

## EXECUTION COPY

### SUBSCRIPTION AGREEMENT

**Abbey National Treasury Services plc**

**£1,250,000,000 5.125 per cent. Covered Bonds due 2021  
unconditionally guaranteed by Santander UK plc and  
irrevocably and unconditionally guaranteed as to payment of principal and interest by  
Abbey Covered Bonds LLP  
under the €25 billion  
Global Covered Bond Programme**

13 April 2011

To: Banco Santander, S.A.  
Barclays Bank PLC  
BNP Paribas  
UBS Limited  
(together, the **Lead Managers**)

cc: Deutsche Trustee Company Limited as Bond Trustee and as Security Trustee  
Deutsche Bank AG, London Branch as Principal Paying Agent

Dear Sirs,

Abbey National Treasury Services plc (the **Issuer**) proposes to issue £1,250,000,000 5.125 per cent. Covered Bonds due 2021 (the **Covered Bonds**) under the €25 billion Global Covered Bond Programme established by it. The Covered Bonds will be unconditionally and irrevocably guaranteed by Santander UK plc (the **Group Guarantor**) and unconditionally and irrevocably guaranteed as to payments of interest and principal by Abbey Covered Bonds LLP (the **LLP** and, together with the Group Guarantor, the **Guarantors**). The terms of the issue shall be as set out in the form of Final Terms Document attached to this Agreement as **Annex 1**, with such amendments as each of the Issuer, the Guarantors and the Lead Managers may agree.

This Agreement is supplemental to the Programme Agreement (the **Programme Agreement**) dated 3 June 2005 and made between the Issuer, the Guarantors and the Dealers party thereto (as amended and restated on 4 October 2007, 20 May 2008 and 9 September 2010 and as further amended, supplemented or novated from time to time). All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

1. This Agreement appoints UBS Limited as a new dealer in accordance with the provisions of **Clause 12** of the Programme Agreement for the purposes of the issue of the Covered Bonds (the **New Dealer**). The New Dealer confirms that it is in receipt of the documents referenced below:
  - (a) a copy of the Programme Agreement; and
  - (b) a copy of such of the documents delivered under **Appendix 1** of the Programme Agreement as it has requested (which it hereby confirms that it finds satisfactory) or (in the case of any or all of such documents) that it has waived the right to any such delivery.

For the purposes of the Programme Agreement, the details of the Lead Managers for service of notices are as follows:

**Banco Santander, S.A.**

Address: Ciudad Grupo Santander  
Edificio Encinar  
Avenida de Cantabria  
28660, Boadilla del Monte  
Madrid, Spain

Telephone: +34 91 257 2026 / 2029  
Facsimile: +34 91 257 1376

Attention: Head of Debt Capital Markets / Head of FI Syndicate Europe

**Barclays Bank PLC**

Address: 5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

Telephone: +44 (0) 20 7773 9098  
Facsimile: +44 (0) 20 7516 7548

Attention: Debt Syndicate

**BNP Paribas**

Address: 10 Harewood Avenue  
London NW1 6AA

Telephone: +44 20 7595 8601  
Facsimile: +44 20 7595 2555

Attention: MTN Desk

**UBS Limited**

Address: 100 Liverpool Street  
London EC2M 2RH

Telephone: +44 20 7567 2479  
Facsimile: +44 20 7568 3349

Attention: MTNs and Private Placements

In consideration of the Issuer appointing the New Dealer as a Dealer in respect of the Covered Bonds under the Programme Agreement, the New Dealer hereby undertakes, for the benefit of the Issuer, the Guarantors, the Lead Managers and the Dealers, that, in relation to the issue of the Covered Bonds, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Lead Managers. The Issuer and each of the Guarantors confirm that the New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the

Covered Bonds as if originally named as a Dealer under the Programme Agreement provided that following the Issue Date of the Covered Bonds the New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the Covered Bonds.

2. Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer agrees to issue the Covered Bonds and each Lead Manager agrees jointly and severally to purchase the Covered Bonds (in an amount equal to the principal amount of the Covered Bonds set out against its name in Schedule 1 of this Agreement) at a price of 99.425 per cent. of the principal amount of the Covered Bonds (the **Purchase Price**), being the issue price of 99.725 per cent. less a combined selling concession, management and underwriting commission of 0.30 per cent. of such principal amount.
3. For the purposes of this Agreement:
  - (a) the sum payable on the Issue Date shall be £1,242,812,500 representing the Purchase Price;
  - (b) **Issue Date** means 10:00a.m. (London time) on 14 April 2011 or such other time and/or date as the Issuer and the Lead Managers may agree; and
  - (c) **Payment Instruction Date** means the Issue Date.
4. The Issuer shall bear the reasonable costs and expenses set out below in connection with the issue of the Covered Bonds (inclusive of applicable VAT and disbursements, if any):
  - (a) the fees and expenses of its own legal advisers and those of the Lead Managers;
  - (b) the fees and expenses incurred or payable in connection with the listing of the Covered Bonds on the Official List of the UK Listing Authority and admission to trading on the regulated market of the London Stock Exchange plc;
  - (c) the fees and expenses (if any) of the Principal Paying Agent or any other Agent appointed in respect of the Covered Bonds, including the fees and expenses (if any) relating to the printing and delivery of the Covered Bonds;
  - (d) the fees and expenses of the Issuer's auditors;
  - (e) the fees and expenses of the Rating Agencies; and
  - (f) the fees and expenses of the Bond Trustee (if any).
5. The obligation of the Lead Managers to purchase the Covered Bonds is conditional upon:
  - (a) the conditions set out in **Clause 3.2** (other than that set out in **Clause 3.2(i)** and provided that the words "€12 billion" in **Clause 3.2(c)** shall be replaced in their entirety with the words "€25 billion") of the Programme Agreement being satisfied as of the Payment Instruction Date;
  - (b) all of the applicable Transaction Documents being in full force and effect; and
  - (c) the delivery to the Lead Managers on the Payment Instruction Date of:
    - (i) a certificate dated the Payment Instruction Date signed by a duly authorised person of the Issuer and a certificate dated the Payment Instruction Date signed by a duly

authorised person of each of the Guarantors giving confirmation of the conditions described in **Clause 5(a)** of this Agreement;

- (ii) receipt of notification from Fitch, Moody's and S&P that the ratings for the Covered Bonds described in the Prospectus have been assigned either without conditions or subject only to the execution and delivery on or before the Issue Date of the agreements contemplated herein;
- (iii) (i) the Issuer having furnished or caused to be furnished to the Lead Managers, the Bond Trustee and the Security Trustee a solvency certificate, dated the Issue Date, of a duly authorised person of the Issuer in the agreed form; (ii) the LLP having furnished or caused to be furnished to the Lead Managers, the Bond Trustee and the Security Trustee a solvency certificate, dated the Issue Date, of a duly authorised person of the LLP in the agreed form, and (iii) the Group Guarantor having furnished or caused to be furnished to the Lead Managers, the Bond Trustee and the Security Trustee a solvency certificate, dated the Issue Date, of a duly authorised person of the Group Guarantor in the agreed form;
- (iv) legal opinions addressed to the Lead Managers dated the Payment Instruction Date in such form and with such contents as the Lead Managers may reasonably require from Allen & Overy LLP as to English law, from Elliot Duffy Garrett as to Northern Irish law and from Tods Murray LLP as to Scots law;
- (v) comfort letters dated the Payment Instruction Date from the independent auditors of the Issuer and the Guarantors in such form and with such content as the Lead Managers may reasonably request; and
- (vi) such other conditions precedent as the Lead Managers and the Issuer may agree from time to time.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any liability of the Issuer or failing the Issuer, the Guarantors in relation to expenses as provided in the agreement referred to in **Clause 4** of this Agreement and except for any liability arising before or in relation to termination), provided that the Lead Managers may in their discretion waive any of the aforesaid conditions (other than the conditions precedent contained in **Clause 3.2(c)** and **(d)** of the Programme Agreement) or any part of them.

6. The Lead Managers may, by notice to the Issuer and the Guarantors, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the professional opinion of the Lead Managers (after consultation with the Issuer and the Guarantors where reasonably practicable) there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the offering and distribution of the Covered Bonds or dealings in the Covered Bonds in the secondary market and, upon notice being given, the parties to this Agreement shall (except for any liability of the Issuer or failing the Issuer, the Guarantors in relation to expenses as provided in the agreement referred to in **Clause 4** of this Agreement and except for any liability arising before or in relation to termination) be released and discharged from their respective obligations under this Agreement.
7. For the purposes of the offering and sale of the Covered Bonds, the Lead Managers agree that **Appendix 2 (Selling Restrictions)** of the Programme Agreement shall incorporate (i) the section entitled "Subscription and Sale and Transfer and Selling Restrictions" in the Prospectus, and (ii) any

additional selling restrictions set out in the Final Terms Document relating to the Covered Bonds, as if each were set out therein.

8. Each Lead Manager hereby agrees with each other Lead Manager that the execution of this Agreement by each of them will constitute their acceptance of the IPMA Agreement Among Managers Version 1, subject to any provision of this Agreement or any amendment notified to them in writing at any time prior to their execution of this Agreement.
9. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
10. This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.
11. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Please confirm that this Agreement correctly sets out the arrangements agreed between us.

Yours faithfully,

**SIGNED by**  
**ABBEY NATIONAL TREASURY SERVICES plc**  
acting by its attorney

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**SIGNED by**  
**ABBEY COVERED BONDS LLP**  
acting by its attorney

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**SIGNED by**  
**SANTANDER UK plc**  
acting by its attorney

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We confirm that this letter correctly sets out the arrangements agreed between us.

**BANCO SANTANDER, S.A.** as attorney on behalf of:

**BARCLAYS BANK PLC**


**BNP PARIBAS**

**UBS LIMITED**

By:

Name:

Title:


  
M. Williamson  
VP

**BANCO SANTANDER, S.A.** in its capacity as Lead Manager

By:

Name:


Title:

  
M. Williamson  
VP

By:

Name:

Title:

  
A. VESELI  
ED

## **SCHEDULE 1**

### **LEAD MANAGERS' UNDERWRITING COMMITMENTS**

<b>Lead Manager</b>	<b>Underwriting Commitment</b>
Banco Santander, S.A.	£312,500,000
Barclays Bank PLC	£312,500,000
BNP Paribas	£312,500,000
UBS Limited	£312,500,000
<b>TOTAL</b>	<b>£1,250,000,000</b>

**ANNEX 1**  
**TO THE SUBSCRIPTION AGREEMENT**  
**FINAL TERMS DOCUMENT**