

NOT FOR DISTRIBUTION TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA OR TO ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT")) OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

SANTANDER UK PLC

Copies of the Tender Offer Memorandum are (subject to the offer and distribution restrictions set out below) available from the Dealer Managers and the Tender Agent as set out below. Capitalised terms used but not defined in this announcement have the meanings given to them in the Tender Offer Memorandum.

	Order of Priority	Description of the Notes	Issuer	ISIN	Outstanding Principal Amount	Aggregate Principal Amount held by the Santander Group	Tender Price
February 2005 Notes	1	€150,000,000 Subordinated Floating Rate Notes due 2017 issued on 28 February 2005	Santander UK plc (formerly Alliance & Leicester plc)	XS0213428310	€150,000,000	€25,000,000	82.5% (€8,250 for each €10,000 in principal amount)
October 2005 Notes	2	€100,000,000 Callable Step-Up Subordinated Floating Rate Notes due 2017 issued on 10 October 2005	Santander UK plc (formerly Alliance & Leicester plc)	XS0231226779	€100,000,000	€0	81.5% (€815 for each €1,000 in principal amount)
1999 Notes	3	£150,000,000 6.5% Subordinated Notes due 2030 issued on 21 October 1999	Santander UK plc (formerly Abbey National plc)	XS0103012893	£150,000,000	£0	88% (£880 for each £1,000 in principal amount)
1993 Notes	4	£150,000,000 10.125% Subordinated Guaranteed Bonds due 2023 issued on 4 February 1993	Santander UK plc (formerly Abbey National Sterling Capital plc)	XS0041864512	£150,000,000	£0	107.5% (£10,750 for each £10,000 in principal amount)
1991 Notes	5	£150,000,000 11.5% Subordinated Guaranteed Bonds due 2017 issued on 30 December 1991	Santander UK plc (formerly Abbey National Sterling Capital plc)	XS0034981661	£150,000,000	£0	117.5% (£11,750 for each £10,000 in principal amount)
2008 Notes	6	£350,000,000 Dated Subordinated Callable Step-Up Notes due 2023 issued on 30 April 2008	Santander UK plc (formerly Alliance & Leicester plc)	XS0361244311	£350,000,000	£0	104.5% (£1,045 for each £1,000 in principal amount)
2003 Notes	7	£150,000,000 5.25% Step-up Subordinated Callable Notes due	Santander UK plc (formerly Alliance &	XS0164078791	£150,000,000	£92,508,000	93% (£930 for each £1,000 in principal amount)

		2023 issued on 6 March 2003	Leicester plc)				
2001 Notes	8	£150,000,000 5.875% Subordinated Notes due 2031 issued on 14 August 2001	Santander UK plc (formerly Alliance & Leicester plc)	XS0133956168	£150,000,000	£88,020,000	79% (£790 for each £1,000 in principal amount)

Rationale

The Tender Offer, to the extent accepted, will enable the Company to enhance the quality of its capital structure through the generation of core tier one capital in the light of the regulatory changes expected to be introduced through the implementation of the Basel III accord. Any future decision by the Company as to the exercise of early redemption calls of its capital instruments will be made with reference to the economic impact for the Company of such early redemption, regulatory requirements and prevailing market conditions.

Details of the Tender Offer

On the terms and subject to the conditions contained in the Tender Offer Memorandum, the Company invites the Noteholders of each Series of Notes (subject to the offer restrictions contained herein) to tender their respective Notes for purchase by the Company, at the relevant Tender Price, in each case plus the relevant Accrued Interest Amount, provided that that the GBP-equivalent of the total amount payable by the Company for all of the Notes that are accepted for purchase (excluding the aggregate Accrued Interest Amount) shall not exceed the Total Purchase Funds Amount.

Subject to the right of the Company to extend, terminate, withdraw or amend the terms and conditions of the Tender Offer, as described in the Tender Offer Memorandum, the Company will purchase for cash an aggregate principal amount of validly tendered Notes such that the GBP-equivalent of the total amount payable by the Company for all the Notes that are accepted for purchase (excluding the aggregate Accrued Interest Amount), does not exceed the Total Purchase Funds Available. Subject to the right of the Company to increase or decrease such amount as described in the Tender Offer Memorandum, the “**Total Purchase Funds Available**” is equal to an aggregate cash consideration of £1,500,000,000 (excluding the aggregate Accrued Interest Amount), less the GBP-equivalent of the aggregate cash consideration (excluding accrued interest) payable by the Company in respect of notes accepted by the Company for purchase under its concurrent offer to purchase any and all of the US\$1 billion 8.963% Non-Cumulative Trust Preferred Securities issued by Abbey National Capital Trust I and guaranteed by the Company (CUSIP 002927AA9) (the “**8.963% Securities**”) and the US\$1 billion 7.95% Term Subordinated Securities due 26 October 2029 issued by the Company (CUSIP 002920AC0) (the “**7.95% Securities**”) (the “**U.S. Offers**”). For purposes of the foregoing, the GBP-equivalent of the cash consideration of all Notes purchased in the Tender Offer that are denominated in euro and of securities purchased in the U.S. Offers which are denominated in U.S. dollars, shall be calculated at the applicable exchange rate published by the Bank of England at around 4:00 p.m. London time on the Expiration Date.

The Company may decide to increase or decrease the Total Purchase Funds Available at its sole discretion at any time. Any such increase or decrease will be notified to the Noteholders as soon as possible after the relevant decision is made in the manner set out in the Tender Offer Memorandum under the heading “*Tender Offer – Announcements*”.

Members of the Santander Group hold US\$534.131 million and US\$378.768 million of the 7.95% Securities and the 8.963% Securities, respectively. In addition, members of the Santander Group also hold an aggregate principal amount in respect of each Series of Notes as shown in the table above. These members of the Santander Group intend to tender the 7.95% Securities and the 8.963% Securities they hold in the U.S. Offers and the Notes they hold in the Tender Offer.

Offers to Sell shall be accepted for purchase pursuant to the Order of Priority and, accordingly, Offers to Sell relating to Notes in a Series belonging to a given Order of Priority will be satisfied in priority to Offers to Sell relating to Notes in all Series belonging to lower Orders of Priority, until the Total Purchase Funds Available is reached.

In the event that Offers to Sell received by the Tender Agent would result in an aggregate cash consideration (excluding the aggregate Accrued Interest Amount) being delivered which is greater than the Total Purchase Funds Available, a *pro rata* reduction may, in the sole discretion of the Company, be applied to Offers to Sell received in respect of the Series of Notes that belong to the lowest Order of Priority for which any Offers to Sell are accepted by the Company. Any such reduction will be calculated as described in the Tender Offer Memorandum under the heading "*Tender Offer – Pro-Rating of Offers to Sell*".

Indicative Timetable for the Tender Offer

The following table sets out the expected dates and times of the key events relating to the Tender Offer. This is an indicative timetable and is subject to change as a result of any extension, termination, withdrawal or amendment as set out in the Tender Offer Memorandum under "Procedure for Submitting Offers to Sell - Extension, Termination and Amendment".

None of the Company, the Tender Agent or the Dealer Managers warrants that any or all of the events referred to below will take place as and/or when described including, in particular in the case of any publications or announcements made through or via any Clearing System, Notifying News Service or RNS nor shall they be liable for any failure of any Clearing System or any intermediary through which Noteholders hold Notes to deliver any notices to Direct Participants or Noteholders or of any Notifying News Service or RNS to publish a notice.

Noteholders are advised to check with any Intermediary through which they hold their Notes as to the deadlines by which such Intermediary would require receipt of instructions from Noteholders to participate in, or to withdraw their instructions to participate in, the Tender Offer in accordance with the terms and conditions of the Tender Offer as described in the Tender Offer Memorandum in order to meet the deadlines set out below and the corresponding deadlines set by the Clearing Systems.

Events	Times and Dates
Commencement of the Tender Offer	3 July 2012
Notice of the Tender Offer published through RNS and on a Notifying News Service and distributed via the Clearing Systems.	
Tender Offer Memorandum made available to Qualifying Holders (upon request).	
Beginning of Tender Offer Period.	
Expiration Time	4:00 pm London time on 12 July 2012
Deadline for receipt by the Tender Agent of Electronic Instruction Notices.	
End of Tender Offer Period.	
Announcement of the results of the Tender Offer	As soon as practicable on 13 July 2012
Details of the final aggregate principal amount of Notes of each Series accepted for purchase pursuant to the Tender Offer and the Tender Pro-Ration Factor (if applicable) will be distributed via the Clearing Systems and published by way of announcement on a Notifying News Service and through RNS.	
Settlement Date	16 July 2012
Settlement of the Tender Offer.	

Payment of Tender Consideration in respect of Notes accepted for purchase.

Noteholders are advised to read the Tender Offer Memorandum carefully for full details of, and information on, the procedures for participating in the Tender Offer.

Barclays Bank PLC and Merrill Lynch International are acting as Dealer Managers for the Tender Offer and Lucid Issuer Services Limited is acting as Tender Agent.

Requests for information in relation to the Tender Offer should be directed to:

THE DEALER MANAGERS

Bank of America Merrill Lynch

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom
Attn: John Cavanagh, +44 20 7995 3715
john.m.cavanagh@baml.com
Tommaso Gros-Pietro, +44 20 7995 2324
tommaso.gros-pietro@baml.com

Barclays

Barclays Bank PLC
5 The North Colonnade
London E14 4BB
United Kingdom
Telephone: +44 207 773 8990
Email: eu.lm@barclays.com

Requests for information in relation to the procedures for tendering Notes in, and for any documents or materials relating to, the Tender Offer should be directed to:

THE TENDER AGENT

Lucid Issuer Services Limited

Leroy House
436 Essex Road
London N1 3QP
United Kingdom
Telephone: +44 207 704 0880
Email: santander@lucid-is.com
Attention: Sunjeev Patel / David Shilson

Disclaimer This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Tender Offer. If any Noteholder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Tender Offer. None of the Company, the Dealer Managers or the Tender Agent makes any recommendation whether Noteholders should tender Notes pursuant to the Tender Offer.

Offer and Distribution Restrictions

The distribution of this announcement and/or the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum come are required by each of the Company, the Dealer Managers and the Tender Agent to inform themselves about, and

to observe, any such restrictions. Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell the Notes (and tenders of Notes in the Tender Offer will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful by reason of any regulatory approval or notification of the Tender Offer or any related offering documentation being required or for any other reason. In those jurisdictions where the securities, blue sky or other laws require the Tender Offer to be made by a licensed broker or dealer and either the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in such jurisdictions, the Tender Offer shall be deemed to be made on behalf of the Company by such Dealer Manager or affiliate (as the case may be) on behalf of the Company in such jurisdiction and the Tender Offer are not made in any such jurisdiction where either a Dealer Manager or any of its affiliates is not licensed.

The Dealer Managers and the Tender Agent (and their respective directors, employees or affiliates) make no representations whatsoever regarding this announcement, the Tender Offer Memorandum or the Tender Offer. The Tender Agent is the agent of the Company and owes no duty to any Noteholder. None of the Company, the Dealer Managers or the Tender Agent makes any recommendation whatsoever regarding this announcement, the Tender Offer Memorandum or the Tender Offer, in particular as to whether or not Noteholders should participate in the Tender Offer or refrain from taking any action in the Tender Offer with respect to any of such Notes, and none of them has authorised any person to make any such recommendation.

United States

The Tender Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. The Notes may not be tendered in the Tender Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States within the meaning of Rule 800(h) under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Accordingly, copies of the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States. Any purported tender of Notes in a Tender Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

United Kingdom

The communication of the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); (2) persons who fall within Article 43(2) of the FPO; or (3) any other persons to whom these documents and/or materials may lawfully be communicated. Any investment or investment activity to which the Tender Offer Memorandum relates is available only to such persons or will be engaged only with such persons and other persons should not rely on it.

France

The Tender Offer is not being made, directly or indirectly, to the public in France. Neither the Tender Offer Memorandum nor any other documents or offering materials relating to the Tender Offer have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*, are eligible to participate in the Tender Offer. The Tender Offer Memorandum has not been submitted to the clearance procedures (*visa*) of the *Autorité des marchés financiers*.

Belgium

Neither the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer have been submitted to or will be submitted for approval or recognition to the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*) and, accordingly, the Tender Offer may not be made in Belgium by way of a public offering, as defined in Article 3 of the Belgian Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, each as amended or replaced from time to time. Accordingly, the Tender Offer may not be advertised and the Tender Offer will not be extended, and neither the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than “qualified investors” in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (as amended from time to time), acting on their own account. Insofar as Belgium is concerned, the Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Tender Offer. Accordingly, the information contained in the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

Italy

Neither the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian laws and regulations.

The Tender Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the **CONSOB Regulation**). The Tender Offer is also being carried out in compliance with article 35-bis, paragraph 7 of the CONSOB Regulation.

Noteholders located in Italy can tender Notes through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Tender Offer.

Spain

Neither the Tender Offer nor the Tender Offer Memorandum constitute an offer of securities or the solicitation of an offer of securities to the public in Spain under the Spanish Securities Market Law (*Ley 24/1998, de 28 de Julio, del Mercado de Valores*), Royal Decree 1310/2005, of 4 November 2005 and Royal decree 1066/2007, of 27 July 2007. Accordingly, the Tender Offer Memorandum has not been submitted for approval and has not been approved by the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*).