

FINAL TERMS

PLEASE CAREFULLY READ THE RISK FACTORS IN THE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

20 December, 2011

Abbey National Treasury Services plc

Issue of up to €50,000,000 Fixed Rate Equity Index Linked Redemption Notes due February 2017
(the "Notes")

Guaranteed by Santander UK plc

under the €0,000,000,000
Structured Note Programme
(the "**Programme**")

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member States of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 47 of Part A below, provided such person is one of the persons mentioned in Paragraph 47 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

PART A– CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Notes (the "**General Conditions**" and, together with the applicable Technical Annex(es), the "**Conditions**") set forth in the Prospectus dated 12 April 2011 and the supplements to it dated 28 July 2011 and 26 August 2011, which together constitute a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus, as supplemented. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus, as supplemented. The Prospectus and the supplements to it are available for viewing during normal business hours at the specified office of Citibank, N.A., London Branch acting as Principal Paying Agent, Citigroup Global Markets Deutschland AG acting as Paying Agent and Santander Bank, Zweigniederlassung der Santander Consumer Bank AG and copies may be obtained from, the registered office of the Issuer and the Guarantor. In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.

No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

By investing in the Notes each investor is deemed to represent that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) **Status of Parties.** None of the Issuer, the Guarantor and any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Notes.

1.	1.1	Issuer:	Abbey National Treasury Services plc
	1.2	Guarantor:	Santander UK plc
2.	2.1	Series Number:	564
	2.2	Tranche Number:	1
	2.3	Trading Method:	Nominal
	2.4	Applicable Technical Annex(es):	Equity Index
3.	3.1	Specified Currency or Currencies:	Euro ("EUR" or "€")
	3.2	Currency Adjustment:	Not Applicable
4.	Aggregate Nominal Amount:		
	4.1	Series:	Up to €50,000,000
	4.2	Tranche:	Up to €50,000,000
5.	Issue Price for Tranche:		100.00 per cent. of the Aggregate Nominal Amount
6.	6.1	Specified Denominations:	€100
	6.2	Calculation Amount per Note:	€100
7.	7.1	Issue Date:	15 February 2012

7.2	Interest Commencement Date (if different from the Issue Date):	Not Applicable
8.	Type of Notes:	Equity Index Linked Notes
9.	Maturity Date:	15 February 2017
10.	Interest Basis :	3.25% Fixed Rate Note (further particulars specified below)
11.	Redemption / Payment Basis:	Equity Index Linked Redemption (further particulars specified below)
12.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
13.	Put/Call Options:	Not Applicable
14.	14.1 Status of Notes:	Senior
	14.2 Status of Guarantee:	Senior
15.	Method of Distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	Applicable
16.1	Rate(s) of Interest:	Not Applicable
16.2	Interest Payment Dates:	The Fixed Coupon Amount shall be payable in arrear on: (a) 15 February 2013; (b) 17 February 2014; (c) 16 February 2015; and (d) 15 February 2016.
16.3	Fixed Coupon Amount(s):	€3.25 per Calculation Amount
16.4	Broken Amount(s):	Not Applicable
16.5	Day Count Fraction:	Not Applicable
16.6	Determination Date(s):	Not Applicable
16.7	Business Day Convention:	Not Applicable
16.8	Additional Business Centre(s):	Not Applicable
16.9	Other terms relating to the method of calculating interest for Fixed Rate	General Condition 5.2 shall be deleted and replaced with the following:

Notes:

"5.2 Interest on Fixed Rate Notes

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions, the amount of interest per Calculation Amount payable on each Interest Payment Date in respect of the immediately preceding Fixed Rate Note Interest Period shall be an amount equal to the Fixed Coupon Amount.

As used in these Conditions "**Fixed Rate Note Interest Period**" shall mean the period from (and including) the Interest Payment Date (or the Interest Commencement Date) up to (but excluding) the next (or first) Interest Payment Date."

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|-----|---|----------------|
| 17. | Floating Rate Note Provisions | Not Applicable |
| 18. | Zero Coupon Note Provisions | Not Applicable |
| 19. | Dual Currency Note Provisions | Not Applicable |
| 20. | Other Variable Interest Rate Note Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|--------------------------|---|
| 21. | Issuer Call: | Not Applicable |
| 22. | Investor Put: | Not Applicable |
| 23. | Final Redemption Amount: | Unless previously redeemed or purchased and cancelled in accordance with the General Conditions, the Final Redemption Amount per Note shall be an amount payable in EUR determined by the Calculation Agent in accordance with the following methodology: |

$$\text{Calculation Amount} * [100\% + \text{Max}(0\%; 70\% * \text{Performance} - 13\%)]$$

which, expressed in words, shall be the Calculation Amount multiplied by the sum of 100% and the greater of 0% and 70% of the Performance of the Index (as defined in paragraph 28.1 below) minus 13%.

Where:

"**Average Level**" means the arithmetic mean of the Index Levels observed on each Averaging Date (as defined in paragraph 28.6 below), i.e. the sum of the Index Levels observed on each of the five (5) Averaging Dates divided by five (5).

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi colon inside those brackets.

"**Performance**" means an amount, expressed as a percentage, determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Average Level}}{\text{Start Level}} - 1$$

which, expressed in words, means the quotient of the Average Level and the Start Level, less one (1).

"**Start Level**" means the Index Level on the Initial Valuation Date (as defined in paragraph 28.3 below).

For additional Equity Index Linked Redemption provisions see paragraph 28 below.

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| 24. | Early Redemption Amount payable on redemption for illegality (General Condition 7.4 (<i>Redemption for illegality</i>), Regulatory Redemption Event (General Condition 7.5 (<i>Regulatory Redemption Event</i>), on an Event of Default (General Condition 10 (<i>Events of Default</i>)) or in any other circumstances specified in the General Conditions and/or the relevant Technical Annex | Market Value |
| 25. | Automatic Early Redemption Event(s): | Not Applicable |
| 26. | Additional provisions relating to Currency Linked Notes and for Notes to which Currency Adjustment applies | Not Applicable |
| 27. | Additional provisions relating to Equity Linked Notes | Not Applicable |
| 28. | Additional provisions relating to Equity Index Linked Notes | Applicable |
| 28.1 | Whether the Notes relate to single index or a basket of indices and the identity of the relevant Index/Indices: | Single Index
Non-Composite |

"**Index**" shall mean the DivDAX[®] (Price Index) (ISIN DE000A0C33C3) as published by the Index Sponsor and displayed on Bloomberg Screen Page DDAXK <Index>. The dividend index comprises the 15 DAX[®] companies with the highest dividend yields. The latter is calculated by dividing the dividend paid by the last price of the share on the trading day previous to the payout. Simultaneously to the composition of the DAX[®] index, the members of the DivDAX[®] are determined on an annual basis. The Index provides investors with an objective and transparent benchmark for the price development of companies with

high dividend yields.

The Issuer confirms that such information has been accurately reproduced and that so, so far as it is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

28.2	Index Level:	Closing Level
28.3	Key Dates:	
	(a) Valuation Date:	Not Applicable
	(b) Trade Date:	14 December 2011
	(c) Initial Valuation Date:	8 February 2012
	(d) Scheduled Observation Date(s):	Not Applicable
	(e) Observation Period:	Not Applicable
	(f) Final Valuation Date:	Not Applicable
28.4	Averaging:	Averaging applies to the Notes in respect of the determination of the Average Level only. The Averaging Dates are each Scheduled Trading Day falling on: (a) 8 February 2013; (b) 10 February 2014; (c) 9 February 2015; (d) 8 February 2016; and (e) 8 February 2017. In the event that an Averaging Date is a Disrupted Day, Postponement will apply.
28.5	Index Sponsor:	Deutsche Börse AG (or any successor thereto)
28.6	Exchange(s)	As per the Equity Index Linked Conditions
28.7	Related Exchange:	All Exchanges
28.8	Exchange Business Day:	Exchange Business Day (Single Index Basis)
28.9	Scheduled Trading Day:	Scheduled Trading Day (Single Index Basis)
28.10	Relevant Time:	The Valuation Time

28.11	Additional Disruption Events:	As per the Equity Index Linked Conditions
28.12	Additional Index Adjustment Events:	Not Applicable
28.13	Calculation Agent responsible for calculating the relevant amount due:	See paragraph 42 below
28.14	Other terms or special conditions:	Not Applicable
29.	Additional provisions relating to Fund Linked Notes	Not Applicable
30.	Additional provisions relating to Credit Linked Notes	Not Applicable
31.	Additional provisions relating to Commodity Linked Notes	Not Applicable
32.	Additional provisions relating to Inflation Linked Notes	Not Applicable
33.	Additional provisions relating to Property Linked Notes	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

34.	Form of Notes:	
	34.1 Form:	Bearer Notes: Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes only upon an Exchange Event at the expense of the Issuer.
	34.2 New Global Note:	No
35.	Additional Financial Centre(s):	London. A Payment Day must also be a day on which the TARGET2 System is open.
36.	Payment Day Convention:	Following
37.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	No
38.	Details relating to Partly Paid Notes:	Not Applicable
39.	Details relating to Instalment Notes:	Not Applicable
40.	Redenomination, renominatisation and reconventioning provisions:	Redenomination not applicable

41. Rounding Convention: Rounded down
- For the purposes of calculating any other cash amounts which may be payable by the Issuer under or in respect of the Notes and which are other than a sub-unit in the relevant Specified Currency (including for the avoidance of doubt the Final Redemption Amount), each such amount will be rounded downwards to the next sub-unit of the relevant Specified Currency.
42. Calculation Agent: Abbey National Treasury Services plc
2 Triton Square
Regent's Place
London NW1 3AN
United Kingdom
43. Any Terms and Conditions additional to, or modified from, those set forth in the Prospectus: Not Applicable

DISTRIBUTION

44. 44.1 If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- 44.2 Date of Subscription Agreement: Not Applicable
- 44.3 Stabilising Manager(s) (if any): Not Applicable
45. If non-syndicated, name and address of relevant Dealer: Abbey National Treasury Services plc
2 Triton Square
Regent's Place
London NW1 3AN
United Kingdom
46. U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D
47. Non exempt Offer
- An offer of the Notes may be made by the institution specified in Paragraph 10.16 of Part B below (the "**Financial Intermediary**") other than pursuant to Article 3(2) of the Prospectus Directive in Germany ("**Public Offer Jurisdiction**") during the period from and including 8.00 a.m. (CET) 22 December 2011 until and including 5.00 p.m. (CET) 8 February 2012 ("**Offer Period**").

The results of the offering will be made available at the registered office of the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agent and the Financial Intermediary on or prior to the Issue Date. Copies of these Final Terms and the results of the offering will be provided to the competent authority in the United

Kingdom. See further Paragraph 10 of Part B below.

48. Additional selling restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and public offer in the Public Offer Jurisdiction and admission to trading on the London Stock Exchange's Regulated Market and the unregulated market (Open Market (Freiverkehr)) of the Frankfurt Stock Exchange (Scoach) and, if relevant, listing on the Official List of the UK Listing Authority of Notes described herein pursuant to the €10,000,000,000 Structured Note Programme of Abbey National Treasury Services plc.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. Relevant third party information, for example, in compliance with Annex XII to the Prospectus Directive Regulation in relation to each Relevant Asset (as defined in the General Conditions) has been extracted from Bloomberg[®]. The Issuer and the Guarantor each confirm that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by Bloomberg[®], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer and the Guarantor:

By: 
Duly authorised

Part B– OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- 1.1 Listing and admission to trading: Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the unregulated market (Open Market (Freiverkehr)) of the Frankfurt Stock Exchange (Scoach) and the London Stock Exchange's Regulated Market and to be listed on the Official List of the UK Listing Authority with effect on or about the Issue Date.
- 1.2 Estimate of total expenses related to admission to trading: Up to approximately GBP 3,000

2. RATINGS

- Ratings: None. Please note that as at the Issue Date, it is not intended that this specific Series of Notes will be rated.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer and the Financial Intermediary, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- 4.1 Reasons for the offer: General corporate purposes
See "Use of Proceeds" wording in Prospectus
- 4.2 Estimated net proceeds: Up to €50,000,000
- 4.3 Estimated total expenses: Expenses related to the admission to trading, as specified in paragraph 1.2 of Part B.

5. YIELD – *Fixed Rate Notes Only*

Not Applicable

6. HISTORIC RATES OF INTEREST - *Floating Rate Notes Only*

Not Applicable

7. PERFORMANCE OF REFERENCE ASSET, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE RELEVANT ASSET – *Variable Interest Rate Notes and Variable Redemption Notes*

The information included herein with respect to the Index consists only of extracts from, or summaries of, publicly available information. The Issuer and Guarantor accept responsibility that such information has been correctly extracted or summarised. No further or other responsibility is accepted by the Issuer or the Guarantor. In particular, neither the Issuer nor the Guarantor accepts responsibility in respect of the accuracy or completeness of the information set forth herein concerning the Index or that there has not

occurred any event which would affect the accuracy or completeness of such information.

Exposure to the Index only

The Final Redemption Amount payable on the Maturity Date is calculated by reference to the DivDAX[®] Price Index only.

Do the Notes bear interest?

The Notes bear interest at an amount equal to €3.25 per Calculation Amount payable on each annual Interest Payment Date from (and including) 15 February 2013 up to (and including) 15 February 2016. Interest will not be payable on the Maturity Date.

How is the Final Redemption Amount calculated?

The Final Redemption Amount is determined by the Calculation Agent as €100 per Calculation Amount multiplied by the sum of 100% and the greater of (a) zero and (b) 70% of the Performance of the Index less 13%.

The Performance of the Index is determined by the Calculation Agent by reference to two levels, the Start Level and the Average Level. The Average Level is the arithmetic mean of the official closing levels for the Index on each of the five (5) Averaging Dates. The Start Level is the official closing level of the Index on the Initial Valuation Date. The Performance of the Index represents the percentage increase or decrease of the Index from the Start Level to the Average Level.

If 70% of the Performance of the Index is greater than 13%, the Final Redemption Amount will be an amount greater than par. Alternatively, if 70% of the Performance of the Index is less than or equal to 13%, the Final Redemption Amount will be par.

Worst case scenario at maturity

In a worst case scenario, the Final Redemption Amount could be par. The worst case scenario could happen, for example, if 70% of the Performance of the Index is less than or equal to 13%.

Calculation Agent's discretion to make adjustments to the Notes

It should also be noted that if any of the adjustment events or disruption provisions relating to the Index specified in the relevant Equity Index Technical Annex occurs (for example, including various changes in the methodology or process for publication of the Index), the Notes may be adjusted or redeemed early. Without limitation, an adjustment may mean that the time for valuation of the Index, or the Maturity Date, may be delayed. In the case of an early redemption, Noteholders will only have a claim to receive the Early Redemption Amount, which may be significantly less than the purchase price paid by Noteholders or may be zero. Investors should consider each of these aspects of the Notes and the provision of these Final Terms and the Prospectus carefully when making any investment decision in relation to the Notes. The Notes are complex financial instruments and accordingly, the provisions of these Final Terms should be reviewed carefully to understand the way the Final Redemption Amount is determined.

There may be potential conflicts of interest

In addition, the Issuer, its Affiliates and the Calculation Agent may be in possession of information in relation to the Indices that is or may be material in the context of the Notes and that may or may not be publicly available or known. This does not create any obligation on the part of the Issuer, its Affiliates or the Calculation Agent to disclose any such relationship or information (whether or not confidential).

Information relating to the Index

The Index is the DivDAX[®] Price Index (ISIN DE000A0C33C3) as published by the Index Sponsor Deutsche Börse AG and displayed on Bloomberg Screen Page DDAXK <Index>. The dividend index comprises the 15 DAX[®] companies with the highest dividend yields. The latter is calculated by dividing the dividend paid by the last price of the share on the trading day previous to the payout. Simultaneously to the composition of the DAX[®] index, the members of the DivDAX[®] are determined on an annual basis. The Index provides investors with an objective and transparent benchmark for the price development of companies with high dividend yields. The Issuer confirms that such information has been accurately reproduced and that so, so far as it is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Index disclaimer

The Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

Information on past performance and volatility of the Index can be obtained from various internationally recognised published or electronically displayed sources, for example Bloomberg Screen "DDAXK" page (or any successor service or page).

Investors should note that historical performance in respect of the Index should not be taken as an indication of future performance. The Issuer does not intend to provide any post issuance information, except if required by any applicable laws and regulations.

The value of the Notes is dependent on a number of factors, including but not limited to, the Index Level.

8. PERFORMANCE OF THE RATES OF EXCHANGE AND, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT - *Dual Currency Notes Only*

Not Applicable

9. OPERATIONAL INFORMATION

9.1	ISIN Code:	DE000A1GYE52
9.2	Common Code:	072456653
9.3	WKN Code (<i>Wertpapier Kenn Nummer</i>):	A1GYE5

9.4	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	Clearstream Banking AG Mergenthalerallee 61 65760 Eschborn Germany
9.5	Delivery:	Delivery against payment
9.6	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
9.7	Intended to be held in a manner which would allow Eurosystem eligibility:	No
9.8	Governing law:	English
9.9	Additional investment considerations:	Not Applicable

10. TERMS AND CONDITIONS OF THE OFFER

Applicable. The distributor specified in paragraph 10.16 below will offer the Notes to the public in the Public Offer Jurisdiction the purpose for which the Prospectus has been approved and published and passported into the Public Offer Jurisdiction in accordance with the arrangements listed below.

10.1	Offer Price:	<p>The Financial Intermediary will offer and sell the Notes to its customers at the price of 101.50% of the Aggregate Nominal Amount.</p> <p>Therefore the Financial Intermediary may receive the issue surcharge of 1.50% of the Aggregate Nominal Amount and the commission of up to 1.00% of the Aggregate Nominal Amount described in paragraph 10.11 below), in total up to 2.50% of the Aggregate Nominal Amount.</p> <p>A prospective investor in the Notes should contact the Financial Intermediary for details of the Offer Price.</p> <p>The Financial Intermediary may be obliged to fully disclose to its clients the existence, nature and amount of commissions or fees (including, if applicable, by way of discount) in accordance with laws and regulations applicable to the Financial Intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (2004/39/EC). Potential investors in these Notes intending to purchase Notes through the Financial Intermediary should request details of any commission or fee payment from such intermediary before making any purchase thereof.</p>
10.2	Conditions to which the offer is subject:	Offers of the Notes are subject to the distribution arrangements in place between the Dealer and the Financial Intermediary. The Issuer reserves the right, in its

absolute discretion, to cancel the offer and issue of the Notes at any time prior to the Issue Date and/or to end the Offer Period at any time prior to 5:00 p.m. (CET) on 8 February 2012. Information regarding any such cancellation or early termination of the Offer Period will be made available at the registered office of the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agent and the Financial Intermediary. As between the Dealer and its customers (including the Financial Intermediary) or between the Financial Intermediary and its customers, offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them. For a further description of the offer in the Notes by the Financial Intermediary to its customers, see the further information provided below.

Any offer of the Notes comprised therein by the Financial Intermediary will be made in its own name and on its own behalf and not as an agent of the Issuer, the Guarantor or the Dealer and only the Financial Intermediary will be liable for the offer in the Public Offer Jurisdiction. None of the Issuer, Guarantor or Dealer accepts any liability for the offer or sale by the Financial Intermediary of the Notes to investors in the Public Offer Jurisdiction.

10.3 Description of the application process:

A prospective investor in the Notes should contact the Financial Intermediary for details of the application process in order to purchase the Notes during the Offer Period (as defined below). A prospective investor in the Notes will invest in accordance with the arrangements existing between the Financial Intermediary and its customers relating to the subscription of securities generally. Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer, the Guarantor or the Dealer related to the subscription for the Notes. If an investor in any jurisdiction other than the Public Offer Jurisdiction wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial advisor, bank or financial intermediary for more information.

These Final Terms may only be used in connection with and within the terms of this offer. It does not authorise, and may not be used by the Financial Intermediary or any other party in connection with, the subsequent offer or sale of any Notes outside the terms of the offer or the Offer Period.

With the exception of the Public Offer Jurisdiction, no action has been or will be taken in any jurisdiction, by the Issuer, Guarantor or the Dealer that would permit a public

offering of the Notes, or possession or distribution of any offering material in connection with the issue of the Notes, in any country or jurisdiction where action for that purpose is required. The Financial Intermediary must comply with all applicable laws and regulations of the Public Offer Jurisdiction in connection with the offer and sale of Notes at its own expense.

- 10.4 Time period, including any possible amendments, during which the offer will be open: From (and including) 8:00 a.m. (CET) on 22 December 2011 to (and including) 5:00 p.m. (CET) on 8 February 2012 (the "**Offer Period**").
- 10.5 Details of the minimum and/or maximum amount of application: A prospective investor in the Notes should contact the Financial Intermediary for details of any minimum and/or maximum amount of the individual applications for the Notes.
- 10.6 Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: A prospective investor in the Notes should contact the Financial Intermediary for details regarding the possibility to reduce their subscriptions during the Offer Period and the manner for refunding any excess amount paid.
- 10.7 Details of the method and time limits for paying up and delivering the Notes: A prospective investor in the Notes should contact the Financial Intermediary for details of the method and time limits for paying up and delivering the Notes.
- 10.8 Manner in and date on which results of the offer are to be made public: The total number of Notes (the "**Final Aggregate Nominal Amount**") to be issued and the final level of subscription will be determined based on market demand for Notes during the Offer Period and will be made available at the registered office of the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agent and the Financial Intermediary on or prior to the Issue Date.
- 10.9 Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: Not Applicable
- 10.10 Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: The Notes will be offered to investors in the Public Offer Jurisdiction by the Financial Intermediary.
Offers may only be made by the Financial Intermediary in the Public Offer Jurisdiction during the Offer Period as authorised to do so by the Dealer. No other offer or solicitation in respect of the Notes shall be made by the Financial Intermediary except pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus (a) in any other EEA country or (b) after the Offer Period has ended. If a prospective investor is offered the Notes by any other party, the investor should be aware that none

of the Issuer, the Guarantor or the Dealer will be responsible for the Prospectus for the purposes of the relevant securities laws in the context of the offer of the Notes to the public. If an investor is in any doubt about whether it can rely on the Prospectus, these Final Terms and/or who is responsible for its contents, it should seek legal advice.

- 10.11 Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure: The Issuer has offered and will sell the Notes to the Dealer (and no one else) at the price of 100.00 per cent. of the Aggregate Nominal Amount. The Dealer will, in relation to each Note issued, offer and sell the Notes to the Financial Intermediary at the price of not less than 99.00% of the Aggregate Nominal Amount.
- Further information is available from the Financial Intermediary.
- The Financial Intermediary will offer and sell the Notes to its customers in accordance with the arrangements in place between the Financial Intermediary and its customers by reference to the Offer Price and the market conditions prevailing at the time.
- 10.12 Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: Prospective Noteholders will be notified by the Financial Intermediary in accordance with the arrangements in place between the Financial Intermediary and its customers. For the avoidance of doubt, no dealings in the Notes may take place prior to the Issue Date.
- 10.13 Details of any tranche(s) reserved for specific country: See paragraph 10.10 above
- 10.14 Amount of any expenses and taxes specifically charged to the subscriber or purchaser: A prospective investor in the Notes should contact the Financial Intermediary for details of any expenses and taxes that would be specifically charged in relation to any subscription in the Notes.
- 10.15 Additional information applicable to the terms and conditions of the offer, if any: Investors should contact the Financial Intermediary for details.
- Baader Bank AG whose principal office is at Weihenstephaner Strasse 4, 85716 Unterschleissheim, Germany ("**Baader**") has been appointed by the Issuer to provide non-tradable indicative prices in respect of the Notes to the unregulated market (Open Market (Freiverkehr)) of the Frankfurt Stock Exchange (Scoach) on a daily basis. Baader may also provide back to back settlement services for the Issuer in any secondary market sales of the Notes. Baader is further acting as listing agent in connection with the Notes.
- 10.16 Name(s) and address(es), to the extent Santander Bank,

known to the Issuer, of the placers in the various countries where the offer takes place. Zweigniederlassung der Santander Consumer Bank AG
Weißfrauenstr. 10
60311 Frankfurt
Germany

The Issuer is only offering to and selling to the Dealer pursuant to and in accordance with the terms of the Programme Agreement. All sales to persons other than the Dealer will be made by the Dealer or persons to whom it sells, and/or otherwise makes arrangements with, including the Financial Intermediary. The Issuer shall not be liable for any offers, sales or purchases of Notes to persons (other than in respect of offers and sales to, and purchases of, Notes by the Dealer and only then pursuant to the Programme Agreement), which are made by the Dealer or Financial Intermediary in accordance with the arrangements in place between the Dealer or the Financial Intermediary and its customers.

The Dealer has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer to acknowledge and agree, that for the purpose of the offer of the Notes, the Issuer has passported the Prospectus in the Public Offer Jurisdiction and will not passport the Prospectus into any other European Economic Area Member State; accordingly, the Notes may only be publicly offered in the Public Offer Jurisdiction or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member States and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.

Non-binding Consolidated Conditions

GENERAL TERMS AND CONDITIONS OF THE NOTES

*The following general terms and conditions (the "**General Conditions**"), together with the following Equity Index Technical Annex, are the terms and conditions (collectively, the "**Conditions**") of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions.¹*

This Note is one of a Series of Notes issued by Abbey National Treasury Services plc (the "**Issuer**", which expression shall include any substitute pursuant to General Condition 15 (Substitution) below) pursuant to an Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

1. in relation to any Note(s) represented by a global Note in bearer form (a "**Bearer Global Note**" or a "**Global Note**") in the case of Notes issued by nominal amount, units of €100.00 (the "**Specified Denomination**" or the "**Calculation Amount**") in euro (the "**Specified Currency**") of the applicable Notes;
2. any Global Note; and
3. any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Bearer Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated on or about 12 April 2011 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Santander UK plc (the "**Guarantor**") as guarantor, Citibank, N.A., London as issuing and principal paying agent, agent bank and transfer agent (the "**Principal Paying Agent**", which expression shall include any additional or successor agent acting in such capacities) and exchange agent (the "**Exchange Agent**" which expression shall include any additional or successor exchange agents), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and as transfer agent (the "**Transfer Agent**", which expression shall include the Principal Paying Agent in its capacity as a transfer agent and any additional or successor transfer agents) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). The Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agent, the Exchange Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to Abbey National Treasury Services plc, 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom or any successor in such capacity.

The Issuer's obligations in respect of this Note have been guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") dated 26 March 2009 and executed by the Guarantor. The original Guarantee is held by the Principal Paying Agent at its specified office.

Interest bearing Definitive Bearer Notes have interest coupons ("**Coupons**") attached on issue. Global Notes do not have Coupons attached on issue.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons.

¹ Please note that this paragraph refers to the Conditions as set out in the Prospectus and not to the non-binding consolidated conditions hereof which are provided for convenience purposes only.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the deed of covenant (the "**Deed of Covenant**") dated 26 March 2009 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined herein).

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms shall prevail. In the case of any inconsistency between any Technical Annex(es) specified as applicable in the applicable Final Terms and other parts of these Conditions, the provisions of the applicable Technical Annex(es) shall prevail. In the case of any inconsistency between the applicable Final Terms and the Conditions, the applicable Final Terms shall prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form ("**Bearer Notes**") in the Specified Currency and the Specified Denomination(s) and, in the case of definitive Notes, serially numbered. Bearer Notes or interests in Bearer Notes may not be exchanged for registered notes or interests in registered notes. The Notes will be issued in Classic Global Note ("**CGN**") form.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery, in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

Notes held by Clearstream Banking AG ("**Clearstream, Frankfurt**"), each person (other than Clearstream, Frankfurt) who is for the time being shown in the records of Clearstream, Frankfurt as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Frankfurt as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

References to Clearstream, Frankfurt shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system (each a "**Clearance System**").

2. TRANSFERS OF REGISTERED NOTES

Not Applicable.

3. STATUS OF THE NOTES

The Notes and Coupons (if any) are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

4. STATUS OF THE GUARANTEE

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably:

- (a) guaranteed to each Noteholder all obligations of the Issuer in respect of such Noteholder's Notes as and when such obligations become due; and
- (b) agreed that if and each time that the Issuer fails to satisfy any obligation under such Notes as and when such obligation becomes due, the Guarantor will (without requiring the relevant Noteholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligation punctually when and as the same shall become due and payable or due to be satisfied, as the case may be, as though the Guarantor were the principal obligor in respect of such obligation.

5. INTEREST

5.1 Interest Definitions

Not Applicable.

5.2 Interest on Fixed Rate Notes

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, the amount of interest per Calculation Amount payable on each Interest Payment Date in respect of the immediately preceding Fixed Rate Note Interest Period shall be an amount equal to the Fixed Coupon Amount.

As used in these Conditions "**Fixed Rate Note Interest Period**" shall mean the period from (and including) the Interest Payment Date (or the Interest Commencement Date) up to (but excluding) the next (or first) Interest Payment Date.

The "**Fixed Coupon Amount**" shall be equal to €3.25 per Calculation Amount.

The Fixed Coupon Amount shall be payable in arrear on each of the following Interest Payment Dates (the "**Interest Payment Dates**"):

- (a) 15 February 2013;
- (b) 17 February 2014;
- (c) 16 February 2015; and

(d) 15 February 2016.

5.3 Interest on Floating Rate Notes and Variable Interest Rate Notes

Not Applicable.

5.4 Interest on Dual Currency Interest Notes

Not Applicable.

5.5 Interest on Partly Paid Notes

Not Applicable.

5.6 Accrual of interest

Not applicable.

5.7 Business Day

In these Conditions, "**Business Day**" means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; and
- (b) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) (the "**TARGET2 System**") is open. The principal financial centre of any currency for the purpose of these Conditions shall be as provided in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Associations, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**").

6. PAYMENTS

6.1 Method of payment

Payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of General Condition 8 (Taxation).

6.2 Presentation of Definitive Bearer Notes and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in General Condition 6.1 (Method of payment) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the amount of any missing unmatured Coupon (or, in the case of

payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in General Condition 9 (Prescription)) in respect of such principal (whether or not such Coupon would otherwise have become void under General Condition 9 (Prescription)) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, no further Coupons will be issued in respect thereof.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Bearer Global Note will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

6.4 Payments in respect of Registered Notes

Not Applicable.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records Clearstream, Frankfurt, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Clearstream, Frankfurt, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Any amount payable in respect of a Note which exceeds the sum subscribed represents an amount payable by the Issuer (i) as consideration for the use of the sum subscribed by the Issuer and (ii) as compensation for and in recognition that in certain circumstances the amount repayable on maturity may be less than the sum subscribed or that the amount paid in excess of the sum subscribed may have been less than the prevailing rate of interest (generally payable by the Issuer) at the time when the Notes were issued.

6.6 Payment Days

If the date for payment (the "**Relevant Payment Date**") of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and will not be entitled to any further interest or other payment in respect of any delay.

"**Payment Day**" means any day which (subject to General Condition 9 (Prescription)):

- (i) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (a) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (b) London; and
- (ii) a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (A) the Final Redemption Amount of the Notes;
- (B) the Early Redemption Amount of the Notes; and
- (C) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

6.8 Rounding Convention

For the purposes of calculations made pursuant to General Condition 5.2 (Interest on Fixed Rate Notes) any figure to be rounded will, if other than a sub-unit in the relevant Specified Currency be rounded downwards to the next sub-unit of the relevant Specified Currency, provided that, in each case, the Calculation Amount in respect of Notes which are (i) held by the same Noteholder, (ii) of the same Series and (iii) in definitive form, shall be aggregated for the purpose of determining the aggregate amount of interest due in respect of any Interest Payment Date.

For the purposes of calculating any other cash amounts which may be payable by the Issuer under or in respect of the Notes and which are other than a sub-unit in the relevant Specified Currency (including for the avoidance of doubt the Final Redemption Amount) each such amount will be rounded downwards to the next sub-unit of the relevant Specified Currency.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date.

The "**Final Redemption Amount**" per Note shall be an amount payable in EUR determined by the Calculation Agent in accordance with the following methodology:

$$\text{Calculation Amount} * [100\% + \text{Max}(0\%; 70\% * \text{Performance} - 13\%)]$$

which, expressed in words, shall be the Calculation Amount multiplied by the sum of 100% and the greater of 0% and 70% of the Performance of the Index (as defined in Equity Index Linked Condition 7) minus 13%.

Where:

"**Average Level**" means the arithmetic mean of the Index Levels observed on each Averaging Date (as defined in Equity Index Linked Condition 7 below), i.e. the sum of the Index Levels observed on each of the five (5) Averaging Dates divided by five (5).

"**Maturity Date**" shall be 15 February 2017.

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi colon inside those brackets.

"**Performance**" means an amount, expressed as a percentage, determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Average Level}}{\text{Start Level}} - 1$$

which, expressed in words, means the quotient of the Average Level and the Start Level, less one (1).

"**Start Level**" means the Index Level on the Initial Valuation Date (as defined in Equity Index Linked Condition 7 below).

For additional Equity Index Linked Redemption provisions see the Equity Index Linked Conditions below.

7.2 Redemption at the option of Noteholders (Investor Put)

Not Applicable.

7.3 Redemption at the option of the Issuer (Issuer Call)

Not Applicable.

7.4 Redemption for illegality

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer under the Notes or the obligations of the Guarantor under the Guarantee, or any arrangements made to hedge the Issuer's obligations under the Notes, has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof, the Issuer may, having given not less than 10 nor more than 30 calendar days' notice to the Noteholders in accordance with General Condition 14 (Notices) (which notice shall be irrevocable), on the expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount.

7.5 Regulatory Redemption Event

In the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results, or will result, solely by reason of the Notes being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than 10 nor more than 30 calendar days' notice to the Noteholders in accordance with General Condition 14 (Notices) (which notice shall be irrevocable) may, on the expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount. Payment shall be made in such manner as shall be notified to Noteholders in accordance with General Condition 14 (Notices).

7.6 Early Redemption Amounts

For the purpose of General Conditions 7.4 (Redemption for illegality), 7.5 (Regulatory Redemption Event), General Condition 10 (Events of Default) or in the case of any other early redemption of the Notes in an applicable Technical Annex, each Note will be redeemed at its Early Redemption Amount calculated as follows:

"Market Value": The Early Redemption Amount in respect of each nominal amount of Notes equal to the Calculation Amount shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to General Condition 10 (Events of Default), the second (2nd) Business Day immediately preceding the due date for the early redemption of the Note or (ii) in the case of redemption pursuant to General Condition 10 (Events of Default), the due date for the early redemption of the Note, represents the fair market value of the Note taking into account all factors which the Calculation Agent determines relevant (including, but not limited to, interest rates, index levels, implied volatilities in the option markets and exchange rates), *less* Associated Costs. In respect of Notes bearing interest, the Early Redemption Amount shall include no interest or any other amount whatsoever will be payable by the Issuer or, as the case may be, the Guarantor in respect of such redemption..

As used herein:

"Associated Costs" means an amount per nominal amount of the Note equal to the Calculation Amount equal to such Note's *pro rata* share (determined on the basis of the nominal amount of the Note and the aggregate nominal amount of all Notes which have not previously been redeemed or cancelled as at the Early Redemption Date) of the total amount of any and all costs or expenses associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early redemption, including, without limitation, any costs associated with unwinding the funding relating to the Notes and any costs associated with unwinding any hedge positions relating to the Notes, all as determined by the Calculation Agent in its sole and absolute discretion.

7.7 Automatic Early Redemption Event

Not Applicable.

7.8 Instalments

Not Applicable.

7.9 Partly Paid Notes

Not Applicable.

7.10 Purchases

The Issuer, the Guarantor or any of their respective Affiliates (as defined below) may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons appertaining thereto are purchased therewith) at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation.

7.11 Cancellation

All Notes which are redeemed will forthwith be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to General Condition 7.10 (Purchases) above

(together, in the case of Definitive Bearer Notes, with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.12 Late payment on Zero Coupon Notes

Not Applicable.

7.13 Other Relevant Definitions

For the purposes of the Conditions:

"**Affiliate**" means, in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

"**Hedging Party**" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Notes from time to time.

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer (or as the case may be, the Guarantor) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or the taxing authority of any territory in which the Issuer (or as the case may be, the Guarantor) is incorporated or resident for taxation purposes, or any political subdivision or any authority thereof or therein having power to tax (each a "**Tax Jurisdiction**") unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the Guarantor or the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the Notes, or Coupons.

9. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) after the Relevant Date therefor.

For the purposes of these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with General Condition 14 (Notices).

10. EVENTS OF DEFAULT

- 10.1 If (a) any one or more of the following events shall occur and be continuing and (b) the holders of at least twenty-five per cent. (25%) in nominal amount of the Notes then outstanding so request the Issuer by notice in relation to the same event given in accordance with General Condition 14 (Notices), then, upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) below, on expiry of the relevant time period specified therein, the relevant event shall be treated as an "**Event of Default**" and unless (in the case of (i) or (ii) below) the relevant default(s) or failure(s) shall have been cured by the Issuer or the Guarantor prior to receipt of such written notice, all but not some only of the Notes shall

forthwith become due and repayable at the Early Redemption Amount, without presentment, demand, protest or other notice of any kind. For the purposes of (a) above the relevant events are:

- (i) default is made for a period of 30 days or more in the payment of any principal or interest (including, for the avoidance of doubt, as applicable, delivery of assets) due in respect of the Notes or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 30 day period by an independent legal adviser; or
- (ii) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes, the Guarantee or the Agency Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or
- (iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation where the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Notes) or the Guarantor (including its obligations under the Guarantee)).

At any time after such a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due with respect to any Note has been obtained by any Noteholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate nominal amount or, in the case of Notes issued in units, number of the Notes then outstanding, or by resolution adopted by a majority in aggregate nominal amount or, in the case of Notes issued in units, number of the Notes outstanding present or represented at a meeting of holders of the Notes at which a quorum is present, as provided in the Agency Agreement, if:

- (1) the Issuer has paid or deposited with the Principal Paying Agent a sum sufficient to pay:
 - (i) all overdue amounts of interest on the Notes;
 - (ii) all other amounts which have become due in respect of the Notes otherwise than by such declaration of acceleration; and
- (2) all Events of Default with respect to the Notes, other than the non-payment of the Early Redemption Amounts which have become due solely by such declaration of acceleration, have been cured or waived by the relevant written resolution or resolution as provided above.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- 10.2 Any default by the Issuer or the Guarantor, other than the events described in General Condition 10.1(i) above, may be waived by the written consent of holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such Notes then outstanding present or represented at a meeting of holders of the Notes affected thereby at which a quorum is present, as provided in the Agency Agreement.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or, if applicable, Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Bearer Notes or Coupons, at the specified office of the Principal Paying Agent (or in any case such other place of which notice shall have been given to the Noteholders in accordance with General Condition 14 (Notices) upon payment in any such case by the claimant of the expenses incurred in connection

therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or, if applicable, Coupons must be surrendered before replacements will be issued.

12. AGENTS

The Issuer is entitled to vary or terminate the appointment of any Agent and/or approve any change in the specified office through which any Agent acts and/or appoint additional or other Agents, provided that:

- (A) there will at all times be a Principal Paying Agent; and
- (B) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Any variation, termination, appointment or change in relation to any Series of Notes shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders of the relevant Series of Notes in accordance with General Condition 14 (Notices).

In acting under the Agency Agreement, the Agents act solely as agents or, as the case may be, a registrar of the Issuer and the Guarantor, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

The Issuer undertakes that, it will ensure that it maintains a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November 2000 or any law implementing, or complying with, or introduced in order to conform to, any such Directive, provided that under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

The Principal Paying Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders.

13. EXCHANGE OF TALONS

Not Applicable.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

Until such time as any definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of Clearstream, Frankfurt (and so long as the rules of any stock exchange on which the Notes are listed, or the rules of any other relevant authority by which the Notes have been admitted to listing, permit)) by delivery of the relevant notice to Clearstream, Frankfurt (instead of by way of publication or mailing) for communication by them to the holders of the Notes provided that, in addition, for so long as any Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Clearstream, Frankfurt.

In the case of definitive Notes, notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Clearstream, Frankfurt in writing or by facsimile or electronically or in such other manner as the Principal Paying Agent and Clearstream, Frankfurt may approve for this purpose.

15. SUBSTITUTION

(a) Substitution of Issuer

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Guarantor; (iv) each stock exchange or listing authority on which the Notes are listed shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Noteholders in accordance with General Condition 14 (Notices).

(b) Substitution of Branch

The Issuer shall have the right upon notice to the Noteholders in accordance with General Conditions 14 (Notices) to change the branch or office through which it is acting for the purpose of the Notes, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

16. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 6 of the Agency Agreement) of a modification of the Notes the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor at any time and shall be convened by the Issuer at the request of Noteholders holding not less than five per cent. (5%) in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons

being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency in which payments under the Notes and Coupons are to be made), the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or, at any adjourned such meeting, one or more persons holding or representing in the aggregate not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent or sanction of the Noteholders or Couponholders to:

- (A) any modification of (except as mentioned above) the provisions of the Notes the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (B) any modification of any of the provisions of these Conditions, the Notes the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with General Condition 14 (Notices) as soon as practicable thereafter.

17. REDENOMINATION

Not Applicable.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the issue price and date of issue thereof and the amount and date of the first payment of interest thereon and so as to be consolidated and form a single Series with the outstanding Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any kind which exists or is available apart from that Act.

20. SEVERABILITY

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

21. GOVERNING LAW

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons).

The Issuer and, where applicable, the Guarantor, have in the Agency Agreement, the Guarantee and the Deed of Covenant agreed to the jurisdiction of the English courts.

EQUITY INDEX TECHNICAL ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY INDEX LINKED NOTES

The terms and conditions applicable to Equity Index Linked Notes shall comprise the General Terms and Conditions of the Notes (the "General Conditions") and the additional Terms and Conditions set out below (the "Equity Index Linked Conditions") (together with the General Conditions, the "Conditions"). In the event of any inconsistency between the General Conditions and the Equity Index Linked Conditions, the Equity Index Linked Conditions set out below shall prevail.

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Equity Index Linked Condition are to such numbered section as set out in this Equity Index Technical Annex.

1. EQUITY INDEX LINKED NOTES

(a) **Equity Index Linked Interest Notes**

Not Applicable.

(b) **Equity Index Linked Redemption Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions and subject to these Equity Index Linked Conditions, each Note will be redeemed by the Issuer at the Final Redemption Amount on the Maturity Date.

2. MARKET DISRUPTION

"**Market Disruption Event**" means the occurrence or existence of (1) at any time during the one hour period that ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

(x)

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (Notices) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

3. ADJUSTMENTS TO AN INDEX

(a) **Successor Index Sponsor Calculates and Reports an Index**

If a relevant Index is:

- (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or
- (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index,

then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(b) **Modification and Cessation of Calculation of an Index**

If, in the determination of the Calculation Agent,

- (i) on or prior to the last Valuation Date or the last Averaging Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"); or
- (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"); or
- (iii) on any Valuation Date or any Averaging Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**");

then the Calculation Agent shall:

- (A) determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Index Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised that Index immediately prior to that Index Adjustment Event;
- (B) replace the Index by a new Index provided that such index is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or
- (C) on giving notice to Noteholders in accordance with General Condition 14 (Notices), the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of the relevant Early Redemption Amount.

(c) **Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to the above paragraph and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by Noteholders copies of any such determinations.

4. CORRECTION OF INDEX

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Maturity Date, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes, is subsequently corrected and the correction published by the relevant Index Sponsor within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Notes shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Notes to account therefor, as the Calculation Agent determines appropriate in its sole and absolute discretion.

5. ADDITIONAL DISRUPTION EVENTS

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and Loss of Stock Borrow .

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may either:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Notes to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) redeem the Notes by giving notice to the Noteholders in accordance with General Condition 14 (Notices). If the Notes are so redeemed the Issuer will pay each Noteholder the Early Redemption Amount in respect of each Note held by him. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (Notices).
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (Notices) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto.

6. INDEX DISCLAIMER

The Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

7. DEFINITIONS

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Averaging Date**" means 8 February 2013, 10 February 2014, 9 February 2015, 8 February 2016 and 8 February 2017 or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date ("**Postponement**").

"**Bloomberg Screen**" shall mean, when used in connection with any designated page the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after 14 December 2011 (the "**Trade Date**") (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal for it or any of its Affiliates or Hedging Party to hold, acquire or dispose of any Component Security or the relevant hedge positions relating to an Index, or (ii) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"**Clearance System**" shall mean any one of Euroclear, Clearstream, Luxembourg or any successor to such clearance system.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"**Closing Level**" means, subject to the provisions as referred to in the definitions of "Valuation Date" or "Averaging Date", an amount equal to the official closing level of the Index as determined by the Calculation Agent.

"**Component Security**" means each and any component security of any Index.

"**Disrupted Day**" means any Scheduled Trading Day on which: (i) the Exchange or the Related Exchange fails to open for trading during its regular trading session or (ii) a Market Disruption Event has occurred.

"**Early Closure**" means the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange" means the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means Exchange Business Day (Single Index Basis).

"Exchange Business Day (Single Index Basis)" means any Scheduled Trading Day on which the relevant Exchange and each relevant Related Exchange (if any) in respect of such Index is open for trading during its regular trading session notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means, with respect to any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values on any relevant Exchange(s) in Component Securities that comprise 20.00 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"Hedging Disruption" means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"Hedging Party" means the Issuer or any Affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer in any underlying or hedging transactions relating to an Index in respect of the Issuer's obligations under the Notes.

"Hedging Shares" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow any Component Security comprised in an Index that is greater than the Initial Stock Loan Rate.

"Index" and **"Indices"** mean, subject to adjustment in accordance with these Equity Index Linked Conditions, the DivDAX[®] Price Index (ISIN DE000A0C33C3) as published by the Index Sponsor and displayed on Bloomberg Screen Page DDAKX <Index>. The dividend index comprises the 15 DAX[®] companies with the highest dividend yields. The latter is calculated by dividing the dividend paid by the last price of the share on the trading day previous to the payout. Simultaneously to the composition of the DAX[®] index, the members of the DivDAX[®] are determined on an annual basis. The Index provides investors with an objective and

transparent benchmark for the price development of companies with high dividend yields. The description of the Index has been extracted from publicly available sources.

"**Index Level**" means the Closing Level.

"**Index Sponsor**" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Notes is Deutsche Börse AG.

"**Initial Stock Loan Rate**" means, in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"**Initial Valuation Date**" means 8 February 2012 which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"**Loss of Stock Borrow**" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Maximum Stock Loan Rate**" means, in respect of the relevant Component Security, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"**Relevant Market**" means, for the purposes of determining any value or other amount pursuant to these Equity Index Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Notes.

"**Relevant Time**" shall be the Scheduled Closing Time.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means Scheduled Trading Day (Single Index Basis).

"**Scheduled Trading Day (Single Index Basis)**" means any day on which the relevant Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

"**Screen Page**" means Bloomberg Screen page DDAKX or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of any Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"**Specified Maximum Days of Disruption**" means eight (8) Scheduled Trading Days or if less such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date to (but excluding) the third (3rd) Business Day prior to any due date for any payment under the Notes for which valuation on the relevant Averaging Date or Valuation Date is relevant.

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to any Component Securities that comprise 20.00 per cent or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

"**Valuation Date**" means the relevant Averaging Date and the Initial Valuation Date or, if any such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

"**Valuation Time**" means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.