EXECUTION VERSION

SUBSCRIPTION AGREEMENT

Abbey National Treasury Services plc
€76,000,000 2.95 per cent. N Covered Bonds due 2024

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 €35 billion
Global Covered Bond Programme

20 June 2012

To: Barclays Bank PLC
(as **Lead Manager** and **Initial N Covered Bondholder**)

cc: Deutsche Trustee Company Limited as **Bond Trustee** and as **Security Trustee**
Deutsche Bank AG as **Paying Agent** and **Registrar**

Dear Sirs,

Abbey National Treasury Services plc (the **Issuer**) proposes to issue the Series 51 €76,000,000 2.95 per cent. N Covered Bonds due 2024 (the **N Covered Bonds**) under the €35 billion Global Covered Bond Programme established by it. The N 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 each issue shall be as set out in the relevant form of N Covered Bond Conditions attached to this Agreement as **Annex 1**, with such amendments as each of the Issuer, the Guarantors and the Initial N Covered Bondholder 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, 9 September 2010 and 9 September 2011). 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. Subject to the terms and conditions of the Programme Agreement (other than **Clause 5.2** and **Clause 5.4**) and this Agreement the Issuer agrees to issue the N Covered Bonds and the Initial N Covered Bondholder agrees to purchase the N Covered Bonds (in an amount equal to the principal amount of the N Covered Bonds set out against its name in Schedule 1 of this Agreement) at an aggregate price of €76,000,000 (the **Purchase Price**), being the issue price of 100 per cent. of the principal amount of the N Covered Bonds.

2. For the purposes of this Agreement:

   (a) the sum payable on the Issue Date shall be €76,000,000, representing the Purchase Price;

   (b) **Issue Date** means 10:00 a.m. on 20 June 2012 or such other time and/or date as the Issuer and the Initial N Covered Bondholder may agree; and

(c) **Payment Instruction Date** means the Issue Date.

3. The Issuer shall bear the reasonable costs and expenses set out below in connection with the issue of the N Covered Bonds (including any applicable VAT and disbursements):

(a) the fees and expenses of its own legal advisers and those of the Initial N Covered Bondholder;

(b) the fees and expenses (if any) of the N Covered Bond Paying Agent, the N Covered Bond Registrar and any other Agent appointed in respect of the N Covered Bonds, including the fees and expenses (if any) relating to the printing and delivery of the N Covered Bonds;

(c) the fees and expenses of the Rating Agencies; and

(d) the fees and expenses of the Bond Trustee (if any).

4. The obligation of the Initial N Covered Bondholder to purchase the N Covered Bonds is conditional upon:

(a) the conditions set out in **Clause 3.2** (other than those set out in **Clause 3.2(i)** and **Clause 3.2(k)**) 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 Initial N Covered Bondholder 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 4(a)** of this Agreement;

(ii) receipt of notification from Fitch, Moody's and S&P that the ratings for the N 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) a solvency certificate of the Issuer, dated the Issue Date, of a duly authorised person of the Issuer in the agreed form, to be furnished or caused to be furnished to the Initial N Covered Bondholder, the Bond Trustee and the Security Trustee;

(iv) a solvency certificate of the LLP, dated the Issue Date, of a duly authorised person of the Issuer in the agreed form, to be furnished or caused to be furnished to the Initial N Covered Bondholder, the Bond Trustee and the Security Trustee;

(v) a solvency certificate of the Group Guarantor, dated the Issue Date, of a duly authorised person of the Group Guarantor in the agreed form, to be furnished or caused to be furnished to the Initial N Covered Bondholder, the Bond Trustee and the Security Trustee;

(vi) legal opinions addressed to the Initial N Covered Bondholder dated the Payment Instruction Date in such form and with such contents as the Initial N Covered Bondholder may reasonably require from Allen & Overy LLP as to English law and German law; and

(vii) such other conditions precedent as the Initial N Covered Bondholder 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 3** of this Agreement and except for any liability arising before or in relation to termination), provided that the Initial N Covered Bondholder may in its 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.

5. The Initial N Covered Bondholder 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 Initial N Covered Bondholder (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 N Covered Bonds or dealings in the N 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 3** 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.

6. For the purposes of the offering and sale of the N Covered Bonds, the Initial N Covered Bondholder agrees 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 N Covered Bond Conditions relating to the N Covered Bonds, as if each were set out therein.

7. 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.

8. 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.

9. 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)

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

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

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

BARCLAYS BANK PLC

By: By:

Name: Name:

Title: Title:

SCHEDULE 1

INITIAL N COVERED BONDHOLDER'S UNDERWRITING COMMITMENT

Lead Manager	**Underwriting Commitment**
Barclays Bank PLC	€76,000,000
TOTAL	€76,000,000

ANNEX 1

FORM OF N COVERED BOND CONDITIONS