Company to pay Shareholders any shortfall between the redemption amount they receive from the Company and the Guaranteed Return in respect of their Cell Shares under the Cell Guarantee applicable to the Cell Shares will apply only in respect of Cell Shares held until they are redeemed on the Maturity Date. Prior to this date, such Cell Guarantee will not apply. Shareholders who dispose of their Cell Shares prior to the Maturity Date will not be covered by such Cell Guarantee in respect of such disposal and may receive less than the Guaranteed Return or the amount which they invested in the Cell Shares.

The obligations of Santander Guarantee Company to make payments under the Cell Guarantee applicable to the Cell Shares will be limited to the extent that it is illegal for such payment to be made to Shareholders. In addition, if there is a change of tax legislation at any time resulting in a withholding tax or other tax deduction affecting payments under any Plan Investment or any tax is imposed on the Company on the proceeds of any Plan Investment, the amount payable under the Cell Guarantee applicable to the Cell Shares will be reduced accordingly. In the event that the amount paid by the Company to the Shareholders on redemption of Cell Shares at the Maturity Date becomes subject to any withholding tax, Shareholders will not be entitled to claim against the Guarantor under such Cell Guarantee for payment of the amounts withheld or deducted. Payments under the Cell Guarantee applicable to the Cell Shares will also be made net of any withholding tax or other tax deduction, including, for the avoidance of doubt, any FATCA Withholding.

If Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company were to be wound-up or otherwise suffer an insolvency-related event at any time, Shareholders may lose some or all of their investment.

Potential investors should ensure that they have carefully read and understood Section D of this Securities Note which sets out a summary of the agreements constituting the Cell Guarantee applicable to the Cell Shares and the Cell Security Documents for the Protected Cell.

- *The Santander Group*

Santander Guarantee Company, Abbey National Treasury Services plc, and Santander UK plc are each part of the Santander Group. Set out below are risks related to economic conditions in the UK, Europe and global financial markets that may materially and adversely affect the Santander Group's financial condition and prospects.

Because of the roles of Santander Guarantee Company (as Guarantor), Abbey National Treasury Services plc (as Investment Counterparty) and Santander UK plc (as counterparty to the Conditional Share Subscription Agreement and account bank) described above, if, as a result of any such material and adverse effects or otherwise, Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company were to be wound-up or otherwise suffer an insolvency-related event at any time, Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect

to Santander Guarantee Company, Abbey National Treasury Services plc and Santander UK plc as at the date of this Prospectus.

- *The Santander Group's financial condition and prospects may be materially impacted by economic conditions in the UK*

  The Santander Group's business activities are concentrated in the UK and on the offering of mortgages, loans, deposits and banking and savings-related products and services to retail and corporate customers. As a consequence, the Santander Group's financial condition and prospects are significantly affected by economic conditions in the UK generally.

  The UK economy has shown stronger signs of recovery in 2013 than generally anticipated previously, with the outlook for GDP growth in 2013 as a whole being revised upward by the UK Office for Budget Responsibility.

  While consumer confidence, credit conditions and the housing market have improved, productivity and real earnings growth have remained weak despite higher employment and lower unemployment than forecast. The outlook for productivity growth remains the key uncertainty for the UK economic prospects for the coming years.

  Uncertainty surrounding the future of the eurozone is less acute than before, but slow growth increase may pose a risk of a further slowdown in the UK's principal export markets which would have an adverse effect on the broader UK economy.

  Adverse changes in the credit quality of the Santander Group's borrowers and counterparties or a general deterioration in UK or global economic conditions could reduce the recoverability and value of the Santander Group's assets and require an increase in the Santander Group's level of provisions for bad and doubtful debts. Likewise, a significant reduction in the demand for the Santander Group's products and services could negatively impact its business and financial condition. UK economic conditions and uncertainties may have an adverse effect on the quality of the Santander Group's loan portfolio and may result in a rise in delinquency and default rates. There can be no assurance that the Santander Group will not have to increase its provisions for loan losses in the future as a result of increases in non-performing loans or for other reasons beyond its control. Material increases in the Santander Group's provisions for loan losses and write-offs/charge-offs could have an adverse effect on its financial condition and prospects.

  As in several other economies, the UK Government has taken measures to address the exceptionally high level of national debt, including tax increases and public spending cuts. These measures have contributed to a slower recovery than other recent recessions. Political involvement in the regulatory process, in the behaviour and governance of the UK banking sector and in the major financial institutions in which the UK Government has a direct financial interest is set to continue. Credit quality could be adversely affected by a renewed increase in unemployment. Any related significant reduction in the demand for the Santander Group's products and services, could have a material adverse effect on its financial condition and prospects.

- *The Santander Group is vulnerable to disruption and volatility in the global financial markets*

  In the past six years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009 and many countries, including the UK, have been in recession. Many major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, experienced significant difficulties. Around the world, there were runs on deposits at several financial institutions, numerous institutions sought additional capital or were assisted by central banks and governments providing liquidity, whilst many lenders and institutional investors reduced or ceased providing funding to borrowers (including to other financial institutions). The global economic slowdown, and the downturn in the UK in particular, had a negative impact on the UK economy and adversely affected the Santander Group's business.

In particular the Santander Group may face, among others, the following risks related to the economic downturn:

- The Santander Group faces increased regulation of its industry. Compliance with such regulation may increase the Santander Group's costs, may affect the pricing for its products and services, and limit its ability to pursue business opportunities.

- Reduced demand for the Santander Group's products and services.

- Inability of the Santander Group's borrowers to comply fully or in a timely manner with their existing obligations.

- The process the Santander Group uses to estimate losses inherent in its credit exposure requires complex judgements, including forecasts of economic conditions and how these economic conditions might impair the ability of the Santander Group's borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Santander Group's estimates, which may, in turn, impact the reliability of the process and the sufficiency of its loan loss allowances.

- The value and liquidity of the portfolio of investment securities that the Santander Group holds may be adversely affected.

- Any worsening of the global economic conditions may delay the recovery of the international financial industry and impact the Santander Group's financial condition and prospects.

- Adverse macroeconomic shocks may negatively impact the household income of the Santander Group's retail customers and may adversely affect the recoverability of its retail loans, resulting in increased loan losses.

Despite recent improvements in certain segments of the global economy, uncertainty remains concerning the future economic environment. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly. Such economic uncertainty could have a negative impact on the Santander Group's business and results of operations. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on the Santander Group and on others in the financial services industry.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Santander Group, including its 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 Santander Group may be forced to raise the rates it pays on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding costs or deposit rates could have a material adverse effect on the Santander Group's interest margins and liquidity.

If all or some of the foregoing risks were to materialise, this could have a material adverse effect on the Santander Group's financial condition and prospects.

- *The Santander Group may suffer adverse effects as a result of the continued economic and sovereign debt tensions in the eurozone.*

  Eurozone markets and economies continue to show signs of fragility and volatility, with recession in several economies and only sporadic access to capital markets in others. Interest rate differentials among eurozone countries indicate continued doubts about some governments' ability to fund themselves and affect borrowing rates in those economies.

  A wide-scale break-up of the eurozone would most likely be associated with a deterioration in the economic and financial environment in the UK and could have a material adverse impact on the whole financial sector, creating new challenges in sovereign and corporate lending and resulting in significant disruptions in financial activities at both the market and retail levels. This could materially and adversely affect the Santander Group's financial condition and prospects.

  The European Central Bank (the "**ECB**") and European Council took actions in 2012 and 2013 with the aim of reducing the risk of contagion throughout the eurozone and beyond. These included the creation of the Open Market Transaction facility of the ECB and the decision by eurozone governments to progress towards the creation of a banking union. Nonetheless, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by eurozone nations which are under severe financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilised, resulting in the further spread of the ongoing economic crisis.

  The continued high cost of capital for some European governments was felt in the wholesale markets in the UK, which has resulted in an increase in the cost of retail funding and greater competition in a savings market that is growing slowly by historical standards. In the absence of a permanent resolution of the eurozone crisis, conditions could deteriorate.

  Although the Santander Group conducts the majority of its business in the UK, it has direct and indirect exposure to financial and economic conditions throughout the eurozone economies. In addition, general financial and economic conditions in the UK, which directly affect the Santander Group's financial condition and prospects, may deteriorate as a result of conditions in the eurozone.

- *The Santander Group may suffer adverse effects should eurozone member states exit the euro or the euro be totally abandoned.*

  The departure or risk of departure from the euro by one or more eurozone countries and/or the abandonment of the euro as a currency could have negative effects on both existing contractual relations and the fulfilment of obligations by the Santander Group, its counterparties and/or the Santander Group's customers, which would have a significant negative impact on the Santander Group's activities and capital and financial position. Further, as mentioned above, a wide-scale break-up of the eurozone would most likely be associated with a deterioration in the economic and financial environment in the UK and could have a material adverse impact on the whole financial sector, creating new challenges in sovereign and corporate lending and resulting in significant disruptions in financial activities at both the market and retail levels.

  There is currently no established legal framework within the European treaties to facilitate a member state exiting from the euro; consequently, it is not possible to predict the course of events and legal consequences that would ensue. Uncertainties that heighten the risk of re-denomination include how an exiting member state would deal with its existing euro-denominated assets and liabilities, the valuation of any newly-adopted currency against the euro and the process of exiting the euro. These uncertainties make it impossible to predict what the Santander Group's losses might be as a result of any country's decision to exit the euro. The significant upheaval in the eurozone that might arise from any such member state exit, or from the wholesale abandonment of the euro by the eurozone states could have a material and adverse effect on the Santander Group’s financial condition and prospects.

- *The Banking Act, the Banking Reform Act and similar European legislation, may adversely affect the Santander Group’s business.*

  The Banking Act (the "**Banking Act**") came into force on 21 February, 2009. The special resolution regime (the "**SRR**") set out in the Banking Act provides HM Treasury, the Bank of England, the FCA and the Prudential Regulation Authority (the "**PRA**") (and their successor bodies) with a variety of powers for dealing with UK deposit taking institutions (and in certain circumstances their holding companies) that are failing or likely to fail, including: (i) to take a bank or bank holding company into temporary public ownership; (ii) to transfer all or part of the business of a bank to a private sector purchaser; or (iii) to transfer all or part of the business of a bank to a ‘‘bridge bank’’. The SRR also comprises a separate insolvency procedure and administration procedure each of which is of specific application to banks. These insolvency and administration measures may be invoked prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made.

  If an instrument or order were made under the Banking Act in respect of Santander UK plc and/or Abbey National Treasury Service plc, such instrument or order (as the case may be) may (among other things): (i) result in a compulsory transfer of shares or other securities or property of Santander UK plc and/or Abbey National Treasury Services plc; (ii) impact on the rights of the Company and/or certain related corporate undertakings of Santander UK plc and/or Abbey National Treasury Services plc (such as Santander Guarantee Company); and/or (iii) result in the nullification or modification of (a) agreements between Santander UK plc and/or Abbey National Treasury Services plc and the Company and/or (b) agreements between Santander UK plc and/or Abbey National Treasury Services plc and certain of their related corporate undertakings (such as Santander Guarantee Company) including, amongst others, the Conditional Share Subscription Agreement and any Financial Instruments. In addition, such an order may impact on various matters in respect of Santander UK plc and/or Abbey National Treasury Services plc and/or various other aspects of the documentation entered into in relation to each issuance of Shares (including the enforceability of such documents and/or the ability of certain parties to perform their obligations under such documents) which may negatively affect the ability of the Company to meet its obligations in respect of the Shares and/or the ability of Santander Guarantee Company to meet its obligations in respect of any Cell Guarantee.

  At present, no instruments or orders have been made under the Banking Act relating to the Santander Group and there has been no indication that any such order will be made, but there can be no assurance that this will not change and/or that the Company and the Shareholders would not be adversely affected by any such order if made in the future.

  In addition, pursuant to recent amendments made to the Banking Act (which amendments have not taken effect), provision has been made for tools to be used in respect of a wider range of UK entities, including investment firms and certain banking group companies provided that certain conditions are met. HM Treasury is currently consulting on secondary legislation that specifies the definition of such companies. This consultation closed on 21 November 2013. The proposed secondary legislation would, if enacted, have the effect of allowing the Banking Act powers to be applied to investment firms that are required to hold initial capital of €730,000 and to certain UK incorporated non-bank companies in the Santander Group. Until such secondary legislation is made, it is too early to anticipate the full impact of the amendments made to the Banking Act and it is not possible to determine the impact of any action taken under the relevant provisions on investors, should such provisions apply to companies in the Santander Group.

In June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**CMD**"). The stated aim of the draft CMD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The draft CMD currently contains similar resolution tools and powers to the Banking Act, including a 'bail-in' power which, if implemented, would give resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters). The draft CMD currently contemplates that its provisions must be applied by Member States from 1 January, 2015 except for the bail-in tool (in relation to certain instruments) which is to be applied from 1 January, 2018.

The draft CMD envisages that the resolution powers, including the bail-in power, could, if certain trigger conditions are satisfied, be applied to credit institutions and certain large investment firms in the EU. Consequently, if the CMD were implemented in its current form and the relevant trigger conditions satisfied, there is a possibility that these powers could be applied to Santander UK plc or Abbey National Treasury Services plc. The implementation of such powers currently set out in the draft CMD would impact how credit institutions and investment firms (including Santander UK plc and Abbey National Treasury Services plc) are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative process. In addition, many of the proposals contained in the draft CMD have already been implemented in the Banking Act and it is currently unclear as to what extent, if any, the provisions of the Banking Act may need to change once the draft CMD is implemented. The European Parliament is due to consider the draft CMD at its February 2014 plenary session. Accordingly, it is not yet possible to assess the full impact of the draft CMD on the Santander Group and there can be no assurance that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated in it would not materially and adversely affect the Santander Group's financial condition and prospects.

In addition, the CMD provides for resolution authorities to have the power to require institutions and groups to make structural changes to ensure legal and operational separation of "critical functions" from other functions where necessary, or to require institutions to limit or cease existing or proposed activities in certain circumstances. If used in respect of the Santander Group, these ex ante powers could have a negative impact on the Santander Group's business.

On 1 October 2013, the UK Government published amendments to the Financial Services (Banking Reform) Bill. The amendments introduce, among other things, a national UK bail-in power, which would form part of the existing special resolution regime under the Banking Act. On 18 December 2013, the Banking Reform Bill received Royal Assent in the House of Lords as the Banking Reform Act. The Banking Reform Act amends the Banking Act to include a bail-in stabilisation option forming part of the SRR, giving the UK authorities, in advance of CMD implementation, the power to cancel, write-down or convert to equity any securities issued by Santander UK plc or Abbey National Treasury Services plc. It is not yet possible to assess the full impact of the UK bail-in power on the Santander Group and there can be no assurance that its implementation or the taking of any actions contemplated by it would not materially and adversely affect the Santander Group's financial condition and prospects.

- *Index Risk*

No representation or warranty, express or implied, is given on any aspect of the Index by the Company, the Directors, the Investment Advisor, any Investment Counterparty, the Determination Agent, the Marketing Manager, the Guarantor or Santander UK plc. Investors should seek independent financial advice on the suitability for their purposes of having an investment giving investment exposure to the Index and the nature of such investment exposure.

None of the Company, the Directors, the Investment Advisor, the Marketing Manager, any Investment Counterparty, the Determination Agent, the Guarantor or Santander UK plc gives any assurance whatsoever nor is under any obligation regarding:

(a) the continuity of the Index;

(b) the continuity in the methodology used in calculating the Index;

(c) the continuity in the calculation, publication and dissemination of the Index;

(d) the precision, integrity or lack of errors in the composition or calculation of the Index; or

(e) the accuracy of the Index.

Shareholders should note that the Determination Agent will be involved in calculating the value of the Index applicable to the Cell Shares and, in the event of any Market Disruption Event, if the Index Sponsor makes a material modification to the Index or fails to calculate and announce the Index at a Valuation Time, may be involved in determining the level of the Index. Any determination made by the Determination Agent in the context of any such event or circumstance will be binding on the Company (in the absence of manifest error) and may affect the Investment Return applicable to the Cell Shares. Any such event or circumstance occurring on or prior to the Maturity Date for the Cell Shares may delay the calculation of the Index values and, as a consequence, the payment of the Investment Return to the Shareholders may be delayed.

The Investment Return payable will depend on the level of the Index on specific dates as set out in Section C of this Securities Note. Accordingly, prospective investors in the Cell Shares should ensure that they fully understand how the performance of the Index may affect an investment in the Cell Shares.

Any increase or fall in the level of the Index at any time or on any date other than the closing level of the Index on the applicable specified dates will not be reflected in the determination of the Initial Index Level or Final Index Level. There can be no assurance that the closing level of the Index on the Initial Valuation Date or during the Final Valuation Period will reflect the then prevailing trend (if any) for the level of the Index or the market price for the shares comprised in it.

The level of the Index is dependent upon the values of its component securities, the values of which are subject to market fluctuations. The level of the Index may go down as well as up. Furthermore, the level of the Index may not reflect its performance in any prior period. The level of the Index at any time does not include the reinvestment of the yield on the shares comprised in the Index. Dividends paid to holders of shares comprised in the Index will not be paid to the Company or to Shareholders. Consequently, the investment return on the Cell Shares may be less than the return from a direct investment in the shares comprised in the Index.

In recent years the performance of the Index has been volatile. Volatility could have a positive or negative effect on the Investment Return. There can be no assurance as to the future performance of the Index.

In particular, the level of the Index may move significantly in very short periods of time. As such, prospective investors should be aware that the value observed for the Index may not reflect the value of the Index which has prevailed at other times on the relevant Valuation Date or in the period immediately preceding or following such Valuation Date. For example, this may occur if the Valuation Time occurs during a period where the relevant market moves significantly downwards or upwards before subsequently correcting shortly afterwards. Whilst the terms and conditions of the Cell Shares (as set out in the Registration Document and in this Securities Note) include provisions to allow for postponement of valuation in the event of certain disruptions in the market, not all significant market movements will be covered by these provisions. Levels of the Index at the opening or closing of relevant markets may also be particularly volatile as traditionally many trades are executed at such times. Any such movements could have an effect on the value of the Index and consequently the Investment Return.

Accordingly, before making an investment decision with respect to the Cell Shares, prospective investors should carefully consider whether an investment linked to the Index and the manner of such linkage are suitable for them.

- *Averaging Risk*

  The Performance Return under the Cell Shares is subject to averaging.

  The use of an average closing level of the Index for the final six months of the Investment Term is designed to smooth the performance of the Index and shelter the Performance Return from any sudden fluctuations in the Index. However, investors should be aware that if the Index rises continually through the final six months of the Investment Term, the use of an average could mean that the Performance Return is less than it might otherwise have been.

- *Conflicts of Interest*

  Abbey National Treasury Services plc has a number of roles in relation to the Protected Cell and the Cell Shares and as a result has a number of potential conflicts of interest.

  In respect of the Protected Cell, Abbey National Treasury Services plc will be appointed by the Company to provide calculation agency services to the Company as Determination Agent in accordance with the Determination Agency Agreement, will be the Investment Counterparty in respect of the Plan Investments, will, subject to the overall policy, control and supervision of the Board of Directors, act as investment advisor to the Company pursuant to the Investment Advisory Agreement and will act as Market Maker.

  Abbey National Treasury Services plc and/or its Affiliates may contract with the Company (acting in respect of itself or any protected cell in the Company) and/or enter into transactions which relate to the Protected Cell, the Cell Shares and the Plan Investments and as a result Abbey National Treasury Services plc may face a conflict between its obligations as Determination Agent and its interests and/or its Affiliates' interests in other capacities. Abbey National Treasury Services plc will have regard to its obligations to act in accordance with the rules of the FCA and PRA and any other regulatory regime to which it is subject and its obligations to other clients. In the event that such conflicts do arise, Abbey National Treasury Services plc shall use its reasonable endeavours to procure that any such conflicts of interest are resolved fairly and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. However, where any such conflict is resolved in this way, such resolution may be adverse to the Company, the Protected Cell and the Shareholders or to the interests of the Company, the Protected Cell and the Shareholders.

- *Rating Agency Credit Ratings*

  The long-term issuer credit ratings of Santander UK plc are provided for information purposes only. No credit ratings are provided in respect of the Cell Shares or the Company. Investors should note that a credit rating assigned to Santander UK plc may not reflect the potential impact of all of the risks related to the structure, market, type of return, Plan Investments and additional factors discussed in a Prospectus may affect the value of the Cell Shares. Any rating agency may lower its ratings or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of Santander UK plc has declined or is in question. In addition, at any time any rating agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to Santander UK plc may be lowered. If any rating assigned to Santander UK plc is lowered or withdrawn, the secondary market value of any Cell Shares may reduce. A rating is not a recommendation to buy, sell or hold any Cell Shares and may be subject to suspension or withdrawal (or, as noted above, revision) at any time.

- *European Regulated Investors and The CRA Regulation*

  In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in Part A of the Registration Document. S&P, Moody's and Fitch are each established in the European Union and are each registered under the CRA Regulation. As such S&P, Moody's and Fitch are included in the list of the credit rating agencies published by the ESMA on its website in accordance with such Regulation.

IMPORTANT INFORMATION

If you are in any doubt about the contents of this document you are recommended to seek your own personal advice from an appropriately qualified independent adviser duly authorised under the FSMA if in the United Kingdom or otherwise regulated under the applicable laws of your own country.

The Cell Shares may be offered in circumstances where there is no exemption from the obligation under the Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**") to publish a prospectus. Any such offer is referred to as a **Non-exempt Offer**.

In the context of a Non-exempt Offer of Cell Shares, the Company accepts responsibility in the United Kingdom, for the contents of the Prospectus under section 90 of the FSMA in relation to any person (an **Investor**) who acquires any Cell Shares in a Non-exempt Offer made by any person to whom the Company has given consent to the use of the Prospectus (an **Authorised Offeror**) in that connection, provided that the conditions to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "*Consent*" and "*Conditions to Consent*" below.

The Company does not make any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and the Company does not have any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, the Company has not authorised the making of any Non-exempt Offer by any offeror and the Company has not consented to the use of the Prospectus by any other person in connection with any Non-exempt Offer of Cell Shares. Any Non-exempt Offer made without the consent of the Company is unauthorised and the Company does not accept any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Cell Shares by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for the Prospectus for the purposes of section 90 of the FSMA in the context of the Non-exempt Offer 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.

Consent

Subject to the conditions set out below under "*Conditions to Consent*", the Company consents to the use of the Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of the Cell Shares by:

(a) the Marketing Manager and Santander UK plc (to whom the Marketing Manager has delegated certain of its obligations under the Marketing Agreement); and

(b) any financial intermediary appointed after the date of the Prospectus and whose name is published on the Company's website (http://www.jtcgroup.com/GIPL) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer.

Conditions to Consent

The conditions to the Company's consent are that such consent:

(i) is only valid during the period from 29 January 2014 to 8 May 2014; and

(ii) only extends to the use of the Prospectus to make Non-exempt Offers of the Cell Shares in the United Kingdom.

An Investor intending to acquire or acquiring any Cell Shares in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Cell Shares to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. The Company will not be a party to any such arrangements with such Investors in connection with the Non-exempt Offer or sale of the Cell Shares concerned and, accordingly, the Prospectus will not contain such information. The Investor must look to the Authorised Offeror at the time of such offer for the provision of such information and the Authorised Offeror will be responsible for such information. The Company does not have any responsibility or liability to an Investor in respect of such information.

Neither the listing of the Cell Shares of the Company on the Channel Islands Securities Exchange nor the approval of this document pursuant to the listing requirements of the Channel Islands Securities Exchange shall constitute a warranty or representation by the Channel Islands Securities Exchange as to the competence of service providers to, or any other party connected with, the Company, the adequacy or accuracy of information contained in this document or the suitability of the Company for investment or for any other purposes.

The distribution of this document and the offering or purchase of the Cell Shares may be restricted in certain jurisdictions. No persons receiving a copy of this document or the Application Form in any such jurisdiction may treat this document or such Application Form as constituting an invitation to them to subscribe for Cell Shares, nor should they in any event use this document or such Application Form unless, in the relevant jurisdiction, such an invitation could lawfully be made to them and this document or such Application Form could lawfully be used without compliance with any registration or other legal requirement. Accordingly, this document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this document and any persons wishing to apply for Cell Shares pursuant to this document or the accompanying Application Form to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Potential subscribers and purchasers of Cell Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements, and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the country of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Cell Shares.

Prior to investing in the Cell Shares, a potential investor should consider whether it is appropriate to discuss with their professional advisers how such investment would or could affect them. Potential investors with any questions regarding the impact of an investment in the Cell Shares on their tax position should consult their tax adviser. The Company does not provide tax, accounting or legal advice as to the consequences of an investment in the Cell Shares.

Abbey National Treasury Services plc, Santander Guarantee Company, Santander ISA Managers Limited and Santander UK plc have consented to the inclusion of their names in this document in the form and context in which they appear and solely in their respective capacities as Investment Advisor, Investment Counterparty, Determination Agent, Guarantor and/or party to the Conditional Share Subscription Agreement, and Marketing Manager, but otherwise are not required to authorise, and have not authorised, the issue of this document and have not accepted responsibility (except as disclosed on page 1 above) for, or approved, any statements in this document. None of Abbey National Treasury Services plc, Santander Guarantee Company or Santander UK plc makes any representation, express or implied, as to the investment returns or performance of the Plan Investments or the Cell Shares and such statements in this document, as well as all other statements regarding the Company or a Cell (including without limitation and where applicable their respective constitution, objectives and investment policy) are the sole responsibility of the Company and its Directors and not Santander Guarantee Company, Abbey National Treasury Services plc or Santander UK plc. Accordingly, none of Santander Guarantee Company, Abbey National Treasury Services plc or Santander UK plc will be responsible to any person for any matter referred to in this document other than their respective obligations as Guarantor, Investment Counterparty, Determination Agent, Investment Advisor or party to the Conditional Share Subscription Agreement.

Mourant Ozannes Securities Limited, as sponsor to the listing of the Cell Shares on the Channel Islands Securities Exchange, is acting for the Company and for no one else in connection with the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Mourant Ozannes Securities Limited or for affording advice in relation to the contents of this document or any other matters referred to in this document.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned in Part J of the Registration Document. A summary of the principal provisions of the Articles of Association is set out in Part D of the Registration Document and Section D of this document.

Unless the context otherwise requires or as otherwise provided in this document, capitalised words and expressions used in this document shall have the respective meanings attributed to them in the Definitions section of the Registration Document. Certain capitalised words and expressions used in this document are defined in Section C and Section H of this Securities Note.

All references to time in this Securities Note are to time in Guernsey.

Where parts only of documents are incorporated by reference into this Securities Note, any non-incorporated parts of such document are either deemed not relevant for an investor or are otherwise covered elsewhere in this Securities Note.

This Securities Note should be read in conjunction with the Registration Document. The information set out in this Securities Note updates corresponding information in the Registration Document in relation to the Offer of Cell Shares.

OVERVIEW OF THE OFFER

The following overview does not purport to be a complete description of the Offer and is taken from, and is qualified in its entirety by, the remainder of this Prospectus, including the Registration Document and Summary.

Issuer/the Company:	Guaranteed Investment Products 1 PCC Limited.
Guarantor:	Santander Guarantee Company.
Investment Counterparty and Determination Agent:	Abbey National Treasury Services plc.
Marketing Manager:	Santander ISA Managers Limited.
Securities:	The participating redeemable preference shares of 0.0001p, each issued by the Company in respect of Protected Cell 250 (**Cell Shares**).
Currency:	Sterling.
Index:	FTSE 100 Index (Capital Return)
Investment Date:	12 May 2014.
Maturity Date:	12 May 2020.
Investment Term:	The period from the Investment Date to the Maturity Date.
Investment Amount:	£1.00 per Cell Share.
Rights:	Cell Shareholders shall be paid an amount per Cell Share on the Maturity Date calculated by the Determination Agent equal to the Investment Return for each Cell Share. The Investment Return for each Cell Share is equal to the Investment Amount of £1.00 per Cell Share plus the greater of: (a) the Fixed Return of £0.025 per Cell Share; and (b) the Performance Return per Cell Share, which is £1.00 multiplied by the growth of the Index over the course of the Investment Term multiplied by the participation rate of 200 per cent., subject to a maximum Performance Return of £0.50 per Cell Share, where the growth of the Index over the course of the Investment Term will be the percentage change (if any) calculated as follows: (i) the average closing level of the Index for the period beginning on 11 November 2019 and ending on 8 May 2020 will be determined; and (ii) such figure will then be compared to the closing level of the Index on the Investment Date. Such calculations are subject to the occurrence of a market disruption event, adjustment to index and correction to stock prices or index levels.
Guarantee:	Pursuant to the Cell Guarantee, the Guarantor has guaranteed to Cell Shareholders that they will receive a minimum amount equal to the Guaranteed Return (being the aggregate of the Investment Amount of £1.00 and the Fixed Return) for each Cell Share held until it is redeemed on its Maturity Date. Performance of the Cell Guarantee is dependent on the continued solvency of the Guarantor and Santander UK plc.
Investment objective and policy:	The investment objective for the Protected Cell is to achieve the capital growth necessary to be able to redeem each Cell Share held on the Maturity Date for an amount equal to the Investment Return. In order to achieve its investment objective, the Company will place the aggregate subscription proceeds from the offer of Cell Shares received prior to the

	Investment Date on deposit in the Company's bank account with Royal Bank of Scotland International Limited (Guernsey Branch) and will, subject to certain conditions, invest the aggregate subscription proceeds, plus any interest earned thereon during the Offer Period, less the Investment Advisor's fee and the Marketing Manager's fee, in financial instruments initially consisting of a term loan agreement and a forward transaction (the **Plan Investments**) in each case with the Investment Counterparty. The amounts realised from the Plan Investments will be paid into a bank account at Santander UK plc over which the Guarantor has a first charge pursuant to the Charge Agreement dated 28 January 2014. Under the terms of the Charge Agreement, the Company is not permitted, without the prior consent of the Guarantor, to utilise the monies in the account for any purpose other than to make payments to Cell Shareholders in respect of the redemption of their Cell Shares.
Offer Period:	The period from 29 January 2014 to 8 May 2014.
Issue Price:	The issue price for the Cell Shares is a range of prices from £0.9986 per Cell Share for investors who subscribe on 29 January 2014 (on or before 2.30 p.m.) to £1.00 per Cell Share for investors who subscribe on 8 May 2014 (on or before 12 noon). Investors who subscribe between these dates will pay an Issue Price on a sliding scale between £0.9986 and £1.00 per Cell Share.
Offer and Issue:	The minimum level of subscription applicable to each investor who subscribes for Cell Shares is £1,500. The maximum number of Cell Shares available under this offer is 500,000,000. The Directors reserve the right, at their absolute discretion (taking into consideration such factors as they deem to be relevant, which may include, amongst other things, market conditions), to limit the number of Cell Shares available under this offer to 6,300,000 and to stop accepting subscription applications for Cell Shares above such limit even if the Offer Period has not closed. The Directors shall determine, at their absolute discretion, the manner in which any scaling back shall be applied. Applications for the Cell Shares should be made by completing an Application Form for the Protected Cell. Application Forms can be obtained from the Administrator. The terms and conditions of application under the offer are attached to the Application Form. The Marketing Manager has agreed to market the Cell Shares to investors in the United Kingdom, in association with and as authorised by the Company. The Marketing Manager has delegated certain of its obligations to Santander UK plc and will, by virtue of such delegation, agree to market the Cell Shares to investors in the United Kingdom, in association with and as authorised by the Company. Once a subscription application and payment for Cell Shares is accepted by the Company, Cell Shares will be allotted and issued to the relevant investor on the relevant date for subscription of that application, subject to Admission (the **Issue Date**).

SECTION A

INFORMATION ON THE OFFER

SHARE CLASS

The Cell Shares will be the only class of shares offered and issued by the Company in respect of the Protected Cell. The Cell Shares are participating redeemable preference shares which have an investment term of approximately six years. All Cell Shares still in issue on the Maturity Date will be compulsorily redeemed by the Company for an amount equal to the Investment Return. No investor will be afforded any special or preferential rights in respect of its Cell Shares compared to any other investor in the Cell Shares.

ISSUE PRICE

The Issue Price for the Cell Shares offered pursuant to the Prospectus is a range of prices from £0.9986 per Cell Share for investors who subscribe on 29 January 2014 (on or before 2.30 p.m.) to £1.00 per Cell Share for investors who subscribe on the last day of the Offer Period (on or before 12.00 noon). Investors who subscribe between these dates will pay an Issue Price on a sliding scale between £0.9986 and £1.00 per Cell Share. The Issue Price per Cell Share varies for each Date of Subscription as specified in the table below:

Date of Subscription	Issue Price	Date of Subscription	Issue Price
29 January 2014	£0.9986	19 March 2014	£0.9993
30 January 2014	£0.9986	20 March 2014	£0.9993
31 January 2014	£0.9987	21 March 2014	£0.9993
3 February 2014	£0.9987	24 March 2014	£0.9993
4 February 2014	£0.9987	25 March 2014	£0.9994
5 February 2014	£0.9987	26 March 2014	£0.9994
6 February 2014	£0.9987	27 March 2014	£0.9994
7 February 2014	£0.9988	28 March 2014	£0.9994
10 February 2014	£0.9988	31 March 2014	£0.9994
11 February 2014	£0.9988	1 April 2014	£0.9995
12 February 2014	£0.9988	2 April 2014	£0.9995
13 February 2014	£0.9988	3 April 2014	£0.9995
14 February 2014	£0.9989	4 April 2014	£0.9995
17 February 2014	£0.9989	7 April 2014	£0.9995
18 February 2014	£0.9989	8 April 2014	£0.9995
19 February 2014	£0.9989	9 April 2014	£0.9996
20 February 2014	£0.9989	10 April 2014	£0.9996
21 February 2014	£0.9989	11 April 2014	£0.9996
24 February 2014	£0.9990	14 April 2014	£0.9996
25 February 2014	£0.9990	15 April 2014	£0.9996
26 February 2014	£0.9990	16 April 2014	£0.9997
27 February 2014	£0.9990	17 April 2014	£0.9997
28 February 2014	£0.9990	22 April 2014	£0.9997
3 March 2014	£0.9991	23 April 2014	£0.9998
4 March 2014	£0.9991	24 April 2014	£0.9998
5 March 2014	£0.9991	25 April 2014	£0.9998
6 March 2014	£0.9991	28 April 2014	£0.9998
7 March 2014	£0.9991	29 April 2014	£0.9998
10 March 2014	£0.9992	30 April 2014	£0.9998
11 March 2014	£0.9992	1 May 2014	£0.9999

12 March 2014	£0.9992	2 May 2014	£0.9999
13 March 2014	£0.9992	6 May 2014	£0.9999
14 March 2014	£0.9992	7 May 2014	£0.9999
17 March 2014	£0.9992	8 May 2014	£1.0000
18 March 2014	£0.9993		

Investors should note that, as an early bird incentive, applicants who submit their applications earlier in the Offer Period will pay a lower Issue Price for their Cell Shares. The maximum Issue Price payable will be £1.00.

The amount of the Issue Price per Cell Share in excess of its nominal value of 0.0001p represents a premium.

MINIMUM SUBSCRIPTION AMOUNT AND MAXIMUM OFFER SIZE

The minimum level of subscription applicable to each investor who subscribes for Cell Shares is £1,500. The maximum number of Cell Shares available under this Offer is 500,000,000. The Directors reserve the right, at their absolute discretion (taking into consideration such factors as they deem to be relevant, which may include, amongst other things, market conditions), to limit the number of Cell Shares available under this Offer to 6,300,000 and to stop accepting subscription applications for Cell Shares above such limit even if the Offer Period has not closed. The Directors shall determine, at their absolute discretion, the manner in which any scaling back shall be applied. If the number of Cell Shares made available under this Offer is limited to less than 500,000,000, the Company will make this number available for inspection at the address referred to in Part J of the Registration Document. The capital raised pursuant to the Offer of the Cell Shares will be applied in accordance with the investment policy of the Protected Cell as set out above.

The Issue is not underwritten.

OFFER PERIOD – EXPECTED TIMETABLE

Start of Offer Period pursuant to this Securities Note	29 January 2014
Allotment of Cell Shares in respect of valid applications	On the relevant Date of Subscription
Admission of Cell Shares to listing on the Channel Islands Securities Exchange	The Business Day following the relevant Date of Subscription
Closing Date (latest time and date for receipt of Application Forms and payment in full under the Offer for Subscription for Cell Shares)	12.00 noon on 8 May 2014
Investment Date	12 May 2014

CONDITIONS OF THE OFFER AND CANCELLATION

If the number of Cell Shares in issue on the Investment Date would be less than 10,000 Shares, all Cell Shares in issue will be compulsorily redeemed at their Issue Price (plus any net interest earned thereon) and the listing of such Cell Shares on the Channel Islands Securities Exchange will be cancelled.

The obligations of the parties under each of The Term Loan Agreement and the Forward Transaction are subject to the satisfaction or waiver of the Term Loan Conditions Precedent and the occurrence of the Drawdown Date.

DETAILS OF THE APPLICATION PROCEDURE

Applications for the Cell Shares should be made by completing an Application Form for the Protected Cell. Application Forms can be obtained from the Administrator. The terms and conditions of application under the Offer for Subscription are attached to the Application Form.

Completed Application Forms must be posted or delivered by hand (during normal business hours) to Anson Registrars Limited, New Issues Department, P.O. Box 426, Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey, Channel Islands GY1 3WX so as to be received by 12 noon on 8 May 2014. Payment may be made by cheque or banker's draft accompanying your Application Form or by interbank electronic transfer (CHAPS) but in all cases payment must be received in cleared funds no later than 12 noon on 8 May 2014.

The arrangements for the return of subscription moneys in respect of applications which are not successful are set out in the terms and conditions attached to the Application Form.

MARKETING AND SPONSORSHIP

Santander ISA Managers Limited have agreed to market the Cell Shares to investors in the UK, in association with and as authorised by the Company. Santander ISA Managers Limited has delegated certain of its obligations to Santander UK plc and will, by virtue of such delegation, agree to market the Cell Shares to investors in the UK, in association with and as authorised by the Company.

Mourant Ozannes Securities Limited is the Sponsor for Admission to Listing on the Channel Islands Securities Exchange.

ALLOTMENT

Once a subscription application and payment for Cell Shares is accepted by the Company, Cell Shares will be allotted and issued to the relevant investor on the relevant Date of Subscription for that application, subject to the Channel Islands Securities Exchange having agreed to admit such Cell Shares to block listing on the Official List of, and to trading on, the Channel Islands Securities Exchange (subject only to allotment).

The Company will notify investors in writing of the number of Cell Shares in respect of which their application has been successful prior to the commencement of dealings in the Cell Shares on the Channel Islands Securities Exchange.

The Register in relation to the Protected Cell will be established by the first day of the Offer Period.

SCALING BACK ARRANGEMENTS

A maximum of 500,000,000 Cell Shares are available under the Offer. In the event that valid applications under the Offer reach, or are about to reach, 500,000,000 Cell Shares or, if lower, the limit on subscriptions agreed with the Marketing Manager under the marketing agreement, the last subscription applications received will, if necessary, be scaled back at the Directors' discretion and thereafter no further subscription applications for Cell Shares will be accepted even if the Offer Period has not closed.

If any application is scaled back in whole or in part, the Receiving Agent will, at the risk of the applicant, return any subscription monies (without interest) or the balance thereof within seven Business Days of the scaling back by returning the applicant's cheque to the applicant (if not processed) or by interbank credit transfer back to the bank account from which such monies were first received, or, at the cost of the applicant, by telegraphic transfer, in each case at the risk of the applicant.

ISIN

The ISIN number for the Cell Shares is GG00BJ0X7L17.

LISTING AND SETTLEMENT

The Cell Shares will be issued in registered form and may be held either in inscribed form or in certificated form. Temporary documents of title will not be issued.

Application has been made to the Channel Islands Securities Exchange for up to 500 million Cell Shares to be admitted for block listing on the Channel Islands Securities Exchange. Admission is subject to allotment and issue of the Cell Shares. Dealings in the Cell Shares for normal settlement will commence on Admission of the relevant Cell Shares.

No application is being made for any of the Cell Shares to be listed or dealt with in or on any stock exchange or investment exchange other than the Channel Islands Securities Exchange.

The Cell Shares are not in any way sponsored, endorsed, sold or promoted by the Channel Islands Securities Exchange. Furthermore, the Channel Islands Securities Exchange, LBG shall not be liable (whether in negligence or otherwise) to any person under any obligation to advise any person of any error therein.

MARKET FOR SHARES

The Cell Shares may be sold through or to the Market Maker only from the Investment Date onwards. The attention of Shareholders is drawn to the risk factors "*Long Term Investment*" and "*Liquidity*" above.

SECTION B

INVESTMENT OBJECTIVE AND POLICY

INVESTMENT OBJECTIVE

The investment objective of the Protected Cell is to invest the capital contributed by subscribers of the Cell Shares in order to achieve the capital growth necessary to provide Shareholders with an investment return that is equal to the amount payable on the redemption of each Cell Share on the Maturity Date (being the **Investment Return**). The Protected Cell does not allow for investors to exercise a right of redemption other than at the Maturity Date, as provided therein. Details of how the Investment Return is calculated is set out under the sub-section headed "Investment Return" in Section C of this Securities Note.

In the opinion of the Directors, the investment objective for the Cell Shares should be achieved through the purchase of the Plan Investments as described below.

The only source of funding that will be available to the Company to acquire and/or enter into and/or support the investments designed to fund the amounts payable in respect of the Cell Shares and/or any other amounts payable by the Company in connection with the Cell Shares will derive from the capital contributed by the subscribers of the Cell Shares.

The Company has no capacity to pay any dividend in respect of any Cell Share.

INVESTMENT POLICY AND REDEMPTION

In order to achieve its investment objective:

(a) The Company, on behalf of the Protected Cell, will place the aggregate amount paid to the Company during the Offer Period by way of subscriptions for Cell Shares under the Offer (being the **Original Subscription Proceeds**) on deposit in the Company's bank account with Royal Bank of Scotland International Limited (Guernsey Branch). On the Drawdown Date, the Company will lend the Original Subscription Proceeds plus any interest thereon, less the Investment Advisor and Marketing Manager's fees (being the **Net Issue Proceeds**) to the Investment Counterparty under a term loan agreement (being the **Term Loan Agreement**).

(b) The Company, on behalf of the Protected Cell has also entered into a forward contract with the Investment Counterparty (being the **Forward Transaction**) designed, together with the Term Loan Agreement, to generate the Investment Return payable in respect of the Cell Shares on the Maturity Date. This type of forward contract is, in summary, a contract to pay an amount (determined by reference to the Investment Return) at a specified point in the future. The obligations of the parties under each of the Forward Transaction and the Term Loan Agreement are subject to the satisfaction or waiver of the Term Loan Conditions Precedent and the occurrence of the Drawdown Date (please see Section H "Definitions" for descriptions of these terms).

(c) On the Maturity Date the Investment Counterparty shall repay an amount equal to the Net Issue Proceeds to the Company under the Term Loan Agreement and shall pay an amount under the Forward Transaction which, together with the repayment of the Net Issue Proceeds, will generate the Investment Return payable in respect of the Cell Shares (being the **Forward Cash Settlement Amount**).

Any such amounts received by the Company will be paid into the bank account of the Company in respect of the Protected Cell at Santander UK plc over which Santander Guarantee Company has a first charge pursuant to the Cell Security Documents for the Protected Cell. Under the terms of the Cell Security Documents, the Company is not permitted, without the prior consent of Santander Guarantee Company, to utilise the monies in the account for any purpose other than to make payments to Shareholders in respect of the redemption of their Cell Shares.

The payment obligations of the Investment Counterparty under the Plan Investments in combination with the account arrangement described above are designed to enable the Company, in turn, to pay the Investment Return to Shareholders at the Maturity Date.

The Term Loan Agreement and the Forward Transaction will constitute the Plan Investments and will be the only investments of the Protected Cell.

The Company and the Directors, in consultation with the Investment Advisor, are responsible for the formulation of the investment policy of the Protected Cell and any subsequent change to that policy, and the Company and its Directors conduct its portfolio and risk management.

REALISATION OF INVESTMENT

On the Maturity Date, the Company is scheduled to compulsorily redeem all Cell Shares in issue for an amount per Cell Share equal to the Investment Return.

Subject to the receipt in cleared moneys by the Company of an amount equal to the aggregate Investment Return payable in respect of the outstanding Cell Shares under the Plan Investments on or around the Maturity Date from the Investment Counterparty, the Directors will procure that the Paying Agent pays to each Shareholder the redemption proceeds for his or her Cell Shares within three Business Days of the Maturity Date or such later date on which the aggregate Investment Return is actually received by the Company in cleared moneys. Payment of such redemption proceeds will be made by the Paying Agent to Shareholders in such manner as is set out in the section headed "Payment At Maturity" in Part B of the Registration Document. The Paying Agent is Anson Registrars Limited, PO Box 426, Anson Place, Mill Court, La Charroterie, St. Peter Port, Guernsey GY1 3WX.

In the event that the proceeds of the relevant Plan Investments are insufficient to pay the Guaranteed Return to Shareholders, the Guarantee Claims Agent will act on behalf of the holders of Cell Shares in asserting claims against the Guarantor under the Cell Guarantee for the shortfall as set out in the sub-section headed "Cell Guarantee" in Section C of this Securities Note.

Following distribution of the proceeds described above on redemption of the Cell Shares, notification will be made by the Company to the GFSC and an application will be made to the Channel Islands Securities Exchange for the delisting of the Cell Shares.

FURTHER INFORMATION ON THE PLAN INVESTMENTS

The obligations of Abbey National Treasury Services plc under each Plan Investment will be guaranteed by Santander UK plc pursuant to a deed poll guarantee dated 10 May 2012.

In the absence of unforeseen circumstances, the investment objective and policies of the Company with respect to the Protected Cell will be adhered to for its Investment Term.

A holder of Shares will be entitled to look solely to the assets of the relevant Cell in respect of all amounts payable in respect of those Shares. If the realised assets of the relevant Cell are insufficient to pay any amounts payable in respect of such Shares, such a Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Cell or any of the other assets of the Company.

If the realised assets of the Cell are greater than the amounts payable on the relevant Shares and the Shareholder has been paid the amounts payable, the Shareholder shall have no entitlement to any such surplus.

SECTION C

REDEMPTION AT MATURITY

The definitions set out below apply to the Protected Cell and to the Cell Shares, unless the context otherwise requires and supplement the section headed "Definitions" of this Securities Note. Any definitions set out on pages 24 to 34 of the Registration Document which are not set out in this document will also apply to the Protected Cell and to the Cell Shares. In the event of any inconsistency between a definition in the Registration Document and the definition specified below, the definition specified below will prevail in relation to the Protected Cell, the Cell Shares and the Offer of the Cell Shares.

All references to time in this Securities Note are to time in Guernsey.

"**Exchange**"	the London Stock Exchange
"**Final Index Level**"	as determined by the Determination Agent, the arithmetic average of the closing levels of the Index at the Valuation Time on each Scheduled Trading Day during the Final Valuation Period, subject to adjustment pursuant to the Market Disruption, Adjustment to Index or Correction to Stock Prices or Index Levels provisions in Part B of the Registration Document
"**Final Valuation Period**"	11 November 2019 to 8 May 2020 (inclusive), provided that (i) if the first day of the Final Valuation Period is not a Scheduled Trading Day, then such day shall be deemed to be the next following Scheduled Trading Day, subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document, and/or (ii) if the final day of the Final Valuation Period is not a Scheduled Trading Day, then such day shall be deemed to be the immediately preceding Scheduled Trading Day, subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document
"**Fixed Return**"	2.5p per Cell Share
"**Guaranteed Return**"	in respect of each Cell Share held at the Maturity Date, an amount equal to the aggregate of the Investment Amount and the Fixed Return per Cell Share
"**Index**"	FTSE 100 Index (Capital Return), an index comprising 100 of the largest companies (in terms of market capitalisation) listed on the London Stock Exchange which is compiled and calculated by the Index Sponsor
"**Index Growth**"	an amount (expressed as a percentage) calculated by the Determination Agent as: (Final Index Level/Initial Index Level) – 1, rounded up to the nearest four decimal places. For the avoidance of doubt, the Index Growth may be a negative number
"**Index Sponsor**"	FTSE International Limited, or such other corporation or entity that (i) is responsible for setting and reviewing the rules and procedures and the

methods of calculation and adjustments, if any, related to the Index and (ii) announces (directly or through an agent) the level of the Index on a regular basis during each day on which the Exchange is scheduled to be open for trading for its regular trading sessions, as determined by the Determination Agent

"**Initial Index Level**" as determined by the Determination Agent, the closing level of the Index at the Valuation Time on the Initial Valuation Date, subject to adjustment pursuant to the Market Disruption, Adjustment to Index or Correction to Stock Prices or Index Levels provisions in Part B of the Registration Document

"**Initial Valuation Date**" the date which is 1 Business Day after the Closing Date (which is expected to be 12 May 2014) or, if such Business Day is not a Scheduled Trading Day or is a Disrupted Day, the next following Business Day which is a Scheduled Trading Day but is not a Disrupted Day subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document

"**Investment Amount**" £1.00 per Cell Share

"**Investment Date**" the date which is 1 Business Day after the Closing Date (which is expected to be 12 May 2014)

"**Investment Return**" the Investment Amount plus the greater of (a) the Fixed Return and (b) the Performance Return

"**Investment Term**" the period from the Investment Date to the Maturity Date

"**Maturity Date**" 12 May 2020, provided that if such date is not a Business Day the Maturity Date shall be the next following Business Day

"**Participation Rate**" for the purposes of calculating the Performance Return, 200 per cent.

"**Performance Return**" a return per Cell Share calculated by the Determination Agent equal to the lesser of:

(i) (100p x the Participation Rate x the Index Growth); and

(ii) 50p.

"**Related Exchange**" the London International Financial Futures and Options Exchange

"**Valuation Time**" in relation to a Scheduled Trading Day, the time at which the Index Sponsor normally calculates and publishes the closing level of the Index for such Scheduled Trading Day

INVESTMENT RETURN

Holders of the Cell Shares shall not be entitled to any dividends but shall be paid an amount per Cell Share on the Maturity Date calculated by the Determination Agent equal to the Investment Return, which shall be equal to the Investment Amount (£1.00) plus the greater of (a) the Fixed Return (2.5p) and (b) the Performance Return.

The Performance Return is equal to the lesser of:

(a) (100p x the Participation Rate x the Index Growth);

and

(b) 50p.

The Determination Agent's determination of the Investment Return is final.

The following table sets out illustrative values of the Investment Return assuming different values for the Index Growth.

Index Growth	**Investment Return**
200%	£1.50
100%	£1.50
80%	£1.50
50%	£1.50
40%	£1.50
30%	£1.50
25%	£1.50
20%	£1.40
15%	£1.30
5%	£1.10
0%	£1.025
-20%	£1.025

As can be seen from the illustration above, the minimum possible Investment Return is £1.025 and the maximum possible Investment Return is £1.50 for each Cell Share held until the Maturity Date.

The Cell Shares are intended to appeal to all classes of investors who are willing to invest their money for six years and are seeking a return linked to equities but with an element of capital protection at the end of the Investment Term, although the Cell Shares are intended to be primarily marketed to retail investors seeking investment exposure of this type.

GUARANTEED RETURN

Pursuant to the Cell Guarantee applicable to the Cell Shares provided by Santander Guarantee Company in favour of the Shareholders, Shareholders are guaranteed to receive (subject to the continued solvency of Santander Guarantee Company and Santander UK plc) an amount equal to the Investment Amount and the Fixed Return (referred to as the "**Guaranteed Return**") for each Cell Share held until the Maturity Date, subject to the terms and conditions of that Cell Guarantee, but no greater amount is guaranteed (see the section headed "Cell Guarantee" below).

WITHHOLDING TAX

Under current taxation legislation applicable in Guernsey and the UK, the Company is not required to withhold for or on account of any tax on the payment of the Investment Return to Shareholders at the

Maturity Date. In the event that a subsequent change in UK or Guernsey tax legislation or an introduction of, change in or application of any other tax legislation, regulation thereunder or official interpretation thereof were to result in the need to withhold for or on account of tax on such payments to Shareholders (including for or on account of any FATCA Withholding), the amount of the Investment Return actually received by Shareholders would be reduced. Similarly, an introduction of, change in or application of, taxation law, regulation thereunder or official interpretation thereof may impose a withholding obligation (including an obligation of any FATCA Withholding) on payments to the Company under the Plan Investments, which may reduce the amounts capable of being paid to Shareholders. In such circumstances, the Investment Return shall be calculated on an after-tax basis. In each case, if the amounts payable to Shareholders are less than the Guaranteed Return, the amount guaranteed pursuant to the Cell Guarantee will be amended accordingly. Payments under the Cell Guarantee will also be made net of any withholding tax or other tax deduction, including, for the avoidance of doubt, any FATCA Withholding.

Notwithstanding the forgoing, the Company agrees that, if it becomes aware of the need to make any FATCA Withholding on a payment of the Investment Return to Shareholders because the Paying Agent does not satisfy any applicable information reporting requirements or any requirements necessary to prevent or minimise the amount of such withholding, the Company will use reasonable endeavours to find a replacement Paying Agent which does satisfy such requirements.

Shareholders should therefore be aware that, in such circumstances, their Investment Return would be reduced and any payment due under the Cell Guarantee may be reduced.

Further, Shareholders agree to provide any information that may be requested by the Company or the Guarantor to allow the Company or, as the case may be, the Guarantor to satisfy any applicable information reporting requirements or any requirements necessary to prevent or minimise the amount of FATCA Withholding with respect to any payments to be made or received by the Company or the Guarantor.

CALCULATION OF NET ASSET VALUE

The Net Asset Value per Cell Share will be calculated on a monthly basis as at the close of trading on the London Stock Exchange on the 7th day of each calendar month during the Investment Term of the Protected Cell, provided that, if such valuation day is not an Exchange Business Day, the Net Asset Value will be calculated as at the close of trading on the London Stock Exchange on the immediate following day which is an Exchange Business Day. The Net Asset Value per Cell Share will be announced to the Channel Islands Securities Exchange.

CELL GUARANTEE

Under the terms of the Cell Guarantee applicable to the Cell Shares, Shareholders will be guaranteed to receive (subject to the continued solvency of Santander Guarantee Company and Santander UK plc) the Guaranteed Return in respect of all Cell Shares which are held until they are redeemed on the Maturity Date.

A demand will be made by the Guarantee Claims Agent under the Cell Guarantee if the Company has insufficient assets or resources in the Protected Cell to allow payment of the Guaranteed Return on or around the Maturity Date or if the Company otherwise fails to make payment of the Guaranteed Return to Shareholders. The Company may have insufficient assets or resources in the Protected Cell if there is a default by the Investment Counterparty in making payments under any Plan Investment or if any Plan Investment terminates for any reason prior to its maturity date, or if the payments by the Investment Counterparty are subject to any FATCA Withholding.

However, the liability of the Guarantor to make payment under the Cell Guarantee applicable to the Cell Shares will be reduced to the extent that the value of the Investment Return less:

(a) the reduction (if any), expressed as an amount per Cell Share, in the value of the assets of the Protected Cell arising as a result of the imposition or proper payment of any withholding tax which is levied or imposed by any agency having jurisdiction in the United Kingdom, or the imposition of any tax, withholding or other charge in Guernsey, on any payments under any Plan Investment; and

(b) the reduction (if any), expressed as an amount per Cell Share, in the value of the assets of the Protected Cell arising as a result of the imposition or proper payment of any FATCA Withholding on any payments under any Plan Investment; and

(c) the amount (if any) expressed as an amount per Cell Share, of any withholding tax or deduction which is levied or imposed by any agency having jurisdiction in the United Kingdom and/or Guernsey and/or any FATCA Withholding on payments by the Company to holders of the Cell Shares in connection with the redemption of such Cell Shares held by them as at the Maturity Date; and

(d) the extent to which it is unlawful for the Guarantor to remain under any (or any further) obligations under that Cell Guarantee.

is less than the Guaranteed Return.

In addition, if any payment required to be made by the Guarantor under the Cell Guarantee is subject to any deduction or withholding in respect of tax, the Guarantor will be entitled to deduct the amount of such deduction or withholding from the relevant payment so that the relevant Shareholders who are entitled to receive such payment will receive an amount net of such deduction or withholding. The Guarantor will not be under any obligation to make any additional payment under the Cell Guarantee in respect of such deduction or withholding. For the avoidance of doubt, the Guarantor shall be entitled to deduct any FATCA Withholding.

Investors should note that the Company has agreed to indemnify the Guarantor for payments under the Cell Guarantee applicable to the Cell Shares and such indemnity will be secured on the assets of the Protected Cell. The Guarantor will have first recourse to the assets of the Protected Cell in relation to any payment it makes under the Cell Guarantee. This means that, if a payment is made under the Cell Guarantee, the assets of the Protected Cell will not be available to pay any non-guaranteed element of the Investment Return due in relation to the Cell Shares until the Guarantor has been reimbursed in full for its payment under the Cell Guarantee.

MARKET DISRUPTION AND ADJUSTMENT

The provisions of Market Disruption, Adjustment to Index and Correction to Stock Prices or Index Levels, each as specified in Part B in the Registration Document, apply to the Cell Shares.

INFORMATION ON THE INDEX

The following description of the Index has been derived from publicly available information on the website of the Index Sponsor (www.ftse.com). The description has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the Index Sponsor, no facts have been omitted which would render the description inaccurate or misleading.

The FTSE 100 is a market-capitalisation weighted index representing the performance of the 100 largest UK listed blue chip companies, which pass screening for size and liquidity. The Index is managed according to a transparent and public set of index rules, and overseen by an independent committee of leading market professionals. The committee ensures that the rules are correctly applied and adhered to. Regular index reviews are conducted to ensure that a continuous and accurate representation of the market is maintained.

The Index is calculated based on a price (or capital return) methodology, meaning that the index value only uses the share prices traded in the market. The Index is not calculated on a total return methodology (where the calculation methodology assumes that dividends are re-invested into the index constituents).

The Cell Shares are in no way sponsored or endorsed by the Index Sponsor.

SECTION D

INFORMATION ON THE COMPANY

SHARE CAPITAL

On 24 January 2014, the Directors resolved, conditional on Admission, to issue up to 500 million shares pursuant to the Issue of Cell Shares.

ARTICLES OF ASSOCIATION

The Articles contain the following provisions concerning the specific rights attributable to the Cell Shares:

The Directors have established the Protected Cell as a new Cell in the Company in accordance with the Companies Law and to issue Shares in respect of the Protected Cell (referred to as "**Cell Shares**").

Income

The holders of Cell Shares are not entitled to receive, and do not participate in, any dividends or other distributions out of the profits of the Protected Cell of the Company available for distribution. The Directors shall not resolve to distribute any dividends or any other income to the holders of Cell Shares.

Capital

Upon the redemption of Cell Shares (or upon any other return of capital on or after the Maturity Date for Cell Shares), after paying all debts attributable to, and satisfying all liabilities of, the Protected Cell, holders of Cell Shares shall be entitled to receive by way of capital the Investment Return per Cell Share.

Notwithstanding the above:

(a) to the extent that the Company is required to make any withholding or deduction in respect of tax in respect of any distribution to holders of Cell Shares upon the redemption of such Shares, holders of such Shares shall not be entitled to seek to recover from the Company any amounts so withheld or deducted and shall be deemed to have been satisfied in full; and

(b) the Investment Return per Cell Share shall be reduced by (i) an amount equal to the reduction arising as a result, directly or indirectly, of the imposition or proper payment of any withholding tax levied or imposed by an agency having jurisdiction in the United Kingdom on payments to the Company under any Plan Investment or the imposition of any tax in Guernsey on the Company on the proceeds of any Plan Investment received by the Company and (ii) an amount (if any) equal to any FATCA Withholding, provided that any such reduction is applied first against any Performance Return or Fixed Return and then against the Investment Amount.

On a winding-up of the Protected Cell (or on any other return of capital) prior to the Maturity Date for the Cell Shares after paying all debts attributable to, and satisfying all liabilities of, the Protected Cell, holders of Cell Shares shall be entitled to receive by way of capital any surplus assets of the Protected Cell in proportion to their holdings of Cell Shares.

The holders of Cell Shares are only entitled to participate in the assets of the Protected Cell and have no entitlement to participate in the distribution of any assets attributable to any other Cell or, except as provided under the Companies Law, to the assets not attributable to any Cell, in meeting their capital entitlement.

FATCA Withholding Information

The holders of Cell Shares agree to provide any information that may be requested by the Company or the Guarantor to allow the Company or, as the case may be, the Guarantor to satisfy any applicable information reporting requirements or any requirements necessary to prevent or minimise the amount of FATCA Withholding with respect to any payments to be made or received by the Company or the Guarantor.

Should any holder of Cell Shares fail to provide any such information, such Cell Shares may, at the option of the Company, be deemed to be "Prohibited Shares" for the purposes of Article 50(4) and consequently will be subject to compulsory transfer in accordance with Article 50(4).

Voting

The rights as to voting attributable to the Cell Shares are identical to those of the Cell Shares generally, as set out in paragraph 6.2 of Part D of the Registration Document.

Restriction on Transfer

Cell Shares may not be transferred prior to the Investment Date.

Compulsory Redemption prior to Maturity Date

If any of the following events occur, the Directors shall compulsorily redeem all Cell Shares in issue at the Issue Price (plus any net interest earned thereon) and cancel the listing of such Cell Shares on the Channel Islands Securities Exchange:

(a) if no Drawdown Date occurs on or prior to the Drawdown Cut-off Date; or

(b) if the Net Issue Proceeds are not lent to the Investment Counterparty on the Drawdown Date,

for any reason other than as a result of the Company being unable to recover some or all of its subscription monies placed on deposit with the Royal Bank of Scotland International Limited (Guernsey Branch).

If the Company is unable to recover some or all of its subscription monies placed on deposit with the Royal Bank of Scotland International Limited (Guernsey Branch) on or prior to the Drawdown Cut-off Date, the Directors shall compulsorily redeem all Cell Shares in issue at their net asset value and cancel the listing of such Cell Shares on the Channel Islands Securities Exchange.

Further information on voting rights is set out in paragraph 6.2.1(i) of Part D of the Registration Document.

MATERIAL CONTRACTS

In addition to those Material Contracts specified on pages 88 to 103 of the Registration Document that are applicable to the Cell Shares, the Company has entered into the Listing Sponsor's Agreement and the Series Deed which, amongst other things, constitutes the ISDA Master Agreement, the Forward Transaction, the Term Loan Agreement, the Charge Agreement and the Determination Agency Agreement, each as described below.

Protected Cell Documentation

The ISDA Master Agreement governs each of the Term Loan Agreement and the Forward Transaction for the Protected Cell. Each of the ISDA Master Agreement, the Term Loan Agreement and the Forward Transaction are constituted by the execution of the Series Deed for the Protected Cell.

The ISDA Master Agreement contains standard events of default and termination events, including failure to pay and insolvency related events, but excludes from the definition of "Indemnifiable Tax" any withholding or deduction under FATCA. Under the terms of the ISDA Master Agreement, the Investment Counterparty has agreed to limit its recourse for payments due to it from the Company under the ISDA Master Agreement to the assets of the Protected Cell. The ISDA Master Agreement, Term Loan Agreement and Forward Transaction are expressed to be governed by English law and each party submits to the jurisdiction of the English courts. Enforcement of foreign judgements in Guernsey is governed by the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957, as amended (the **Judgements Law**). England and Wales is a reciprocating country for the purposes of the Judgements Law. A judgement obtained in the Supreme Court and the Senior Courts of England and Wales, excluding the Crown Courts, is likely to be recognised and enforced by the Royal Court of Guernsey, subject to compliance with procedural and other requirements of the Judgements Law, unless any judgement is obtained by fraud, is in conflict with Guernsey public policy, has already been satisfied wholly or could not be enforced by execution in the jurisdiction of origin.

Performance by the Investment Counterparty of any obligation or liability to make any payment in cash which is or becomes payable by it under the ISDA Master Agreement is unconditionally and irrevocably guaranteed by Santander UK plc pursuant to a deed poll guarantee dated 10 May 2012. It should be noted that the guarantee is a guarantee of payments due under the ISDA Master Agreement to the Company and not a guarantee of the Investment Return for the Protected Cell.

The Company and Mourant Ozannes Securities Limited have entered into an agreement dated 28 January 2014 for the Protected Cell under which Mourant Ozannes Securities Limited has agreed to act as sponsor in connection with the application for Admission of the Cell Shares (the "**Listing Sponsor's Agreement**"). In consideration of the services provided by it under the Listing Sponsor's Agreement, Mourant Ozannes Securities Limited will be paid an initial fee of £600 and then an annual fee of £600 for the Protected Cell.

The Listing Sponsor's Agreement contains certain warranties and indemnities, which are of a customary nature, given by the Company in favour of Mourant Ozannes Securities Limited. The agreement may be terminated by either party by not less than 60 days notice in writing. In certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other and may, in certain circumstances, be terminated prior to such Admission.

The Company and Abbey National Treasury Services plc have entered into an agreement dated 28 January 2014 for the Protected Cell under which Abbey National Treasury Services plc has been appointed to undertake a calculation agency role in connection with the Cell Shares and to make all the determinations specified in this Prospectus to be made by the Determination Agent (the "**Determination Agency Agreement**").

The Determination Agency Agreement contains certain warranties and indemnities, which are of a customary nature, given by the Company in favour of Abbey National Treasury Services plc. The agreement may be terminated by either party by not less than 90 days notice in writing. In certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

The Company and Santander Guarantee Company entered into a charge agreement on 28January 2014 (the "**Charge Agreement**") under which the Company grants a fixed charge over the Plan Investments for the Protected Cell, and bank accounts at Santander UK plc in respect of such Cell ("**Charged Assets**") into which it will pay the proceeds of Plan Investments for the Protected Cell, in favour of Santander Guarantee Company as security for its indemnity obligations to Santander Guarantee Company under the Guarantee Facility Agreement in relation to the Cell Guarantee applicable to the Cell Shares. Under the terms of the Charge Agreement for the Protected Cell, the Company is entitled to make payments out of the bank accounts only where such payments have been countersigned by a duly authorised officer of Santander Guarantee Company.

In the event that the Company fails to repay Shareholders the Guaranteed Return in respect of the relevant Cell Shares redeemed on the Maturity Date for the relevant Cell, Santander Guarantee Company will be entitled to enforce its security over the Charged Assets for the relevant Cell to assist it in meeting its obligations to pay Shareholders under the Cell Guarantee applicable to the Cell Shares.

TAXATION

Information relating to Guernsey and United Kingdom taxation is set out in Part D of the Registration Document under the heading "Taxation".

The description of the tax position in relation to the Cell Shares which is set out in Part D of the Registration Document under the heading "Taxation" (as supplemented by information contained in this Securities Note), is based on the Company's current understanding of current legislation and practice as at the date of this Securities Note and may be subject to change.

Prospective investors should note that the information relating to United Kingdom Taxation set out in Part D of the Registration Document forming a part of this Prospectus under the section headed "United Kingdom" under the heading "Taxation" is supplemented by and should be read in conjunction with the following:

The section entitled "*Dividends*" under "(b) *Shareholders – Individual UK tax resident and domiciled Shareholders*" shall be deleted in its entirety.

The fifth paragraph of the section headed "*Individual shareholders who acquire their investment in Shares through an Individual Savings Account*" shall be deleted in its entirety and be replaced with the following:

"The Protected Cell 250 Cell Shares should be eligible for inclusion within a stocks and shares ISA. The current yearly subscription limit for a stocks and shares ISA (for the 2013/2014 tax year) is £11,520.

The yearly subscription limit is expected to rise to £11,880 for the 2014/2015 tax year."

The section entitled "*(c) Shareholders – UK tax resident corporate Shareholders*" shall be deleted in its entirety and be replaced with the following paragraphs:

"Shareholders that are companies should note that their tax treatment is dependent on their particular circumstances.

A UK tax resident company Shareholder that holds the Cell Shares as an investment and which disposes of those Shares by way of sale should be subject to corporation tax on capital gains arising from the disposal of Shares. Such Shareholders are currently entitled to an indexation allowance which applies to reduce capital gains to the extent that they arise due to inflation.

The proceeds of the redemption of Shares should be treated as a distribution potentially within the charge to corporation tax on income (subject to the availability of certain exemptions) to the extent that the redemption proceeds exceed the amount of capital treated as repaid on the Shares on their redemption. The tax treatment of the distribution proportion of the redemption proceeds of Shares should be the same as the tax treatment of dividends received in respect of the Shares, that is the distribution should be exempt from corporation tax on income if an exemption applies. For Shareholders which are small or micro enterprises (within the meaning of the Annex to Commission Recommendation 2003/361/EC), an exemption is only available for distributions paid by companies which are resident in a territory with which the UK has a double taxation treaty containing a non-discrimination article. Guernsey does not currently have a double taxation treaty with the UK that contains a non-discrimination article. Accordingly, Shareholders which are small or micro enterprises should be subject to UK corporation tax on the excess of any redemption proceeds received on the Shares over the amount of capital treated as repaid on the Shares on their redemption.

For other corporate Shareholders, an exemption from corporation tax on income is available in a number of situations, including certain cases in which the Shareholder, together with persons connected with the Shareholder, hold less than 10 per cent. of the relevant Shares in respect of the Cell and where the distribution is paid out of profits arising from transactions none of the main purposes of which was to achieve a reduction in UK tax. However, the availability of the exemption is subject to a number of conditions, and also in certain circumstances the exemption is not available if the distribution is paid as part of a scheme or arrangement the main purpose or one of the main purposes of which is to secure a UK tax advantage. If a corporate Shareholder is entitled to an exemption from corporation tax on income in respect of the proportion of the redemption amount paid to that Shareholder on a redemption of Shares, that Shareholder may be chargeable to corporation tax on any capital gain that arises on the redemption of the Shares, after taking into account any available indexation relief."

DIRECTORS' INTERESTS

John Le Prevost, a director of the Company, is also a director of Anson Registrars Limited (the Registrar, Transfer Agent, Paying Agent and Receiving Agent and the Guarantee Claims Agent). John Le Prevost is also the Chief Executive Officer and the majority shareholder of Anson Group Limited, the holding company of Anson Registrars Limited. Gavin Farrell is a partner of Mourant Ozannes, the Advocates to the Company, and a director of Mourant Ozannes Securities Limited, the Sponsor of Admission to Listing.

AIFM REGULATIONS

Information relating to the UK Alternative Investment Fund Managers Regulations 2013 is set out in Part A of the Registration Document under the heading "Information on the Company" and Part K of the Registration Document under the heading "AIFM Regs Matters"**.**

OTHER INFORMATION

Save for the issue of Cell 246 Cell Shares, Cell 247 Cell Shares, Cell 248 Cell Shares and Cell 249 Cell Shares in respect of which the Company raised aggregate gross issue proceeds of £29,362,089.00 as at 22 January 2014 and the redemption of Cell 24 Cell Shares, Cell 25 Cell Shares, Cell 34 Cell Shares, Cell 35 Cell Shares, Cell 133 Cell Shares, Cell 140 Cell Shares and Cell 149 Cell Shares in respect of which the aggregate gross redemption proceeds paid out were £478,479,277.44 as at 22 January 2014, there has been no significant change in the trading or financial position of the Company since the last published financial report of the Company, being the unaudited interim financial statements for the six month period ended 30 September 2013.

SECTION E

INFORMATION ON SANTANDER GUARANTEE COMPANY

MATERIAL CONTRACTS

In addition to those Material Contracts specified on pages 114 to 122 of the Registration Document that are applicable to the Cell Shares, the Guarantor has entered into the Charge Agreement and Deed of Guarantee described below.

Deed of Guarantee

Santander Guarantee Company entered into a Deed of Guarantee on or around 28 January 2014 which sets out the obligations of Santander Guarantee Company under the Cell Guarantee applicable to the Cell Shares and the terms and conditions of such Cell Guarantee as described more fully under the sub-section headed "Cell Guarantee" in Section C of this Securities Note. The Deed of Guarantee is constituted by the execution of the Series Deed.

Charge Agreement

The Company and Santander Guarantee Company entered into a Charge Agreement on or around 28 January 2014 over the Charged Assets as described more fully in Section D of this Securities Note. The Charge Agreement is constituted by the execution of the Series Deed.

SECTION F

FEES AND EXPENSES

Investment Advisor

In respect of the Protected Cell, the Investment Advisor shall be entitled to be paid a fee by the Company in respect of the Protected Cell not exceeding 1.00 per cent. of an amount equal to the number of Cell Shares in issue on the Investment Date multiplied by £1.

Marketing Manager

In respect of its activities in marketing the Cell Shares to investors in the UK, the Marketing Manager will be entitled to be paid a fee by the Company in respect of the Protected Cell not exceeding 3.00 per cent. of an amount equal to the number of Cell Shares in issue on the Investment Date multiplied by £1.

Directors' Fees

Gavin John Farrell and John Reginald Le Prevost will be entitled to be paid a fee of £500 per annum in respect of the Protected Cell. Paul Jonathan Meader will be entitled to be paid a fee of £250 per annum in respect of the Protected Cell. The Investment Advisor has agreed to pay this fee out of the proceeds it receives under the terms of the Investment Advisory Agreement.

Estimate of Expenses

Based on an estimated issue size of £12,600,000 for the Protected Cell, the total estimated costs and expenses (including VAT, where relevant) of and incidental to the Issue of Cell Shares would be, in aggregate, approximately £334,520 and the estimated Net Issue Proceeds for the Protected Cell would be approximately £12,265,480. The Net Issue Proceeds for the Protected Cell will be applied as described under the sub-section headed "Investment Policy and Redemption" in Section B of this Securities Note.

SECTION G

OTHER INFORMATION

GENERAL

Mourant Ozannes Securities Limited has given and not withdrawn its consent to the issue of this Securities Note with the inclusion of its name and references to it in the form and context in which they appear.

Save in relation to the Offer for Subscription of Cell Shares, the Cell Shares have not been marketed to, and are not available in whole or in part to, the public in conjunction with each Issue.

JTC Fund Managers (Guernsey) Limited is the Designated Manager for the purposes of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed Ended Investment Schemes Rules 2008.

CAPITALISATION AND INDEBTEDNESS

The following table shows the Company's unaudited gross indebtedness as at 22 January 2014. The information below has been extracted without material adjustment from internal management accounting records:

	£'000
Total current debt	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	0
	0
Total non-current debt (excluding current portion of non-current debt)	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	0
	0

The following table shows the capitalisation of the Company as at 30 September 2013. The information has been sourced from the Company's unaudited interim financial statements for the six month period ended 30 September 2013:

Shareholders' equity	**£'000**
Share capital[1]	3,947,571
Legal reserve	0
Other reserves	695,556
Total	4,643,127

Notes:

1. While IAS 32 interprets the share capital and share premium as debt, they represent the equity securities admitted under the Listing Rules of the Channel Islands Securities Exchange. Therefore they are classified under Shareholders' Equity in the above statement of Capitalisation and Indebtedness.

The following table shows the capitalisation of the Company as at 22 January 2014. The information has been extracted without material adjustment from internal management accounting records:

	£'000
Shareholders' equity	
Share capital [1]	3,563,315
Legal reserve	0
Other reserves	701,023
Total	4,264,339

Notes:

1. While IAS 32 interprets the share capital and share premium as debt, they represent the equity securities admitted under the Listing Rules of the Channel Islands Securities Exchange. Therefore they are classified under Shareholders' Equity in the above statement of Capitalisation and Indebtedness.

As at 22 January 2014 the Company has no indirect or contingent indebtedness.

The following table shows the Company's unaudited net indebtedness as at 22 January 2014. The information below has been extracted without material adjustment from internal management accounting records:

	£'000
A. Cash	358
B. Cash equivalent	0
C. Trading securities	0
D. Liquidity (A + B + C)	358
E. Current financial receivable	
F. Current bank debt	0
G. Current position of non-current debt	0
H. Other current financial debt	0
I. Current financial debt (F + G + H)	**0**
J. Net current financial (indebtedness)/cash (I - D)	358
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. Non-current financial (indebtedness)/cash (K + L + M)	**0**
O. Net financial indebtedness (J + N)	358

WORKING CAPITAL

The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.

AVAILABILITY OF THE PROSPECTUS

In addition to the documents set out in Part J of the Registration Document, a copy of this Securities Note, the Summary and any supplement thereto will also be made available at the address specified therein. Further copies of the Registration Document, Securities Note, Summary and any supplement thereto will also be available on the website of the Company at http://www.jtcgroup.com/GIPL.

SECTION H

DEFINITIONS

The definitions set out below apply to the Protected Cell and to the Cell Shares, unless the context otherwise requires. Any definitions set out on pages 24 to 34 of the Registration Document which are not set out in this document will also apply to the Protected Cell and to the Cell Shares. In the event of any inconsistency between a definition in the Registration Document and the definition specified below, the definition specified below will prevail in relation to the Protected Cell, the Cell Shares and the Offer of the Cell Shares.

All references to time in this Securities Note are to time in Guernsey.

"**Admission**"	admission of the Cell Shares to the Official List of, and to trading on, the Channel Islands Securities Exchange
"**Cell Shares**"	the participating redeemable preference shares of 0.0001p each issued by the Company in respect of the Protected Cell (which may also be referred to as the "Protected Cell 250 Cell Shares")
"**Closing Date**"	8 May 2014
"**Company**"	Guaranteed Investment Products 1 PCC Limited.
"**Date of Subscription**"	the date on which an application for the subscription of Cell Shares and the payment of the Issue Price shall be deemed to be made by the investor and received by the Company which shall be determined as follows: (i) An application received by or on behalf of the Company on or prior to 2:30 p.m. on a Business Day during the Offer Period (save for the Closing Date) shall be treated as being received on the same day; and (ii) An application received by or on behalf of the Company after 2:30 p.m. on a Business Day, or on a day which is not a Business Day, during the Offer Period shall be treated as being received on the next following Business Day, provided that the Directors shall be entitled not to accept applications received after 12.00 noon on the Closing Date
"**Derivatives**"	any transaction between the Company and an Investment Counterparty which is a forward transaction, a term loan agreement governed by an ISDA master agreement, rate swap transaction, zero coupon swap, basis swap, forward rate transaction, equity swap, index swap, equity option, index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction, currency option, credit derivative or any other similar transaction or any combination of such transactions
"**Determination Agency Agreement**"	a determination agency agreement dated 28January 2014 entered into between the Company for and on behalf of the Protected Cell and the

	Determination Agent. The Determination Agency Agreement is constituted by the execution of the Series Deed for the Protected Cell
"**Drawdown Cut-off Date**"	the date falling 21 Business Days following the Investment Date
"**Drawdown Date**"	the first Business Day (if any) in the period from, and including, the Investment Date to, and including, the Drawdown Cut-off Date on which the Term Loan Conditions Precedent have been satisfied or waived by the Company in accordance with the terms of the Term Loan Agreement.
"**Forward Cash Settlement Amount**"	means the amount payable on the Maturity Date under the terms of the Forward Transaction
"**Forward Transaction**"	a share forward transaction dated 28 January 2014 entered into between the Company for and on behalf of the Protected Cell and the Investment Counterparty. The confirmation in respect of the Forward Transaction is constituted by the execution of the Series Deed for the Protected Cell and forms part of, and supplements, the ISDA Master Agreement
"**Gross Issue Proceeds**"	the Original Subscription Proceeds, and any interest earned from placing the Original Subscription Proceeds on deposit in the Company's bank account with the Royal Bank of Scotland International Limited (Guernsey Branch) during the Offer Period
"**Investment Counterparty**"	Abbey National Treasury Services plc (or any other party to a Plan Investment, save for the Company)
"**ISDA Master Agreement**"	a master agreement dated 28 January 2014 entered into between the Company for the Protected Cell and the Investment Counterparty constituted by the execution of the Series Deed, in the form of the Master Agreement Master Terms as amended and/or supplemented by the Series Deed
"**Issue**"	the issue of Cell Shares pursuant to the Offer for Subscription for such Cell Shares
"**Issue Price**"	a range of prices between £0.9986 and £1.00 per Cell Share as set out in the sub-section headed "Issue Price" under the section headed "Information on the Offer" in this Securities Note
"Master Agreement Master Terms"	the standard Master Agreement Master Terms (November 2012 Edition) under which the Company and the Investment Counterparty expect to enter into derivative transactions in respect of the Protected Cell except to the extent amended and/or supplemented in the relevant Series Deed and which are based on the 1992 International Swaps and Derivatives Association's Multicurrency Cross-Border Agreement
"**Net Issue Proceeds**"	the Gross Issue Proceeds less the Investment Advisor's fee and the Marketing Manager's fee payable by the Company in respect of the Protected Cell as set out in the section headed "Fees and Expenses" of this Securities Note
"**Offer**" **or** "**Offer for Subscription**"	the offer for subscription of Cell Shares on the terms set out in the Prospectus

"**Offer Period**"	the period from, and including, 29 January 2014 to, and including, the Closing Date (pursuant to the terms set out in the Prospectus)
"**Original Subscription Proceeds**"	the aggregate amount paid to the Company during the Offer Period by way of subscriptions for the Cell Shares under the Offer
"**Plan Investments**"	comprise the Term Loan Agreement and the Forward Transaction (and any other notes, securities, investments or assets acquired by the Company for the Protected Cell prior to the Maturity Date with the proceeds of any Plan Investment)
"**Prospectus**"	together the Registration Document, the Summary and this Securities Note, including any supplement thereto published, from time to time, by the Company
"**Protected Cell**"	Protected Cell 250, being a protected cell in the Company established in accordance with the laws of Guernsey and the Company's memorandum and articles of association
"**Registration Document**"	the registration document issued by the Company dated 17 January 2014
"**Securities Note**"	this document, as amended or supplemented from time to time
"**Series Deed**"	means the deed dated 28 January 2014 entered into between the Company acting on behalf of the Protected Cell, the Investment Counterparty, the Guarantor and the Determination Agent the execution of which constitutes, amongst other things, the ISDA Master Agreement, the Forward Transaction, the Term Loan Agreement, the Deed of Guarantee, the Charge Agreement and the Determination Agency Agreement in respect of the Cell Shares
"**Shareholders**"	holders of the Cell Shares
"**Summary**"	the summary document in respect of the Company and the Offer issued by the Company on 28 January 2014
"**Term Loan Agreement**"	a term loan agreement dated 28 January 2014 entered into between the Company for and on behalf of the Protected Cell and the Investment Counterparty. The Term Loan Agreement is constituted by the execution of the Series Deed for the Protected Cell and forms part of, and supplements, the ISDA Master Agreement
"**Term Loan Conditions Precedent**"	each of the following conditions: (a) the Prospectus has been approved by the UKLA and filed with the GFSC; (b) the Cell Shares issued in respect of the Protected Cell are admitted to the Official List of the Channel Islands Securities Exchange; (c) the Guarantor has executed the Cell Guarantee in respect of the Guaranteed Return payable in respect of the Cell Shares;

(d) the Company acting for and on behalf of the Cell and the Investment Counterparty have executed the Forward Transaction Confirmation;

(e) the number of Cell Shares in issue on the Investment Date equals or exceeds 10,000; and

(f) the Company acting for and on behalf of the Cell has access to a readily available amount in GBP equal to the Net Issue Proceeds that the Company acting for and on behalf of the Cell is able to lend to the Investment Counterparty on such date.

The Company acting for and on behalf of the Cell does not have the ability to waive the satisfaction of sub-paragraph (f) above under the Term Loan Agreement.

SECTION I

DIRECTORS AND ADVISERS

Directors
Gavin John Farrell
John Reginald Le Prevost
Paul Jonathan Meader
All of the Directors are non-executive

Registered office
PO Box 156
Frances House
Sir William Place
St. Peter Port
Guernsey
GY1 4EU
01481 702400

Administrator and Secretary
JTC Fund Managers (Guernsey) Limited

PO Box 156
Frances House
Sir William Place
St. Peter Port
Guernsey GY1 4EU
01481 702400

Registrar, Transfer Agent, Paying Agent, Receiving Agent and Guarantee Claims Agent

Anson Registrars Limited
PO Box 426
Anson Place
Mill Court
La Charroterie
St. Peter Port
Guernsey GY1 3WX
01481 722260

Sponsor of Admission to Listing
Mourant Ozannes Securities Limited
PO Box 186
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP
01481 723466

Investment Advisor
Abbey National Treasury Services plc
2 Triton Square
Regent's Place
London
NW1 3AN
England

Marketing Manager
Santander ISA Managers Limited
287 St. Vincent Street
Glasgow
G2 5NB
Scotland

Guarantor
Santander Guarantee Company
2 Triton Square
Regent's Place
London
NW1 3AN
England

Determination Agent
Abbey National Treasury Services plc
2 Triton Square
Regent's Place
London
NW1 3AN
England

Solicitors to the Company
(as to English Law)
Allen & Overy LLP
One Bishops Square
London E1 6AD
England

Advocates to the Company
(as to Guernsey Law)
Mourant Ozannes
PO Box 186
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Auditors and Reporting Accountants
Ernst & Young LLP
PO Box 9
14 New Street
St. Peter Port
Guernsey GY1 4AF

28 January 2014
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