

**Banco Santander S.A.**

Bolsas y Mercados Españoles: SAN

Industry: Major Banks

Meeting Date: June 20, 2008

Record Date: June 15, 2008

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**2008 ANNUAL MEETING**

Proposal	Issue	Board	GL&Co.
1.00	Accounts and Reports; Ratification of Board Acts	For	For
2.00	Allocation of Profits/Dividends	For	For
3.00	Election of Directors	For	For
3.01	Elect Juan Rodríguez Iniciarte	For	For
3.02	Elect Luis Alberto Salazar-Simpson Bos	For	For
3.03	Elect Luis Ángel Rojo Duque	For	For
3.04	Elect Emilio Botín-Sanz de Sautuola y García de los Ríos	For	For
4.00	Appointment of Auditor	For	For
5.00	Authority to Repurchase Shares	For	For
6.00	Amendments to Articles	For	For
7.00	Amendments to General Meeting Regulations	For	For
8.00	Authority to Issue Shares w/ or w/out Preemptive Rights	For	For
9.00	Authority to Issue Convertible Securities w/ or w/out Preemptive Rights	For	For
10.00	Authority to Issue Debt Instruments	For	For
11.01	Remuneration Report (Directors and Employees of the Group)	For	For
11.02	Stock Purchase Plan (Employees of Abbey National Plc)	For	For
12.00	Authority to Carry Out Formalities	For	For

**NOTE**

Except as noted, €1.00 = \$1.46 (exchange rate as of December 31, 2007)

## Proposal 1.00: Accounts and Reports; Ratification of Board Acts

**FOR**

This proposal seeks shareholder approval of the Company's financial statements and consolidated financial statements, as well as the ratification of the acts of the Company's board of directors for the fiscal year ended December 31, 2007.

The Company's consolidated financial statements combine the activities of the Company, as well as the activities of its subsidiaries. As a routine matter, Spanish company law requires that shareholders approve both the parent company's financial statements, as well as the financial statements of the entire group, within six months following the close of the year.

### **Glass Lewis' Analysis**

The Company has made its financial statements and reports available to shareholders. We note that in the opinion of Deloitte, S.L., the Company's independent auditor, the financial statements have been properly prepared in accordance with International Financial Reporting Standards.

Furthermore, Spanish company law requires companies to submit the actions of the board of directors during the year for shareholder approval. While discharging the board may limit shareholders' rights to take legal action against the board and/or its members, it does not release directors from their fiduciary duties owed to the Company and its shareholders.

Notwithstanding the aforementioned, we urge the board to present these items in separate or multiple proposals such that shareholders may review them individually.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 2.00: Allocation of Profits/Dividends

**FOR**

This proposal seeks shareholder approval of the allocation of profits for the fiscal year ended December 31, 2007.

The Company will distribute a dividend of €4,070,178,946 (\$5,942,461,261) to shareholders for fiscal year 2007. This represents a dividend payout ratio of 100%.

### **Glass Lewis' Analysis**

With limited exceptions, Glass Lewis will generally support the profit distribution policy proposed by a company. Here, we find that the dividend payout is reasonable and we do not see any cause for concern in terms of the board's process in making this determination.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

# Proposal 3.00: Election of Directors

FOR

## BOARD OF DIRECTORS

Name	Up	Age	GLC Classification	Committees			Term Start	Term End	Years on Board	Attended at least 75% of Meetings
				Audit	Comp	Nom				
Antonio Basagoiti García-Tuñón		66	Independent				1999	2012	9	Yes
Antoine Bernheim		84	Independent <sup>1</sup>				1999	2012	9	No
Emilio Botín-Sanz de Sautuola y García de los R	✓	74	Insider <sup>2</sup>				1960	2010	48	Yes
Ana Patricia Botín-Sanz de Sautuola y O'Shea		49	Insider <sup>3</sup>				1989	2011	19	Yes
Francisco Javier Botín-Sanz de Sautuola y O'Shea		36	Affiliated <sup>4</sup>				2004	2010	4	Yes
Terence Burns		64	Independent <sup>5</sup>				2004	2011	4	Yes
Fernando de Asúa Álvarez		76	Independent <sup>6</sup>	✓	C	C	1999	2011	9	Yes
Guillermo de la Dehesa Romero		67	Independent		✓	✓	2002	2010	6	Yes
Rodrigo Echenique Gordillo		63	Independent <sup>7</sup>		✓	✓	1988	2011	20	Yes
Antonio Escámez Torres		57	Independent				1999	2012	9	Yes
Francisco Luzón López		61	Insider <sup>8</sup>				1997	2012	11	Yes
Abel Matutes Juan		67	Independent	✓			2002	2010	6	Yes
Matías Rodríguez Inciarte		61	Insider <sup>9</sup>				1988	2010	20	Yes
Juan Rodríguez Inciarte	✓	-	Insider <sup>10</sup>				2008	2008	0	Yes
Luis Ángel Rojo Duque	✓	74	Independent	C	✓	✓	2005	2010	3	Yes
Alfredo Sáenz Abad		67	Insider <sup>11</sup>				1994	2011	14	Yes
Luis Alberto Salazar-Simpson Bos	✓	68	Independent	✓			1999	2009	9	Yes
Manuel Soto Serrano		68	Independent <sup>12</sup>	✓	✓	✓	1999	2010	9	Yes
Isabel Tocino Biscarolasaga		59	Independent				2007	2012	1	Yes

C = Chair

1. Non-independent director according to the Company. Represents an entity that beneficially owns 1.3% of the Company's share capital.
2. Chairman and executive president. Member of the Botín-Sanz de Sautuola family, which beneficially owns 2.5% of the Company's share capital. Father of Ana Patricia and Francisco Javier Botín-Sanz de Sautuola y O'Shea.
3. CEO of Banesto, a subsidiary of the Company. Daughter of Emilio Botín-Sanz de Sautuola y García de los Ríos.
4. Son of Emilio Botín-Sanz de Sautuola y García de los Ríos.
5. Non-independent director according to the Company. Chairman of Abbey National Plc., a subsidiary of the Company, for which he receives additional compensation from the Company exceeding the fees paid to the Company's directors.
6. Vice chairman.
7. Non-independent director according to the Company. Director of Banco Banif, a subsidiary of the Company, for which he receives additional compensation from the Company exceeding the fees paid to the Company's directors.
8. Managing director of División América.
9. Vice chairman and risk director. Brother of Juan Rodríguez Inciarte.
10. Strategic director. Brother of Matías Rodríguez Inciarte.
11. CEO and vice chairman.
12. Vice chairman.

Four candidates are up for election as directors. If elected, nominee Juan Rodríguez Inciarte will serve a five-year term, director Luis Alberto Salazar-Simpson Bos will serve a one-year term and

directors Luis Ángel Rojo Duque and Emilio Botín-Sanz de Sautuola y García de los Ríos will serve a two-year term each.

Glass Lewis believes that shareholder representation on the board should be proportional to voting strength. As a result, the composition of the board should mirror the company's share capital structure.

Having reviewed the nominees, we find that the board complies with the aforementioned standards.

Notwithstanding the aforementioned, we believe shareholders should be mindful of the following issue:

Director **BERNHEIM** failed to fulfill his duty to shareholders in fiscal year 2007, in our view, by attending less than 25% of the meetings held by the board and the committees on which he served. Furthermore, Mr. Bernheim serves on a total of nine boards. We believe that the time commitment required by this number of board memberships may preclude this nominee from fulfilling his responsibilities to this Company's shareholders.

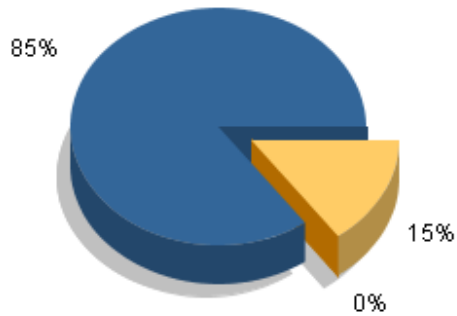
While we would normally recommend voting against Mr. Bernheim, he is not up for election at this time. We will monitor this issue going forward.

As to all other nominees, we do not believe there are substantial issues for shareholder concern.

Accordingly, we recommend that shareholders vote **FOR** all nominees.

## Banco Santander S.A. Auditor Fees

■ Audit/Audit Related ■ Tax  
■ All Other



This proposal seeks shareholder approval to appoint Deloitte, S.L. as the Company's independent auditor for fiscal year 2008.

During the last fiscal year, all non-audit related fees paid to Deloitte, S.L. totaled €5,300,000 (\$7,738,000). This represents 15% of all fees paid to Deloitte, S.L..

### Glass Lewis' Analysis

We believe the fees paid to Deloitte, S.L. during the last fiscal year are reasonable. Moreover, the Company has a track record of disclosing the appropriate information about these services in its filings.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 5.00: Authority to Repurchase Shares

**FOR**

This proposal seeks shareholder approval to authorize the Company to repurchase its own shares in accordance with Spanish company law. If approved, this authority will replace the authority approved at the Company's 2007 annual meeting of shareholders.

The authority to repurchase shares will be subject to the following conditions: (i) the maximum purchase price will not exceed 3% of the market price at the time of the transaction; (ii) the number of shares purchased will not exceed 5% of the Company's issued share capital; and (iii) the term of authorization will be 18 months from the date of approval.

### **Glass Lewis' Analysis**

As a general rule, we believe that buyback programs are in shareholders' best interests, so long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. Typically, a repurchase is used to return surplus capital to shareholders, increase earnings per share, or provide shares for equity compensation plans.

In this case, we believe that the terms under which the Company is considering a repurchase of its shares are reasonable. Moreover, this authority will benefit shareholders by providing the Company with the flexibility to use its repurchased shares to finance operations and future business opportunities.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

This proposal seeks shareholder approval to amend the Company's articles of association. The Company proposes the addition and amendment of numerous articles as well as the comprehensive restructuring and consolidation of existing articles. As several of the Company's current articles may be combined or divided, we have summarized the significant additions below according to the proposed numbering of the Company's articles in the interest of clarity and readability.

(i) Article 10 - *Redeemable Shares*: The Company will be authorized to issue redeemable shares at a nominal value that may not exceed 25% of the Company's outstanding share capital. The rights conferred to redeemable shares will be determined by the issuance agreement in accordance with the law and pursuant to an amendment of the Company's articles of association.

(ii) Article 13 - *Capital Increases*: The Company will be authorized to increase its capital by issuing new shares and increasing the par value of previously issued shares. Capital increases may be carried out through the capitalization of reserves or in consideration for cash or contributions in kind.

(iii) Article 14 - *Authorized Capital*: The board of directors may be authorized by shareholders during the general meeting to increase the Company's authorized capital up to a maximum percentage of the Company's issued share capital with or without preemptive rights. If approved, the board will be assigned the full authority to determine the characteristics, terms and conditions of the issuance and all measures necessary for the completion thereof.

(iv) Article 15 - *Exclusion of Preemptive Rights*: The board of directors may be authorized by shareholders during the general meeting to exclude the preemptive rights of shareholders and holders of convertible bonds. The preemptive rights of existing shareholders will be expressly excluded in instances where the Company's share capital is increased as a direct result of: (i) the conversion of bonds into Company shares; (ii) the acquisition of another company, a portion of its assets, or a spin-off of its equity; and (iii) the issuance of shares in consideration for a merger.

(v) Article 16 - *Reduction of Share Capital*: The Company will be authorized to reduce its share capital by means of cancellation of shares or a reduction in par value.

(vi) Article 17 - *Issuance of Bonds*: The Company's will be authorized to issue bonds and to determine the characteristics, terms and conditions of the issuance.

(vi) Article 18 - *Convertible and/or Transferable Bonds*: The board of directors may be authorized by shareholders during the general meeting to issue convertible bonds, debentures, fixed-income securities and securities with variable rates of interest, with or without preemptive rights, for a period of five years. If approved, the board will be assigned the full authority to determine the characteristics, terms and conditions of the bonds and all measures necessary for the completion of the issuance thereof.

(vii) Article 19 - *Issuance of other Securities*: The board of directors may be authorized by shareholders during the general meeting to issue notes, warrants, restricted stock and other securities for a period of five years. If approved, the board will be assigned the full authority to determine the characteristics, terms and conditions of the securities and all measures necessary for the completion of the issuance thereof.

(viii) Article 33 - *Voting Matters*: Agenda items that are substantially independent will be submitted on

the agenda separately, so that shareholders may express their voting preferences in separate form.

(ix) Article 42- *Board Composition*: The board of directors will consist of a majority of external, non-executive directors. At least one-third of the Company's directors will be independent.

(x) Article 52- *Risk Committee*: The board of directors will appoint a risk committee, consisting of between four and six directors, which is responsible for managing the Company's risk.

(xi) Article 54- *Nominating and Compensation Committee*: The board of directors will appoint a nominating and compensation committee, consisting of between three and seven directors, which is responsible for the appointment and dismissal of directors as well as devising compensation plans for the Company's directors and officers. The nominating and compensation committee will consist entirely of external, non-executive directors. An independent chairperson will preside over the committee, which must consist of a majority of qualified, independent directors.

(xii) Article 59- *Transparency of Compensation Policy*: The board of directors will be required to submit a remuneration report to shareholders at the general meeting. This report must feature the criteria used for establishing a compensation scheme for directors and executives for both the prior and current fiscal year. The directors' individual compensation will be disclosed and broken down by type and will be included in the Company's annual report.

(xiii) Article 60- *Corporate Governance Report*: The board of directors will be required to release its annual corporate governance report to shareholders on the Company's website no later than the publication date of the notice of meeting. This report will emphasize the following: (i) the degree to which the Company complies with current corporate governance standards and recommendations; (ii) the regulations of the general meeting of shareholders and board meetings; (iii) related party transactions; (iv) the capital structure of the Company; (v) the management structure of the Company; and (vi) risk prevention and control systems.

(xiv) Article 61- *Web Page*: All material information will be available on the Company's website.

(xv) Article 64 - *Dividends in Kind*: The board of directors may be authorized by shareholders during the general meeting to satisfy dividend obligations either partially or totally with payments-in-kind, provided that the payments-in-kind are equal in value, are currently listed in official markets or have a guaranteed liquidity of less than one year, and are not disbursed at a value lower than the Company's book value.

(xvi) Article 67 - *Dissolution of the Company*: In the event that the Company is dissolved, the board of directors will be retained as liquidators and representatives of its former shareholders, provided that shareholders do not appoint other individuals to that office during the special meeting to be convened for that purpose.

### **Glass Lewis' Analysis**

Glass Lewis generally supports changes made to the articles of association that do not act contrary to shareholders' interests.

Having reviewed the amendments, we believe that the changes to the Company's articles of association are intended to: (i) update the drafting of the articles; (ii) harmonize the articles with the recommendations set forth by the Spanish Corporate Governance Code; and (iii) allow the Company more flexibility with regard to the use of different financial instruments. As such, we believe that the proposed amendments will not have a negative effect on shareholders.

Notwithstanding the aforementioned, we urge the board to present amendments in separate or multiple proposals such that shareholders may review items on a case-by-case basis.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 7.00: Amendments to General Meeting Regulations

**FOR**

This proposal seeks shareholder approval to amend article 8 of the Company's general meeting regulations in order to reflect the proposed amendments to the Company's articles of association as discussed in Proposal 6.

### **Glass Lewis' Analysis**

Having reviewed the amendments, we believe that most of the changes are primarily technical in nature and are intended to harmonize the Company's general meeting regulations with the proposed changes to the Company's articles of association as discussed in Proposal 6.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 8.00: Authority to Issue Shares w/ or w/out Preemptive Rights

FOR

This proposal seeks shareholder approval to grant the board the authority to increase the Company's share capital for a period of one year up to a maximum amount of €375 million (\$547.5 million), through the issuance of additional shares with or without preemptive rights.

### Glass Lewis' Analysis

Glass Lewis believes that adequate capital is important to the operation of a company. In general, granting the board the authority to increase its capital up to a certain limit, without shareholder approval, provides the board with the flexibility to carry out certain general corporate transactions such as stock splits, to finance acquisitions and future business opportunities, and to fund equity based compensation plans.

In this case, the increase in capital will be capped at €375 million (\$547.5 million), which represents approximately 12% of the Company's total share capital.

Notwithstanding the exclusion of preemptive rights, we consider potential dilution to current shareholders to be reasonable. In our view, such authorities should not exceed 20% of a company's total share capital.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 9.00: Authority to Issue Convertible Securities w/ or w/out Preemptive Rights

**FOR**

This proposal seeks shareholder approval to grant the board the authority to issue convertible bonds, notes, debentures or securities up to €7 billion (\$10.22 billion) for a period of five years. If approved, this authority will replace the authority approved at the Company's 2007 annual meeting of shareholders.

If approved, the board will be assigned full authority to determine the characteristics, terms and conditions of the securities and all measures necessary for the completion of issuance thereof.

### **Glass Lewis' Analysis**

It is customary for a company to increase its leverage by using debt to finance its expansion plans. A majority of companies issue debt to avoid short-term equity dilution and to signal a firm's future growth opportunities. Moreover, granting the board the authority to issue convertible securities provides the board with additional funds to carry out certain general corporate transactions such as stock splits, to finance acquisitions and future business opportunities, and to fund equity based compensation plans.

Despite the ability to convert the aforementioned securities into shares, the increase in capital resulting from such conversion will be capped at 50% of the Company's total share capital which we find to be reasonable.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

This proposal seeks shareholder approval to allow the Company to issue debt instruments for a period of five years up to €35 billion (\$51.1 billion) in accordance with Spanish company law.

If approved, the board will be assigned full authority to determine the characteristics, terms and conditions of the debt instruments and all measures necessary for the completion of issuance thereof. Furthermore, it will have the authority to establish a fixed or variable interest rate, as well as to determine whether or not they should carry a guarantee.

### **Glass Lewis' Analysis**

It is customary for a company to increase its leverage by using debt to finance its expansion plans. A majority of companies issue debt to avoid short-term equity dilution and to signal a firm's future growth opportunities. In Spain, it is a routine matter for shareholders to grant the board the authorization to issue debt, at any time, within the limits established by Spanish law.

Granting the board the authority to issue debt will provide management with increased operational flexibility and the power to access the capital markets directly and more efficiently. We believe this to be justifiable and reasonable and, therefore, we see no reason to vote against this proposal.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

# Proposal 11.01: Remuneration Report (Directors and Employees of the Group)

FOR

This proposal seeks shareholder approval of the Company's remuneration report for fiscal year 2007. The following is a summary of the report:

## **Executive Directors and Officers' Compensation Policy**

The Company's compensation plan for executives, upper management and other key employees of the Santander Group is subdivided into three "cycles," or components, and may be summarized as follows:

### **(i) Long-Term Incentive Plan (3rd Cycle)**

**Duration and beneficiaries:** Under this plan, beneficiaries will receive compensation in addition to their annual salary in the form of stock options. Six thousand (6,000) group executives and managers will be considered as beneficiaries under this plan and will be awarded options for meeting pre-defined performance targets over the three-year period ranging from 2008-2010. Awards will be granted to qualifying beneficiaries who continue to work for the group after July 30, 2011. The plan's objectives are linked to the Company's total return on shareholders' equity (ROE) and growth in earnings per share (EPS), each of which are given equal weight. Specifically:

#### **Objectives**

a) *ROE*: The performance of the plan's beneficiaries will be measured by the relative ranking of the Santander Group's ROE when compared with a comparator group of 21 leading international banks. This group includes the following companies:

Banco Itaú, Bank of America, Barclays, BBVA, BNP Paribas, Citigroup, Credit Agricole, Deutsche Bank, HBOS, HSBC Holdings, Intesa Sanpaolo, JP Morgan Chase & Co., Lloyds TSB Group, Mitsubishi, Nordea Bank, Royal Bank of Canada, Royal Bank of Scotland Group, Société Générale, UBS, Unicredito Italiano, and Wells Fargo & Co.

Under the category of ROE, beneficiaries will be entitled to a percentage of the total award that corresponds with the Company's "ranking" alongside other banks included in the comparator group. This scale is shown below:

<b>Position of Company in ROE Ranking</b>	<b>Percentage of Total Award (Max = 50%)</b>
1st to 6th	50%
7th	43%
8th	36%
9th	29%
10th	22%
11th	15%
12th or Lower	0%

b) *EPS*: The performance of the plan's beneficiaries will be measured by the relative ranking of the growth of the Santander Group's earnings per share when compared with the banks in the aforementioned comparator group. The amount of the award will be calculated as a percentage depending on the Company's ranking within the table shown above.

Award Value: The maximum award to be paid to each beneficiary may be calculated as a percentage of their annual base salary divided by €13.46 (\$19.65) per share. The actual award to be paid to each beneficiary may be calculated as the sum of the percentage of the total award to be granted under each respective category.

Exceptions: Executive directors will be eligible to receive a maximum of 71% of their annual salary under the long-term incentive plan. Director Ana Patricia Botín-Sanz de Sautuola y O'Shea, however, will only be eligible to receive 70% of that percentage as she simultaneously serves as the executive president of the Company's subsidiary, Banesto. The maximum number of options to be granted to the executive directors is shown in the table below:

<b>Executive Directors</b>	<b>Third Cycle - Maximum Stock Option Award</b>
Emilio Botín-Sanz de Sautuola	68,848
Alfredo Sáenz Abad	189,628
Matías Rodríguez Iniciarte	87,590
Francisco Luzón López	77,083
Ana Patricia Botín-Sanz de Sautuola y O'Shea	46,855
Juan Rodríguez Iniciarte	50,555
<b>Total</b>	<b>520,559</b>

## (ii) **Mandatory Stock/Salary Swap (2nd Cycle)**

Beneficiaries of the second cycle include executive directors and other members of upper management as well as other key Group managers. According to this plan, beneficiaries will be required to participate in a salary/stock swap compensation plan, whereby each beneficiary will substitute 10% of their fixed annual salary or bonus for an equivalent value of stock options in the Company, calculated at fair market value as of the grant date. This results in an even exchange of salary for Company shares at the time of the transaction.

This cycle corresponds to the years 2009-2011. Beneficiaries must purchase a total share value that corresponds to 10% of their annual salary for fiscal year 2008 by February 28, 2009. The shares purchased by the plan's beneficiaries will be issued to each respective beneficiary who remains in the employ of the Company during the first quarter of 2012 at a date no later than one month after the third year in which the transaction was made.

The required investment of 10% of each executive director's salary corresponds to the following maximum number of options in the Company:

<b>Executive Directors</b>	<b>Second Cycle - Maximum Stock Option Award</b>
Emilio Botín-Sanz de Sautuola	19,968
Alfredo Sáenz Abad	47,692

Matías Rodríguez Iniciarte	25,159
Francisco Luzón López	27,675
Ana Patricia Botín-Sanz de Sautuola y O'Shea	16,956
Juan Rodríguez Iniciarte	14,738
Total	152,188

### (iii) **Bonus Stock Option Issuance (1st Cycle)**

The board will have the authority to distribute up to 1,900,000 options to purchase shares in the Company, representing 0.03% of the Company's current share capital, as a selective instrument to be used to attract and retain key managers and employees of the bank as well as other companies within the Group. Executive directors and plan administrators will be excluded from this plan.

#### **Global Value of the Award**

Should all performance targets be fully met, the beneficiaries of the three cycles discussed above will receive a maximum of 19,960,000 shares, representing 0.32% of the Company's current share capital. The estimated annual cost of the award will be approximately €21,749,273 (\$31,753,938) according to Glass Lewis' modified version of its multi-part model.

#### **Glass Lewis' Analysis**

According to the Spanish Corporate Governance Code, the board of directors should design a policy for executive compensation and present it for approval by the Company's shareholders. We believe that it is a positive development in the Company's corporate governance policies to ask shareholders to approve the Company's executive compensation policy because it indicates the Company's compliance with current corporate governance standards and recommendations.

Glass Lewis believes that a company's executive compensation policy should meet the following criteria: (i) compensation should be reasonable and in line with the company's peers; (ii) a significant portion of compensation should be performance-based; and (iii) performance targets should be specific and appropriate.

In this case, the compensation policy for management board meets most of the criteria above.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Proposal 11.02: Stock Purchase Plan (Employees of Abbey National Plc)

**FOR**

This proposal seeks shareholder approval of the stocking option savings plan to be offered by the Company to employees of Abbey National Plc. and other companies within the Group located in the United Kingdom.

### Proposed Plan

Plan Title:	Save As You Earn (SAYE) Plan
Participants:	Group employees based in the UK
Awards:	Common shares
Administrator:	Compensation committee
Performance Targets:	Not applicable
Terms:	Shares may be purchased at a discount not to exceed 20% of the market price
Plan Limits:	No more than 8,200,000 shares in the Company may be issued. This quantity currently represents 0.13% of the Company's currently issued share capital.
Individual Limits:	Each employee may contribute up to £250.00 (US\$496.40) per month to the plan.

### Glass Lewis' Analysis

The proposed plan would provide a way for all employees to acquire ordinary shares in the Company at a discount. Glass Lewis recognizes the value of broad-based equity programs which encourage employees to invest in the Company, thereby aligning their interests with those of shareholders.

We note that the Company is bound by certain statutory limitations in terms of the amount of shares to be granted pursuant to any Company stock plan as well as a monthly contribution limit in order to acquire shares.

We believe the terms of this proposed plan are reasonable, and we do not find any reasons for shareholder concern.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

*Note: Exchange rate as of December 31, 2007: £1.00 = \$1.9856*

## Proposal 12.00: Authority to Carry Out Formalities

**FOR**

This proposal gives management the power to complete any formalities, such as required filings and registrations, needed to give full force and effect to the decisions made at the meeting.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

## Disclosure

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