



**ABBEY NATIONAL TREASURY SERVICES plc**

(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY, REGISTERED NUMBER 2338548)  
(AS ISSUER OF SENIOR NOTES)

and

**AN STRUCTURED ISSUES LIMITED**

(INCORPORATED IN JERSEY WITH LIMITED LIABILITY, REGISTERED NUMBER 75340)  
(AS ISSUER OF SENIOR NOTES)

**U.S.\$20,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

Unconditionally and irrevocably guaranteed by

**ABBEY NATIONAL plc**

(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY, REGISTERED NUMBER 2294747)  
(AS ISSUER OF SUBORDINATED NOTES AND GUARANTOR OF SENIOR NOTES)

Abbey National Treasury Services plc and AN Structured Issues Limited (the "Senior Issuers") and Abbey National plc (the "Subordinated Issuer", and together with the Senior Issuers, the "Issuers" and each an "Issuer") may from time to time issue notes (the "Notes") denominated in any currency as agreed between the relevant Issuer and the relevant Dealer (as defined below) under this U.S.\$20,000,000,000 Euro Medium Term Note Programme (the "Programme"). This Prospectus supersedes the Prospectus dated 22nd June, 2006 and is valid for a period of 12 months from the date hereof. Any Notes issued under the Programme by the completion of the Final Terms on or after the date of this Prospectus are issued subject to the provisions hereof. This does not affect any Notes already issued. "Final Terms" means the terms set out in a Final Terms supplement substantially in the form set out in this Prospectus.

This Prospectus (excluding the information incorporated by reference at (7), (8), (9) and (10) on page 7) has been approved by the United Kingdom Financial Services Authority (the "FSA") which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "Prospectus Directive") and relevant implementing measures in the United Kingdom, as a base prospectus (the "Base Prospectus") issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Notes under the Programme during the period of 12 months after the date hereof.

Application has been made to the FSA in its capacity as competent authority (the "UK Listing Authority") under the UK Financial Services and Markets Act 2000 (the "FSMA") for Notes issued under the Programme to be admitted to the official list of the UK Listing Authority (the "Official List"). In respect of Notes to be admitted to the Official List, application has also been made to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

The London Stock Exchange's Gilt Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EC (the "Investment Services Directive").

The payment of all amounts payable in respect of the Senior Notes will be unconditionally and irrevocably guaranteed by Abbey National plc (the "Guarantor").

Notes may be issued in bearer or registered form (respectively "Bearer Notes" and "Registered Notes"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$20,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes, and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the applicable Final Terms which, with respect to Notes to be admitted to the Official List and to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer and specified in the Final Terms. In particular, Notes denominated in Australian dollars and issued in the domestic Australian capital markets ("Australian Domestic Notes") may be listed on the Australian Stock Exchange Limited.

See "Risk Factors" (page 14) for a discussion of factors which may affect an Issuer's and the Guarantor's ability to fulfil its obligations under Notes issued under the Programme and under the Guarantee, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme, and certain factors to be considered in connection with an investment in Credit Linked Notes, Equity Linked Notes, Index Linked Notes (each as defined herein) or other structured Notes which may be issued under the Programme.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Notes issued by ANSIL (as defined below) may not be offered or sold in the United States or to, or for the benefit of, U.S. persons. See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer see "Subscription and Sale and Transfer and Selling Restrictions".

*Arranger*

**DEUTSCHE BANK**

*Dealers*

BARCLAYS CAPITAL  
CITI  
DEUTSCHE BANK  
HSBC  
LEHMAN BROTHERS  
MORGAN STANLEY

THE ROYAL BANK OF SCOTLAND

BNP PARIBAS  
CREDIT SUISSE  
GOLDMAN SACHS INTERNATIONAL  
JPMORGAN CAZENOVE  
MERRILL LYNCH INTERNATIONAL  
UBS INVESTMENT BANK

The date of this Prospectus is 18th May, 2007.

In this document references to “ANTS” are references to Abbey National Treasury Services plc; references to “ANSIL” are references to AN Structured Issues Limited; references to “Abbey National” and the “Guarantor” are references to Abbey National plc; and references to the “ANTS Group” are references to ANTS and its subsidiaries and references to the “Abbey National Group” and the “Group” are references to Abbey National and its subsidiaries. References to the “Issuer” and the “Issuers” are references to ANTS, ANSIL or Abbey National plc (as issuer of the relevant Notes) or each of them as the context requires.

The Issuers and the Guarantor (the “Responsible Persons”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuers and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any reference in this Prospectus to Base Prospectus means this Prospectus excluding all information incorporated by reference at (7), (8), (9) and (10) on page 7. The Issuers and the Guarantor have confirmed that the information incorporated by reference at (7), (8), (9) and (10) on page 7, has not been and does not need to be included in the Base Prospectus to satisfy the requirements of the Prospectus Directive or the FSMA. The Issuers and the Guarantor believe that none of the information incorporated by reference at (7), (8), (9) and (10) on page 7 conflicts in any material respect with the information included in the Base Prospectus.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer, the Managers or the Financial Intermediaries, as the case may be.

No person is or has been authorised by the Issuers or the Guarantor to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, any of the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Guarantor, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in this Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit of U.S. persons, except in certain transactions permitted by U.S. tax regulations. Notes issued by ANSIL may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit

of U.S. persons. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

To ensure compliance with Treasury Department Circular 230, Noteholders are hereby notified that: (a) any discussion of federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by Noteholders for the purpose of avoiding penalties that may be imposed on Noteholders under the Internal Revenue Code; (b) such discussion is included herein by the Issuers in connection with the promotion or marketing (within the meaning of Circular 230) by the Issuers of the transactions matters addressed herein; and (c) Noteholders should seek advice based on their particular circumstances from an independent tax advisor.

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuers, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. In particular, no action has been taken by the Issuers, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes outside the European Economic Area or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Australia, Japan, Hong Kong, Singapore and Jersey, see "Subscription and Sale and Transfer and Selling Restrictions".

In making an investment decision, investors must rely on their own examination of the relevant Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuers, the Guarantor and their respective affiliates.

None of the Dealers, the Issuers, the Guarantor and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should satisfy itself that it is able to bear the economic risk of an investment in the Notes for an indefinite period of time.

## U.S. INFORMATION

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs (as defined under “Form of the Notes”) for informational use solely in connection with the consideration of the purchase of the Notes (other than Notes issued by ANSIL) being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “Restricted Notes”) will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale and Transfer and Selling Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a licence has been filed under Chapter 421-B of the New Hampshire revised statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under Chapter 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

## AVAILABLE INFORMATION

If the Guarantor ceases to be a reporting company under the Exchange Act (as defined below), to permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, each Issuer has undertaken in the Trust Deed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, such Issuer and the Guarantor are neither reporting companies under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Guarantor is currently a reporting company under the Exchange Act.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

ANTS and the Guarantor are companies incorporated in England. ANSIL is a company incorporated in Jersey. All of their directors reside outside the United States and all or a substantial portion of the assets of each Issuer and the Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England or, as the case may be, Jersey upon an Issuer or the Guarantor, or to enforce judgments against them obtained in the

United States predicated upon civil liabilities of the relevant Issuer or the Guarantor or such directors under laws other than English or, as the case may be, Jersey, including any judgment predicated upon United States federal securities laws. The Issuers and the Guarantor have been advised by Slaughter and May, their English solicitors and Ogier, Jersey lawyers to ANSIL, that there is doubt as to the enforceability in England and Jersey, respectively in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

All references in this document to “U.S. dollars”, “U.S.\$” and “\$” are to the currency of the United States of America, to “Sterling” and “£” are to the currency of the United Kingdom, to “Australian dollars” and “A\$” are to the currency of Australia and to “euro” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Until 1st January, 2005 each Issuer and the Guarantor maintained its financial books and records and prepared its financial statements in Sterling in accordance with generally accepted accounting principles in the United Kingdom (“UK GAAP”). From 1st January, 2005 each of the Issuers and the Guarantor maintains its financial books and records and prepares its financial statements in Sterling in accordance with International Financial Reporting Standards (“IFRS”). UK GAAP and IFRS differ in certain important respects from generally accepted accounting principles in the United States.

## **BANKING ACT OF AUSTRALIA**

Abbey National Treasury Services plc (Issuer of the Australian Domestic Notes) is not a bank which is authorised under the Banking Act 1959 of Australia. The Australian Domestic Notes are not the obligations of any government and, in particular are not guaranteed by the Commonwealth of Australia.

## TABLE OF CONTENTS

	<i>Page</i>
DOCUMENTS INCORPORATED BY REFERENCE.....	7
SUMMARY OF THE PROGRAMME.....	9
RISK FACTORS .....	14
FORM OF THE NOTES.....	20
TERMS AND CONDITIONS OF THE NOTES.....	36
USE OF PROCEEDS .....	64
ABBAY NATIONAL TREASURY SERVICES PLC.....	65
AN STRUCTURED ISSUES LIMITED.....	66
ABBAY NATIONAL PLC AND THE ABBAY NATIONAL GROUP .....	69
BOOK-ENTRY CLEARANCE SYSTEMS.....	71
TAXATION .....	75
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS.....	80
GENERAL INFORMATION.....	87

---

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may, outside Australia and on a market operated outside Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the FSA or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus and the Base Prospectus set out in this Prospectus and approved by the FSA for the purpose of the Prospectus Directive:

- (1) the audited consolidated annual financial statements of ANTS for the financial year ended 31st December, 2006, which appear on pages 5 to 50 of ANTS' Annual Report and Accounts for the year ended 31st December, 2006;
- (2) the audited consolidated annual financial statements of ANTS for the financial year ended 31st December, 2005, which appear on pages 4 to 62 of ANTS' Annual Report and Accounts for the year ended 31st December, 2005;
- (3) the audited annual financial statements of ANSIL for the financial year ended 31st December, 2006, which appear on pages 4 to 13 of ANSIL's Annual Report and Accounts for the year ended 31st December, 2006;
- (4) the audited annual financial statements of ANSIL for the financial year ended 31st December, 2005, which appear on pages 3 to 13 of ANSIL's Annual Report and Accounts for the year ended 31st December, 2005;
- (5) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December, 2006, which appear on pages 65 to 159 of the Guarantor's Annual Report and Accounts for the year ended 31st December, 2006 and;
- (6) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December, 2005, which appear on pages 84 to 164 of the Guarantor's Annual Report and Accounts for the year ended 31st December, 2005;

provided also that any statement contained in a document all or the relevant portion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

In addition, the following documents published or issued prior to the date hereof or published or issued from time to time after the date hereof, except to the extent included in paragraphs (1) through (6) above, shall be deemed to be incorporated in, and form part of, this Prospectus provided that such documents shall not form part of the Base Prospectus approved by the FSA for the purpose of the Prospectus Directive:

- (7) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published Interim Financial Results containing interim consolidated and non-consolidated financial statements (if any) of the Guarantor and the most recently published Guarantor's Annual Report on Form 20-F as filed with the SEC, as the same may be amended from time to time;
- (8) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements of ANTS;
- (9) the most recently published Annual Report and Accounts containing non-consolidated annual financial statements of ANSIL; and
- (10) all supplements or amendments to this Prospectus circulated by the Issuers and/or the Guarantor from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), (provided, however, that such statement shall only form part of the Base Prospectus to the extent that it is contained in a document all on the relevant portion of which is incorporated by reference by way of a supplement proposed in accordance with Article 16 of the Prospectus

Directive). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. The Issuers and the Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale and Transfer and Selling Restrictions” herein) that they will comply with section 87 of the Financial Services and Markets Act 2000.



## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

*Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.*

<b>Issuers:</b>	Abbey National Treasury Services plc (including any Designated Branch) AN Structured Issues Limited Abbey National plc
<b>Guarantor:</b>	Abbey National plc
<b>Description of Issuers and Guarantor:</b>	The Guarantor is the parent company of the Abbey National Group which provides financial services in the U.K. The Guarantor was incorporated in England and Wales in 1988. ANTS is a wholly owned subsidiary of the Guarantor and was incorporated in England and Wales in 1989. ANSIL is a wholly subsidiary of ANTS and was incorporated in England and Wales in 1999. The Guarantor and the Issuers form part of Grupo Santander.
<b>Risk Factors:</b>	There are certain factors that may affect the Issuers’ and the Guarantor’s ability to fulfil their obligations under Notes issued under the Programme. These are set out under “Risk Factors” below and include risks concerning borrower credit quality, general economic conditions, operational risk and risks relating to the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see “Risk Factors”).
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Deutsche Bank AG, London branch
<b>Dealers:</b>	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International The Hongkong and Shanghai Banking Corporation Limited HSBC Bank plc J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Merrill Lynch International Morgan Stanley & Co. International plc The Royal Bank of Scotland plc UBS Limited  and any other Dealers appointed in accordance with the Programme Agreement.

**Certain Restrictions:**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale and Transfer and Selling Restrictions”).

**Australian dollars**

Notes denominated in Australian dollars may only be issued in the Australian domestic capital markets by entities which are authorised as banks in their home jurisdiction in accordance with the directive issued by the Assistant Treasurer of the Commonwealth of Australia dated 23rd September, 1996 as contained in the Banking (Exemption) Order No. 82 which requires all offers and transfers of such Notes to be for a consideration of at least A\$500,000.

ANTS may issue Notes denominated in Australian dollars in the Australian domestic capital markets (“Australian Domestic Notes”) in accordance with these requirements.

**Australian Domestic Notes:**

- will be issued in inscribed form, constituted by the Deed Poll dated 11th February, 2000 executed by ANTS and governed by the laws of New South Wales, Australia (the “Deed Poll”) and take the form of entries on a register to be maintained by Computershare Investor Services Pty Limited (ABN 48 078 279 277) or such other Australian registrar appointed by ANTS and specified in the applicable Final Terms (the “Australian Registrar”);
- will provide for payments of principal and interest to be made in Sydney;
- will provide for ANTS to submit to the jurisdiction of the courts of New South Wales and appoint Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) (or such other person specified in the applicable Final Terms) as its agent for the service of process in New South Wales;
- may be listed on the Australian Stock Exchange Limited; and
- will be eligible for lodgement into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773).

The requirements of the Banking (Exemption) Order No. 82 do not apply to transfers of Australian Domestic Notes which occur outside Australia.

It is not intended that ANSIL or Abbey National plc will issue Australian Domestic Notes.

**Trustee:**

The Law Debenture Trust Corporation p.l.c

**Issuing and Principal Paying Agent:**

Citibank, N.A., London.

**Registrar:**

Citigroup Global Markets Deutschland AG & Co. KGaA.

**Programme Size:**

Up to U.S.\$20,000,000,000 (or its Equivalent) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Any currency indicated in the applicable Final Terms.

<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro and will detail the relevant provisions applicable to any such redenomination, and any renominationalisation, reconventioning and/or consolidation with other Notes denominated in euro.
<b>Maturities:</b>	Subject to any applicable legal or regulatory restrictions and the rules from time to time of any relevant central bank (or equivalent body), such maturity as indicated in the applicable Final Terms.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer or registered (or inscribed) form as described in “Form of the Notes”. Notes issued in bearer form may also be issued in new global note (NGN) form. Registered Notes will not be exchangeable for Bearer Notes or <i>vice versa</i> .
<b>Fixed Rate Notes:</b>	Interest on Fixed Rate Notes will be payable on such date or dates as indicated in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ol style="list-style-type: none"> <li>(1) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(2) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(3) on such other basis as indicated in the applicable Final Terms.</li> </ol> <p>The Margin (if any) relating to such floating rate will be indicated in the applicable Final Terms.</p>
<b>Index Linked Notes:</b>	Payments of principal and/or interest in respect of Index Linked Notes will be calculated by reference to a single index or a basket of indices and/or formula or to changes in the prices of securities or commodities, or to such other factors as indicated in the applicable Final Terms.
<b>Credit Linked Notes, Equity Linked Notes and other structured Notes:</b>	Payments of principal and/or interest in respect of Credit Linked Notes, Equity Linked Notes and other structured Notes will be calculated by reference to the price, value, performance or some other factor relating to one or more Reference Assets and/or the creditworthiness of, performance of obligations by or some other factor relating to one or more Reference Entities, as set out in the applicable Final Terms. Credit Linked Notes, Equity Linked Notes and other structured Notes may be issued as Cash-Settled Notes or Physically-Settled Notes or a combination of both, as set out in the applicable Final Terms.
<b>Other provisions in relation to Floating Rate Notes and Variable Interest Notes:</b>	<p>Floating Rate Notes and Variable Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Variable Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as indicated in the applicable Final Terms.</p>
<b>Change of interest/payment basis:</b>	Notes may be converted from one interest and/or payment basis to another if so provided in the applicable Final Terms.

<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as indicated in the applicable Final Terms.
<b>Variable Notes:</b>	Index Linked Redemption Notes, Credit Linked Redemption Notes, Equity Linked Redemption Notes, Dual Currency Notes and other Notes where the Redemption Amount is variable are referred to as “Variable Redemption Notes”. Index Linked Interest Notes (together with Index Linked Redemption Notes, “Index Linked Notes”), Credit Linked Interest Notes (together with Credit Linked Redemption Notes, “Credit Linked Notes”), Equity Linked Interest Notes (together with Equity Linked Redemption Notes, “Equity Linked Notes”) and other Notes (excluding Floating Rate Notes) where the rate of interest is variable are referred to as “Variable Interest Notes”. Variable Redemption Notes and Variable Interest Notes are collectively referred to as “Variable Notes”.
<b>Zero Coupon/Discount Notes:</b>	Zero Coupon Notes and Discount Notes will be offered and sold at a discount to their nominal amount and, in the case of Zero Coupon Notes, will not bear interest.
<b>Non-Interest Bearing Notes:</b>	Non-Interest Bearing Notes are Variable Redemption Notes which do not bear interest. Such Notes do not have a Stated Yield.
<b>Partly-Paid Notes:</b>	Notes may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Notes or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer and indicated in the applicable Final Terms.
<b>Redemption:</b>	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default or a credit event) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity or automatically upon the occurrence of certain specified events and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer and indicated in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p>
<b>Denomination of Notes:</b>	<p>Notes will be issued in such denominations as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p>No sales of Restricted Notes in the United States to any one purchaser will be for less than U.S.\$100,000.</p> <p>Non principal protected Variable Notes issued by ANTS and ANSIL will have a minimum denomination of Euro 50,000.</p>
<b>Taxation:</b>	All payments in respect of the Notes will be made without withholding of or deduction for or on account of taxes imposed by the relevant tax jurisdiction, subject as provided in Condition 8. In the event that any such withholding or deduction is required by law, the relevant Issuer or, as the case may be, the Guarantor will, save in certain circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
<b>Cross Default:</b>	The terms of the Notes will contain a cross default provision as further described in Condition 10a.
<b>Status of the Senior Notes:</b>	The Senior Notes will constitute direct, unconditional and, subject to the provisions of Condition 4, unsecured obligations of the relevant Issuer and will rank without preference among themselves and, subject as aforesaid, <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.
<b>Status of the Subordinated Notes:</b>	The Subordinated Notes will be direct, unsecured, subordinated obligations of the Subordinated Issuer and will rank <i>pari passu</i> and without any preference among themselves. The rights of holders of Subordinated Notes will be subordinated in right of payment in the manner provided in the Trust Deed and as specified in Condition 3(b)(i).
<b>Guarantee:</b>	The Senior Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will constitute direct, unconditional and, subject to the provisions of Condition 4b, unsecured obligations of the Guarantor and will rank without any preference among themselves and, subject as aforesaid, <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.
<b>Rating:</b>	The rating of the Notes to be issued under the Programme will be specified in the applicable Final Terms.
<b>Listing:</b>	Application has been made for Notes issued under the Programme to be admitted to the Official List and trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. The Notes may also be listed on such other or further stock exchange(s) as indicated in the applicable Final Terms in relation to each Series. In particular, Australian Domestic Notes may be listed on the Australian Stock Exchange Limited.  Unlisted Notes may also be issued.  The applicable Final Terms will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
<b>Governing Law:</b>	The Notes will be governed by, and construed in accordance with, English law except that Australian Domestic Notes will be governed by, and construed in accordance with, the laws of New South Wales, Australia.
<b>Selling Restrictions:</b>	There are restrictions on the offer, sale and transfer of Notes in certain jurisdictions, including in the United States, the European Economic Area, the United Kingdom, Australia, Japan, Hong Kong, Singapore and Jersey and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "Subscription and Sale and Transfer and Selling Restrictions").

## RISK FACTORS

*The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their respective obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Notes are also described below.*

*The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.*

### Business Risk Factors

In this context the following specific risks have been identified as areas of focus:

#### **Risks concerning borrower credit quality and general economic conditions are inherent in the Group's business**

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in UK or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts. Deterioration in the UK economy could reduce the profit margins for the Group's banking and financial services businesses.

#### **Market risks associated with fluctuations in interest rates, foreign exchange rates, bond and equity prices and other market factors are inherent in the Group's business**

The most significant market risks the Group faces are interest rate, foreign exchange and bond and equity price risks.

Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The Group's interest rate spread was broadly flat during 2006. Should interest rate spreads decrease, this could adversely affect the Group's profit from banking operations.

Changes in currency rates, particularly in the sterling-dollar and sterling-euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies and affect earnings reported by the Group's non-UK businesses.

The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. In addition, the Group is exposed to changes in the equity markets through its final salary pension scheme (closed to new entrants in 2002). The Group has implemented risk management methods to mitigate and control these and other market risks to which the Group is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.

#### **Operational risks are inherent in the Group's business**

The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate or failed internal control processes, people and systems, or from external events that interrupt normal business operations.

### **The Group's businesses are subject to substantial legislation, regulatory and governmental oversight**

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates and in Spain, as a result of being a wholly owned subsidiary of Banco Santander Central Hispano, S.A. Changes in supervision and regulation, in particular in the UK, could materially affect the Group's business, the products and services offered or the value of assets. Although the Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group.

The resolution of a number of issues affecting the UK financial services industry, including the Group, could have a negative impact on the Group's results on operations or on its relations with some of its customers and potential customers.

### **Risks associated with strategic decisions regarding organic growth, the competitive environment and potential acquisitions and disposals.**

The Group devotes substantial management and planning resources developing strategic plans for organic growth and identifying possible acquisitions and disposals including the restructuring of the Group's businesses. If the outcome of these plans do not match expectations, the Group's earnings may not develop as forecast. In addition, the market for UK financial services and the other markets within which the Group operates are highly competitive; the Group's ability to generate an appropriate return depends significantly upon management's response to the competitive environment.

## **Risks relating to the Notes**

In this context the following specific risks have been identified as areas for focus:

### **The Issuers and the Guarantor cannot assure a trading market for the Notes will ever develop or be maintained**

Each of the Issuers may issue Notes in different series with different terms in amounts that are to be determined. Such Notes may be unlisted or listed on a recognised stock exchange and there can be no assurance that an active trading market will develop for any series of Notes. There can also be no assurance regarding the ability of Noteholders to sell their Notes or the price at which such holders may be able to sell their Notes. If a trading market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price and this may result in a return that is greater or less than the interest rate on the Notes, depending on many factors, including:

- the Group's financial results;
- any change in the Issuers' or the Guarantor's creditworthiness;
- the market for similar securities;
- the complexity and volatility of the index or formula applicable to the Notes;
- the method of calculating the principal, premium and interest in respect of the Notes;
- the time remaining to the majority of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes; and
- the level, direction and volatility of market interest rates generally.

In addition, certain Notes have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Notes. This may affect the price an investor receives for such Notes or the ability of an investor to sell such Notes at all.

### **Risks associated with redemption of the Notes**

If the applicable Final Terms specify that the Notes are redeemable at the option of an Issuer, or are otherwise subject to mandatory redemption, the relevant Issuer may (in the case of optional redemption) or must (in the case of mandatory redemption) choose to redeem such Notes at times

when prevailing interest rates may be relatively low. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

**The yield to maturity of the Notes may be adversely affected by redemptions by the Issuer**

The yield to maturity of each class of Notes will depend mostly on: (i) the amount and timing of the repayment of principal on the Notes and (ii) the price paid by the Noteholders of each class. The yield to maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of redemptions on the Notes.

**The Notes are subject to selling and transfer restrictions that may affect the existence and liquidity of any secondary market in the Notes**

The Notes have not been, and will not be, registered under the Securities Act or any other securities laws. Accordingly, the Notes are subject to certain restrictions on the resale and other transfer thereof as set forth under “Subscription and Sale and Transfer and Selling Restrictions”. As a result of such restrictions, the Issuers and the Guarantor cannot be certain of the existence of a secondary market for the Notes or the liquidity of such market if one develops. Consequently, a Noteholder must be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

**The Issuer and the Guarantor may rely on third parties and the Noteholders may be adversely affected if such third party fails to perform their obligations**

The Issuers and the Guarantor may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, a paying agent and the agent bank have agreed to provide payment and calculation services in connection with the Notes; and Euroclear and Clearstream, Luxembourg have in respect of Bearer Global Notes in NGN form, agreed, *inter alia*, to accept such Bearer Global Notes as eligible for settlement and to properly service the same, and to maintain up to date records in respect of the total amount outstanding of such Bearer Global Notes in NGN form. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

**If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, the Issuers and the Guarantor cannot assure the Noteholders that this would not adversely affect payments on the Notes**

It is possible that prior to the maturity of the Notes the United Kingdom may become a participating member state in the European economic and monetary union and the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in pounds sterling may become payable in euro; (ii) applicable provisions of law may allow or require the Issuers to re-denominate such Notes into euro and take additional measures in respect of such Notes; and (iii) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in pounds sterling used to determine the rates of interest on such notes or changes in the way those rates are calculated, quoted and published or displayed. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom would have on investors in the Notes.

**Notes where denominations involve integral multiples: definitive Notes**

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.



**Risks relating to:*****Fixed Rate Notes***

Investment in Fixed Rate Notes involves the risk that subsequent changes in the market interest rates may adversely affect the value of the Fixed Rate Notes.

***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate or vice versa. If the rate converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the rate converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on the Notes.

***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (“LIBOR”). The market value of Inverse Floating Rate Notes typically is more volatile than the market value of other more conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate payable on the Notes, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of these Notes.

***Capped Floating Rate Notes***

Capped Floating Rate Notes usually have an interest rate equal to the sum of a reference rate such as LIBOR and the specified margin (if any) subject to a maximum specified rate. The maximum amount of interest payable in respect of these Notes will occur when the sum of the reference rate and the specified margin (if any) equals the maximum specified rate. Investors in Capped Floating Rate Notes will therefore not benefit from any increase in the relevant reference rate which, when the specified margin is added to such reference rate, would otherwise cause such interest rate to exceed the maximum specified rate. The market value of these Notes would therefore typically fall the closer the sum of the relevant reference rate and the margin is to the maximum specified rate.

***Variable Interest Notes***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market value may be more volatile than those for securities that do not include these features. The investor may receive substantially less or no interest at all on such Variable Interest Notes.

***Notes issued at a substantial discount or premium***

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Credit Linked Notes, Equity Linked Notes, Index Linked Notes or other Variable Notes***

The amount of principal and/or interest payable (if any) in respect of such Notes, and payable by the Guarantor under its guarantee thereof, is based on the price, value, performance or some other factor relating to one or more assets or other property (each a “Reference Asset”) and/or the creditworthiness of, performance of obligations by or some other factor relating to, one or more entities (each a “Reference Entity”), and/or the level of a particular index each as indicated in the applicable Final Terms. With respect to an investment in such Notes, significant risks exist that are not associated with a conventional fixed rate or floating rate debt security. Such risks may arise from the fluctuation in the value of the Reference Asset, the creditworthiness of the Reference Entity or the level of the relevant index.

In addition, an Issuer may (as indicated in the applicable Final Terms) be entitled to redeem such Notes either by payment of a cash amount (“Cash-Settled Notes”) and/or by physical delivery of all or part of a Reference Asset or of some other asset or property (“Physically-Settled Notes”). In

certain circumstances (as indicated in the applicable Final Terms), the cash amount payable on Cash-Settled Notes, or the value of assets or property deliverable on Physically-Settled Notes, on redemption of such Notes (whether at maturity or otherwise) may be less than the principal amount of the Notes together with any accrued interest and may in certain circumstances be zero. Moreover, each interest-bearing Note may cease to bear interest from the interest payment date immediately preceding the date of occurrence of the event giving rise to early redemption of the Notes.

In addition, if the formula used to determine any amounts payable in respect of the Notes contains a multiplier or leverage factor, the effect of any fluctuation in the value of the Reference Assets, the adjustments of the Reference Entity or level of the indices to which the Notes are linked or indexed will be magnified. In recent years, values of certain equities, bonds, notes or other financial instruments, indices and formulae have been volatile and such volatility may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

The obligations of each Issuer (other than Abbey National plc) are fully and unconditionally guaranteed by the Guarantor. It should however be noted that this guarantee extends only to amounts which have become due and payable in accordance with the terms of the relevant Credit Linked Notes, Equity Linked Notes or other structured Notes. It is not an assurance that any amount will become due and payable under the terms of the relevant Note (for example, in certain circumstances, interest and/or principal will cease to be payable, or the amount payable will be reduced, under the terms of the relevant Note).

Purchasers of such Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Notes and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Notes are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity or Reference Asset and the level or fluctuation of any indices or formulae.

***Investment in Dual Currency Notes may be negatively affected by changes in exchange rates and exchange controls***

With respect to an investment in Dual Currency Notes that are denominated and/or payable in a Specified Currency, there will be significant risks associated with such an investment, including the possibility of material changes in the exchange controls by the applicable governments. The Issuers and the Guarantor have no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for the applicable currencies. Moreover, if payments on Dual Currency Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of the payment currency would result in a decrease in the equivalent yield of the Dual Currency Notes, in the equivalent value of the principal and any premium payable at maturity or earlier redemption of the Dual Currency Notes and generally, in the equivalent market value of the Dual Currency Notes. Governmental exchange controls could affect exchange rates and the availability of the payment currency on a required payment date. Even if there are no exchange controls, it is possible that the payment currency will not be available on a required payment date due to circumstances beyond an Issuer's or the Guarantor's control.

***Subordinated Notes***

The Subordinated Issuer may issue Subordinated Notes. The obligations of the Subordinated Issuer in case of the Subordinated Notes constitute unsecured and subordinated obligations. In the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Subordinated Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuers so that in any event no amounts will be payable under such obligations until the claims of all unsubordinated creditors of the Issuers will have been satisfied in full. No holder may set off his claims arising under the Subordinated Notes against any claims of the Issuers. No security of whatever kind is, or will at any time be, provided by the Issuers or any other person securing rights of the holders of such Subordinated Notes. No subsequent

agreement may limit the subordination or amend the maturity date in respect of the Subordinated Notes to any earlier date or shorten any applicable notice period. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Subordinated Issuer become insolvent.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form or registered (or inscribed) form. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially represented by either a temporary bearer global note (a “Temporary Bearer Global Note”) or a permanent bearer global note (a “Permanent Bearer Global Note”) and, together with the Temporary Bearer Global Note, the “Bearer Global Notes”) as indicated in the applicable Final Terms, which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream, Luxembourg); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note (if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

In respect of each Tranche of Notes in respect of which a Temporary Bearer Global Note is issued, on and after the date (the “Exchange Date”) which is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for either:

- (i) interests in a Permanent Bearer Global Note of the same Series, or
- (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms).

In each case such exchange shall be made against certification of beneficial ownership as described above, unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either:

- (1) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent, or
- (2) only upon the occurrence of an Exchange Event (as defined below).

No definitive Bearer Notes will be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

For these purposes, “Exchange Event” means that:

- (1) an Event of Default (as defined in Condition 10a and 10b) has occurred and is continuing,
- (2) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the relevant Issuer, the Principal Paying Agent and the Trustee is available, or
- (3) the relevant Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form.

The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the relevant Issuer or the Guarantor may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Bearer Notes will not be issued in the Australian domestic capital markets.

### **Registered Notes**

Registered Notes may be offered and sold in reliance on Regulation S or in reliance on Rule 144A.

Registered Notes offered and sold in reliance on Regulation S may only be offered and sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form, without receipts, interest coupons or talons (a “Regulation S Global Note”) which will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period (as defined in “Terms and Conditions of the Notes”) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes offered and sold in reliance on Rule 144A may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) and will be represented by a global note in registered form, without receipts, interest coupons or talons (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”) which will be deposited

with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”).

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person(s) shown on the Register on the relevant Record Date (each as defined in Condition 6(d)) as the registered holder(s) of the Registered Global Notes. None of the relevant Issuer, the Guarantor, the Trustee, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that:

- (1) an Event of Default (as defined in Condition 10a and 10b) has occurred and is continuing;
- (2) in the case of Notes represented by a Rule 144A Global Note only, DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system satisfactory to the relevant Issuer, the Principal Paying Agent, the Registrar and the Trustee is available;
- (3) in the case of Notes represented by a Rule 144A Global Note only, DTC has ceased to constitute a clearing agency registered under the Exchange Act or in the case of Notes represented by a Regulation S Global Note only, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the relevant Issuer, the Principal Paying Agent, the Registrar and the Trustee is available; or
- (4) the relevant Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (4) above, the relevant Issuer or the Guarantor may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Australian Domestic Notes will be issued in inscribed form. Such Notes will be constituted by the Deed Poll and will take the form of entries on a register to be maintained by the Australian Registrar, all as more fully described in the applicable Final Terms.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions**

**on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

## **General**

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period (as defined in “Terms and Conditions of the Notes”) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of or, as the case may be, registered in the name of a common nominee for, Euroclear, and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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 relevant Issuer, the Guarantor, the Trustee, the Paying Agents, the Transfer Agents and the Registrar 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 or the registered holder of the relevant Regulation S Global Note shall be treated by the relevant Issuer, the Guarantor, the Trustee, the Paying Agents, the Transfer Agents and the Registrar 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.

For so long as any of the Notes is represented by a Rule 144A Global Note registered in the name of DTC or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the relevant Issuer, the Guarantor, the Trustee, the Paying Agents, the Registrar and the Transfer 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, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the relevant Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Rule 144A Global Note; and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to Notes issued in NGN form, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms.

Any reference herein to the common depositary shall, whenever the context so permits, be deemed to include references to any successor common depositary or any additional or alternative common depositary as is approved by the relevant Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

Any reference herein to the common nominee shall, whenever the context so permits, be deemed to include references to any successor common nominee or any additional or alternative common nominee as is approved by the relevant Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

## Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme pursuant to this Prospectus.

[Date]

**[ABBEY NATIONAL TREASURY SERVICES plc/  
AN STRUCTURED ISSUES LIMITED/ABBEY NATIONAL plc]**

**Issue of [Nominal Amount of Tranche] [Title of Notes]  
[Guaranteed by Abbey National plc]  
under the U.S.\$20,000,000,000  
Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated [date] [and the supplement[s] to it dated [date(s)]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplement[s] to it] is [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer [and the Guarantor].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus (or, if relevant, an Information Memorandum) with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus/[Information Memorandum] dated [original date] [and the supplement[s] to it dated [date(s)]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplement[s] to it dated [date(s)]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus/[Information Memorandum] dated [original date] [and the supplement[s] to it dated [date(s)]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Prospectus dated [current date] [and the supplement[s] to it dated [date(s)]] and the Prospectus/[Information Memorandum] dated [original date] [and the supplement[s] to it dated [date(s)]]. Copies of such Information Memoranda and Prospectus [and the supplement[s] to [it] [them] are available for viewing, and copies may be obtained from, the registered office of the Issuer [and the Guarantor].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

[Where the Issuer is ANSIL, if the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: [ ]
- (ii) Designated Branch (if Abbey National Treasury Services plc is the Issuer): [Insert branch/Not Applicable]
- (iii) Guarantor: [Abbey National plc/Not Applicable]



2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Nominal Amount:  
(i) Tranche: [ ]  
(ii) Series: [ ]
5. Issue Price of Tranche: [ ] per cent. of the Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [ ]  
*(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*  
*(Note – where multiple denominations above €50,000 or equivalent are being used the following sample wording should be followed:  
“€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.”<sup>1</sup>)*
- (ii) Calculation Amount [ ]  
*(Applicable to Notes in definitive form)*  
*(If only one Specified Denomination, insert the Specified Denomination.  
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date (if different from the Issue Date): [*Specify date*/Not Applicable]
8. Maturity Date: [*Fixed Rate/any other note other than a Floating Rate Note — specify date  
Floating Rate — Interest Payment Date falling in or nearest to [specify month and year/specify other]*]
9. Interest Basis:  
[Fixed Rate]  
[Floating Rate]  
[Zero Coupon/Discount]  
[Non-Interest Bearing]  
[Index Linked Interest]  
[Credit Linked Interest]  
[Equity Linked Interest]  
[Variable Interest]  
[*specify other*]  
(further particulars specified below)
10. Redemption/Payment Basis:  
[Redemption at par]  
[Index Linked Redemption]  
[Credit Linked Redemption]  
[Equity Linked Redemption]  
[Variable Redemption]  
[*Dual Currency*]  
[*Partly-Paid*]  
  
[*Instalment*]  
[*specify other*]

<sup>1</sup> Delete if notes being issued are in registered form.

11. Change of Interest Basis or Redemption/  
Payment Basis: [Specify details of any provision for change of Notes  
into another Interest Basis or Redemption/Payment  
Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Date of [Board] approval for issuance of  
Notes [and Guarantee] obtained: [ ] [and [ ]], respectively]  
  
(N.B.: Only relevant where Board (or similar)  
authorisation is required for the particular tranche of  
Notes or related Guarantee)
14. Status of the Notes: [Senior/Subordinated]
15. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
  
(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/ semi-  
annually/quarterly] in arrear]  
  
(If payable other than annually consider amending  
Condition 5)
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Business Day Convention: [Following Business Day Convention/Modified  
Following Business Day Convention/Preceding  
Business Day Convention/specify other]
- (iv) Business Day(s): [ ]  
Additional Business Centre(s): [ ]
- (v) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive  
form)
- (vi) Broken Amount(s): [Insert particulars of any initial or final broken interest  
(Applicable to Notes in definitive amounts per Calculation Amount which do not  
form) correspond with the Fixed Coupon Amount[(s)]]
- (vii) Day Count Fraction: [30/360 [adjusted/unadjusted] or Actual/Actual  
(ICMA) [adjusted/unadjusted] or specify other]  
  
(N.B.: if interest is not payable on a regular basis (for  
example, if there are Broken Amounts specified)  
Actual/Actual (ICMA) may not be a suitable Day  
Count Fraction)
- (viii) Determination Date(s): [ ] in each year  
  
[insert regular interest payment dates, ignoring issue  
date or maturity date in the case of a long or short first  
or last coupon] (This will need to be amended in the  
case of regular interest payment dates which are not of  
equal durations)  
  
(N.B.: Only relevant to Notes where Day Count  
Fraction is Actual/Actual (ICMA))
- (ix) Other terms relating to the [Not Applicable/Give details]  
method of calculating interest for  
Fixed Rate Notes:

17. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s)/ Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Floating Rate Convention/ specify other]
- (iii) Business Day(s): [ ]  
 Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (v) Screen Rate Determination:
- (A) Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement)*
- (B) Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR other than sterling, euro LIBOR or EURIBOR), first day of each Interest Period if sterling LIBOR and the second TARGET Settlement Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (C) Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vi) ISDA Determination:
- (A) Floating Rate Option: [ ]
- (B) Designated Maturity: [ ]
- (C) Reset Date: [ ]
- (vii) Margin(s): [plus/minus] [ ] per cent. per annum
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [Actual/Actual (ICMA)  
 Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 Specify other]  
*(See Condition 5 for options)*  
 [adjusted/unadjusted]

- (xi) Determination Date(s): [ ]
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
18. Zero Coupon/Discount Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Stated Yield: [ ] per cent. per annum
- (ii) Issue Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]  
*(Consider applicable Day Count Fraction if non U.S. dollar denominated)*
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Business Day(s): [ ]  
 Additional Business Centre(s): [ ]
- (vi) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(ii) and 7(j)(ii) apply/specify other]
19. Non-Interest Bearing Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (ii) Business Day(s): [ ]  
 Additional Business Centre(s): [ ]
20. Variable Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/Variable: [give or annex details]
- (ii) Provisions for determining coupon where calculated by reference to Index and/or Formula and/or other variable: [ ]

- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Interest Period(s)/ Interest Payment Dates: [ ]
- (v) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Floating Rate Convention/ *specify other*]
- (vi) Business Day: [ ]  
Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ] [adjusted/unadjusted]
- (x) Determination Date(s): [ ]
21. Dual Currency Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*
- (ii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iii) Person at whose option Specified Currency(ies) is/are payable: [ ]
- (iv) Business Day: [ ]  
Additional Business Centre(s): [ ]

## PROVISIONS RELATING TO REDEMPTION

22. Issuer Call [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): *[[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]*
- (iii) If redeemable in part:
- (1) Minimum Redemption Amount: *[[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]*
- (2) Maximum Redemption Amount: *[[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]*

- (iv) Notice period (if other than as set out in the Conditions): [ ]
- (N.B.: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])*
23. Investor Put [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [ ]
- (N.B.: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])*
24. Final Redemption Amount: [[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]
- In the case of a Variable Redemption Note:
- (i) Index/Formula/Variable: [give or annex details]
- (ii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iii) Determination Date: [ ]
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (v) Minimum Final Redemption Amount: [[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]
- (vi) Maximum Final Redemption Amount: [[specify amount] (if Notes are represented by a Global Note), [ ] per Calculation Amount (if Notes are in definitive form)/specify other/See Appendix]
25. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Bearer Notes:  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event at the expense of the Issuer]].  
[Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date.]  
[Permanent Bearer Global Note exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event at the expense of the Issuer]].  
*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves. N.B.: The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000.")*  
[Registered Notes:  
Regulation S Global Note ([ ] of the Nominal Amount)/Rule 144A Global Note ([ ] of the Nominal Amount)]  
[Australian Domestic Notes]
27. New Global Note: [Yes/No]
28. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No *If yes, give details*]
29. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]  
*(N.B.: new forms of Global Note may be required for Partly-Paid issues)*
30. Details relating to Instalment Notes:  
Instalment Amount: [Not Applicable/*give details*]  
Instalment Date(s): [Not Applicable/*give details*]
31. Redenomination: Redenomination [not] applicable  
*(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*
32. Other terms or special conditions: [Not Applicable/*give details*]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*
33. Calculation Agent: [*insert name and address*]
34. Determination Agent: [Not Applicable/*give details*]

## DISTRIBUTION

35. (i) If syndicated, names [and addresses]\* of Managers [and underwriting commitments]\*: [Not Applicable/give names [and addresses]\* of each entity acting as underwriter [and its respective underwriting commitments]\*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement\*: [ ]\*
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
36. If non-syndicated, name [and address]\* of relevant Dealer: [ ]
37. Total commission and concession\*: [ ] per cent. of the Nominal Amount\*
38. Whether TEFRA D or TEFRA C rules are applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]:
39. Additional selling restrictions: [Not Applicable/give details]

## LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$20,000,000,000 Euro Medium Term Note Programme of Abbey National Treasury Services plc, AN Structured Issues Limited and Abbey National plc.]

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer [and the Guarantor each] confirm[s] that such information has been accurately reproduced and that, so far as [they are / it is] aware and is/are able to ascertain from information published by [ ], 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*

\* Not required if denomination is EUR 50,000 or more.



## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: [London/other (*specify*)/None]  
*(Note that where the Notes are to be admitted to trading on an exchange other than London, further tax disclosure may be required to be made)*
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ]./Not Applicable]  
*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)\**

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:  
[S & P: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]\**
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. NOTIFICATION [AND AUTHORISATION]\*

[The UK Listing Authority has been requested to provide/has provided a [*include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive/Not Applicable.]

[The Issuer [and the Guarantor] has [have] authorised the use of these Final Terms and the Prospectus dated 18th May, 2007 by the Managers and [*include names [and addresses] of other financial intermediaries involved in the offer*] (the **Distributors** and, together with the Managers, the **Financial Intermediaries**) in connection with offers of the Notes to the public in [*insert jurisdiction where the Prospectus has been approved and published and jurisdictions into which it has been passported*] for the period set out in paragraph [4] below.]\*

### 4. \*[PUBLIC OFFERS

- Offer Period: [ ] to [ ]  
[ ]
- Offer Price: [ ]
- Conditions to which the offer is subject: [ ]
- Description of the application process: [ ]
- Details of the minimum and/or maximum amount of application: [ ]
- Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [ ]
- Details of the method and time limits for paying up and delivering the Notes: [ ]
- Manner and date in which results of the offer are to be made public: [ ]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [ ]

Categories of potential investors to which the Notes are offered: [ ]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [ ]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [ ]]

**5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Dealer[s], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. (*Amend as appropriate if there are other interests*)]

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

(i) Reasons for the offer [ ]

*(See [“Use of Proceeds”] wording in Prospectus if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)\**

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)\**

(iii) Estimated total expenses: [ ]

*[Include breakdown of expenses]\* (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

**7. YIELD (*Fixed Rate Notes only*)**

Indication of yield: [ ]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date.]\**

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**8. HISTORIC INTEREST RATES (*Floating Rate Notes only*)\***

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters and/or Bloomberg].

\* Not required if denomination is EUR 50,000 or more.

**9. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Variable Notes only*)**

*[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\**

**10. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)**

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

**11. OPERATIONAL INFORMATION**

- (i) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]
- (include this text if “yes” selected in which case the Notes must be issued in NGN form. N.B.: Notes issued by AN Structured Issues Limited cannot constitute ECB eligible collateral)*
- (ii) ISIN Code: [ ]
- (iii) Common Code: [ ]
- (insert here any other relevant codes such as CUSIP and CINS numbers)*
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and 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 relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of the applicable Final Terms which will specify which of such terms are to apply in relation to the relevant Notes. References in these Terms and Conditions to "Final Terms" mean a tranche of Notes issued pursuant to this Prospectus.*

This Note is one of a Series (as defined below) of Notes issued by Abbey National Treasury Services plc (which may act through a Designated Branch), AN Structured Issues Limited or Abbey National plc (each an "Issuer" and together the "Issuers") constituted by (a) in the case of Notes other than Notes denominated in Australian dollars and issued by Abbey National Treasury Services plc in the domestic Australian capital markets ("Australian Domestic Notes"), a Trust Deed dated 12th November, 1999 (the "Principal Trust Deed") as modified and restated by a First Supplemental Trust Deed dated 8th November, 2000 (the "First Supplemental Trust Deed"), as further modified by a Second Supplemental Trust Deed dated 28th March, 2001, as further modified and restated by a Third Supplemental Trust Deed dated 2nd November, 2001, as further modified by a Fourth Supplemental Trust Deed dated 5th December, 2002, as further modified by a Fifth Supplemental Trust Deed dated 19th March, 2003, as further modified by a Sixth Supplemental Trust Deed dated 29th March, 2004, as further modified and restated by a Seventh Supplemental Trust Deed dated 11th April, 2005, as further modified and restated by an Eighth Supplemental Trust Deed dated 5th August, 2005, as further modified and restated by a Ninth Supplemental Trust Deed dated 22nd June, 2006 and as further modified and restated by the Tenth Supplemental Trust Deed dated 18th May, 2007 (the Principal Trust Deed as modified and/or restated by such Supplemental Trust Deeds and as further modified and/or restated from time to time, the "Trust Deed") and made between Abbey National Treasury Services plc, AN Structured Issues Limited and Abbey National plc as Issuers, Abbey National plc as guarantor (the "Guarantor") and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include any successor as trustee) as trustee for the holders of the Notes (the "Noteholders" or "holders", which expressions shall mean, in relation to Notes in definitive bearer form, the bearers thereof and, in relation to Notes in definitive registered (or inscribed) form, the persons in whose names such Notes are registered and shall, in relation to Notes represented by a Global Note, be construed as provided below) or (b) in the case of Australian Domestic Notes, the Deed Poll (as defined in Condition 1).

References in these Terms and Conditions to the "Issuer" shall be to the Issuer of the Notes specified in the applicable Final Terms (including, in the case of Notes issued by Abbey National Treasury Services plc, any Designated Branch thereof specified in the applicable Final Terms).

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

1. any global note (a "Global Note") and in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency;
2. any definitive Notes in bearer form; and
3. any definitive Notes in registered (or inscribed) form.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of, in the case of Notes other than Australian Domestic Notes, an Agency Agreement dated 22nd June, 2006 which further amends and restates the agency agreements dated 12th November, 1999, 8th November, 2000, 2nd November, 2001, 5th December, 2002, 19th March, 2003, 29th March, 2004, 11th April, 2005 and 5th August, 2005 (the "Agency Agreement") whereby the Issuers and the Guarantor appoint Citibank, N.A., London as issuing and principal paying agent, agent bank, exchange agent (the "Exchange Agent", which expression shall include any successor exchange agent) and as a transfer agent, (the "Principal Paying Agent", which expression shall include any successor paying agent, agent bank, exchange agent and transfer agent), Citigroup Global

Markets Deutschland AG & Co. KGaA. as registrar (the “Registrar”, which expression shall include any successor registrar), the other paying agents named therein (together with the Principal Paying Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents), the other transfer agents named therein (together with the Principal Paying Agent in its capacity as a transfer agent, the “Transfer Agents”, which expression shall include any additional or successor transfer agents) and the Trustee.

References to the “Calculation Agency Agreement” and “Determination Agency Agreement” are to the calculation agency agreement or determination agency agreement (as the case may be) which may be entered into between the Issuer, the Guarantor, the calculation agent or, as the case may be, the determination agent to be appointed thereby (the “Calculation Agent” and the “Determination Agent”, respectively) and the Trustee, the form of which is contained in Schedule 1 to the Agency Agreement.

Interest bearing definitive Bearer Notes (as defined below) (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. Any reference in these Terms and Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes (as defined below) and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The applicable Final Terms for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note.

Any reference in these Terms and Conditions to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) 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) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee and at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (such agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of the Principal Paying Agent, and from the registered office of the Guarantor save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee, the Principal Paying Agent or, as the case may be, the Guarantor as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed, the Deed Poll (if applicable), the Agency Agreement, the applicable Final Terms and any other documents specified in the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed shall prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms shall prevail.

## **1. Form, Denomination and Title**

The Notes are in bearer form (“Bearer Notes”) or in registered (or inscribed) form (“Registered Notes”) as specified in the applicable Final Terms in the Specified Currency and the Specified

Denomination(s) and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be an Index Linked Redemption Note, a Credit Linked Redemption Note, an Equity Linked Redemption Note, a Dual Currency Note, an Instalment Note, a Partly-Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon/Discount Note, a Non-Interest Bearing Note, an Index Linked Interest Note, a Credit Linked Interest Note, an Equity Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Index Linked Redemption Notes, Credit Linked Redemption Notes, Equity Linked Redemption Notes, Dual Currency Notes and other Notes where the Redemption Amount is variable are referred to as “Variable Redemption Notes”. Index Linked Interest Notes (together with Index Linked Redemption Notes, “Index Linked Notes”), Credit Linked Interest Notes (together with Credit Linked Redemption Notes, “Credit Linked Notes”), Equity Linked Interest Notes (together with Equity Linked Redemption Notes, “Equity Linked Notes”) and other Notes (excluding Floating Rate Notes) where the rate of interest is variable are referred to as “Variable Interest Notes”. Variable Redemption Notes and Variable Interest Notes are collectively referred to as “Variable Notes”.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon/Discount Notes or Non-Interest Bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note 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.

For so long as any of the Notes are represented by a Bearer Global Note or a Regulation S Global Note held by or on behalf of or, as the case may be, registered in the name of a common nominee for, Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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, the Trustee and the 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 or, as the case may be, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor, the Trustee and the 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.

For so long as any of the Notes are represented by a Rule 144A Global Note registered in the name of The Depository Trust Company of New York (“DTC”) or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor, the Trustee and the 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, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note, and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Interests in a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or otherwise approved by the Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

In the case of Australian Domestic Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Australian Domestic Notes are debt obligations of the Issuer owing under the Deed Poll dated 11th February, 2000 executed by Abbey National Treasury Services plc as Issuer in favour of the relevant Noteholders and the Trustee (the “Deed Poll”) and take the form of entries in a register (the “Australian Register”) to be maintained by Computershare Investor Services Pty Limited (ABN 48 078 279 277) or such other Australian registrar appointed by the Issuer and specified in the applicable Final Terms (the “Australian Registrar”). Although Australian Domestic Notes will not be constituted by the Trust Deed, Australian Domestic Notes will have the benefit of the guarantee from the Guarantor and the other provisions of the Trust Deed. The Agency Agreement is not applicable to Australian Domestic Notes.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Such Note registered in the name of more than one person is held by those persons as joint holders. Australian Domestic Notes will be registered by name only without reference to any trusteeship. The person registered in the Australian Register as a holder of an Australian Domestic Note will be treated by the Issuer, the Trustee and the Australian Registrar as the absolute owner of that Australian Domestic Note and none of the Issuer, the Guarantor, the Trustee or the Australian Registrar will, except as ordered by a court or as required by statute, be obliged to take notice of any other claim to an Australian Domestic Note.

Australian Domestic Notes will be eligible for lodgement into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773) (“Austraclear”). Australian Domestic Notes held in the Austraclear System will be held in the name of Austraclear. Title to Australian Domestic Notes held in the Australian System will be determined in accordance with its rules and regulations.

## **2. Transfers of Registered Notes**

### ***(a) Transfers of interests in Registered Global Notes***

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor’s nominee.

### ***(b) Transfers of Registered Notes in definitive form***

Subject as provided in Condition 2 (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part in the authorised denominations set out in the applicable Final Terms. In order to effect any such transfer:

- (i) the holder or holders must:
  - (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and
  - (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and
- (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form for the same aggregate nominal amount as the Registered Note (or the relevant part of the Registered Note) transferred. In the case of a transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

***(c) Transfers of Australian Domestic Notes***

Conditions 2(a) and (b) do not apply to Australian Domestic Notes. Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Notes entered in the Austraclear System (as defined below) will be transferable only in accordance with the Austraclear Regulations (as defined below).

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgement of a transfer and acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

Notes may only be transferred within Australia if (a) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, and (b) the transfer is in compliance with the Banking (Exemption) Order No. 82 promulgated under the Banking Act 1959 of the Commonwealth of Australia ("Order No. 82") and any other applicable laws, regulations or directives. Australian Domestic Notes may only be transferred to or from Australia if (a) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, (b) the transfer is in compliance with Order No. 82 and any other applicable laws, regulations or directives, and (c) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place. Australian Domestic Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if (i) a transfer and acceptance form is signed outside Australia, and (ii) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place. A transfer to an unincorporated association is not permitted.

In this Condition 2(c):

"Austraclear" means Austraclear Limited (ABN 94 002 060 773).



“Austraclear Regulations” means the regulations known as the “Austraclear System Regulations” established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System.

“Austraclear System” means the system operated by Austraclear for holding securities and the electronic recording and settling of transactions in those securities between members of that system.

***(d) Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

***(e) Costs of registration***

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by normal uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

***(f) Transfers of interests in Regulation S Global Notes***

Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate with the consent of the Issuer (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of paragraph (i) above, such transferee may take delivery through a Restricted Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

***(g) Transfers of interests in Restricted Notes***

Transfers of Restricted Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Restricted Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Restricted Notes, or upon specific request for removal of any United States securities law legend enfacod on Restricted Notes, the Registrar shall deliver only Restricted Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither such legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(h) Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(i) Definitions**

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“QIB” means a “qualified institutional buyer” within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Restricted Note” means a Note represented by a Rule 144A Global Note or a Note issued in registered form in exchange or substitution therefor;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in the United States to QIBs pursuant to Rule 144A;

“Securities Act” means the United States Securities Act of 1933, as amended; and

“U.S. person” has the meaning ascribed to it in Regulation S.

**3. Status of the Notes and the Guarantee**

**(a) Status of the Senior Notes**

If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes and the relative Receipts and Coupons (if any) are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer ranking *pari passu* and without any preference among themselves and (subject as aforesaid and to any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

**(b) Status of the Subordinated Notes**

- (i) If the Notes are specified as Subordinated Notes in the applicable Final Terms, the Notes and the related Receipts and Coupons (if any) constitute direct, unsecured and subordinated obligations of the Issuer and the rights and claims of the Noteholders, the Receiptholders and Couponholders against the Issuer rank and will rank, without preference among themselves, at least *pari passu* with all other subordinated Liabilities of the Issuer from time to time outstanding but will rank ahead of the holders of any Subordinated Liabilities of the Issuer whose claims rank or are expressed to rank junior to the Notes, the Receipts and Coupons. The rights and claims of the Noteholders, the Receiptholders and Couponholders will, in the event of the winding up of the Issuer or the appointment of an administrator of the Issuer where the administrator has given notice that the administrator intends to declare and distribute a dividend, be subordinated in right of payment in the manner provided in the Trust Deed to all Senior Liabilities of the Issuer. Accordingly, payment of any amount (whether principal, interest or otherwise) in respect of the Notes, the Receipts and Coupons in such winding up or after such notice has been given by an administrator, as the case may be, is conditional upon, at the time of payment by the Issuer and immediately thereafter, the Issuer being solvent and, accordingly, no such amount which would otherwise fall due for payment shall be payable except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.

- (ii) For the purposes of Condition 3(b)(i), the Issuer shall be solvent if it is able to pay its Senior Liabilities in full, and in determining whether the Issuer is solvent for the purpose of this paragraph, there shall be disregarded obligations which are not payable or capable of being established or determined in the Insolvency of the Issuer.

For the purposes of Condition 3(b)(i), a report given at any relevant time by the Issuer's Insolvency Officer, in form and substance acceptable to the FSA, shall, in the absence of manifest error, be treated and accepted by the FSA, the Issuer, the Trustee and the Noteholders, Receiptholders and Couponholders as correct and sufficient evidence of the Issuer's solvency or insolvency.

- (iii) No Noteholder, Receiptholder or Couponholder shall retain or set off or purport to retain or set off at any time or exercise any right of counterclaim in respect of any amount payable by it to the Issuer against any amount due in respect of the Notes, the Receipts or Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Notes or, as the case may be, Receipts or Coupons, be deemed to have waived all such rights of retention, set-off or counterclaim, and each Bondholder, Receiptholder or Couponholder shall immediately pay an amount equal to any retention or set-off in breach of this Condition 3(b)(iii) to the Issuer and such retention or set-off shall be deemed not to have occurred.

- (iv) For the purpose of this Condition:

“**Insolvency**” means the winding-up or administration (in England but not elsewhere) of the Issuer;

“**Insolvency Officer**” means and includes any person duly appointed to administer and distribute assets of the Issuer in the cause of the Issuer's insolvency;

“**Liabilities**” means, in respect of any person, all present and future sums, liabilities and obligations payable or owing by it in respect of indebtedness (whether actual or contingent, jointly or severally, or otherwise howsoever);

“**Senior Liabilities**” means all liabilities of the Issuer except subordinated liabilities; and

“**Subordinated Liabilities**” means the Notes and any relative Coupons and all other Liabilities of the Issuer in respect of indebtedness which is both unsecured and subordinated by its terms in right of payment to unsubordinated Liabilities of the Issuer in any Insolvency of the Issuer.

#### **(c) Status of the Guarantee**

*This Condition 3(c) applies only to Senior Notes issued by Abbey National Treasury Services plc or AN Structured Issues Limited.*

The payment of the principal, and interest (if any) in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed and, in the case of Australian Domestic Notes, the Deed Poll has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor under such guarantee constitute direct, unconditional and, subject to the provisions of Condition 4, unsecured obligations of the Guarantor and rank without any preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

#### **4. Negative Pledge**

*This Condition 4 applies to Senior Notes only*

So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or have outstanding any mortgage, lien, pledge, charge or other security interest upon, or with respect to, any of its present or future assets or revenues, to secure any Relevant Indebtedness (as defined below) or any guarantee of any Relevant Indebtedness, unless in any such case the Issuer or the Guarantor, as the case may be, shall simultaneously with, or prior to, the creation of such security interest, take any and all action necessary to procure that all amounts payable by it in respect of the Notes, the Receipts, the Coupons (if applicable), the Trust Deed and the Deed Poll (if applicable) are secured equally and rateably with the Relevant Indebtedness or guarantee secured by such security interest to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less

beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Terms and Conditions, “Relevant Indebtedness” means any indebtedness for borrowed money (as defined in the Trust Deed) in the form of, or represented by, bonds, notes, debentures or other securities which are or are to be quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (whether or not initially distributed by way of private placing), but excluding any such indebtedness which has a stated maturity not exceeding one year.

Any reference in these Terms and Conditions to an obligation being guaranteed shall include a reference to an indemnity being given in respect thereof.

## **5. Interest**

### ***(a) Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Final Terms shall be the Issue Date) at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

“sub-unit” means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

### ***(b) Interest on Floating Rate Notes and Variable Interest Notes***

#### ***(i) Interest Payment Dates***

Each Floating Rate Note and Variable Interest Note bears interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Final Terms shall be the Issue Date) and such interest will be payable in arrear on either:

- (A) the Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Interest Payment Date specified in the applicable Final Terms an “Interest Payment Date”) which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

#### ***(ii) Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Variable Interest Notes will be determined in the manner specified in the applicable Final Terms.

*(A) ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph

“ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) unless otherwise stated in the applicable Final Terms, the relevant Reset Date is the first day of that Interest Period.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

*(B) Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

*(iii) Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*(iv) Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent or, where specified in the applicable Final Terms, the Calculation Agent, in the case of Floating Rate Notes, and the Calculation Agent or, where specified in the

applicable Final Terms, the Determination Agent, in the case of Variable Interest Notes, will at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Variable Interest Notes, the Calculation Agent or Determination Agent (as applicable) will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent or Determination Agent (as applicable) will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes and Variable Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Variable Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Variable Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Variable Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

*(v) Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes or Variable Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Variable Interest Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

*(vi) Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent or the Determination Agent (as applicable) defaults in its obligation to determine the Rate of Interest or the Calculation Agent or the Determination Agent (as applicable) defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent or a determination agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Principal Paying Agent, the Calculation Agent or the Determination Agent, as applicable.

*(vii) Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Determination Agent,

shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and (as applicable) the Calculation Agent or the Determination Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or (as applicable) the Calculation Agent or the Determination Agent or the

Trustee in connection with the exercise or non-exercise by it of any of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

**(d) Interest on Partly-Paid Notes**

In the case of Partly-Paid Notes (other than Partly-Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**(e) Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date fixed for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in Condition 7(j).

**(f) Business Day, Business Day Conventions, Day Count Fractions and other adjustments**

In these Terms and Conditions, “Business Day” means a day which is:

- (i) 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 any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either
  - (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than London); or
  - (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “TARGET System”) is operating (a “TARGET Settlement Day”).

If a Business Day Convention is specified in the applicable Final Terms and if any Interest Payment Date, Maturity Date or any other date (as specified in the applicable Final Terms) would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date, Maturity Date or any other date (as specified in the applicable Final Terms) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date, Maturity Date or any other date (as specified in the applicable Final Terms) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date, Maturity Date or any other date (as specified in the applicable Final Terms) shall be brought forward to the immediately preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date, Maturity Date or any other date (as specified in the applicable Final Terms) shall be brought forward to the immediately preceding Business Day; or

- (4) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, the Interest Payment Date:
- (i) shall be postponed to the next day which is a Business Day and (A) each subsequent Interest Payment Date shall be the day that numerically corresponds with such Business Day, in the month which falls the Interest Period after the preceding applicable Interest Payment Date unless (B) such Business Day would thereby fall into the next calendar month, in which event (C) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (D) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Interest Period after the preceding applicable Interest Payment Date; or
  - (ii) in the case where there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur, shall be the last day that is a Business Day in the relevant month and the provisions of Condition 5(b)(i)(B) above of this paragraph shall apply *mutatis mutandis*.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (1) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (2) if “Actual/365” or “Actual/Actual ISDA” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (3) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (4) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (5) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (6) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that



last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

- (7) if “30E/360” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (8) or such other Day Count Fraction as may be specified in the applicable Final Terms.

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If “adjusted” is specified in the applicable Final Terms in the Day Count Fraction item, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.

If “unadjusted” is specified in the applicable Final Terms in the Day Count Fraction item, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date, as adjusted in accordance with the Business Day Convention, but shall be calculated in respect of the period from (and including) a Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Period End Date. For the purpose of this paragraph “Period End Date” means an Interest Payment Date prior to any modification as result of any Business Day Convention.

## **6. Payments**

### **(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) 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 Condition 8.

Any reference in these Terms and Conditions to payment of any sums in respect of the Notes (including, in respect of Variable Notes, Physically-Settled Notes) shall be deemed to include, as applicable, delivery of assets if so provided in the applicable Final Terms and references to paid and payable shall be construed accordingly.

### **(b) Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) 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)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Variable Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), 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 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five 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, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Variable Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant definitive Bearer Note.

**(c) *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.

**(d) *Payments in respect of Registered Notes***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note

at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") at the close of business on the fifteenth calendar day before the relevant due date (the "Record Date"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than U.S.\$100,000 (or its equivalent), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "Designated Bank" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Rule 144A Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor, the Trustee and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

***(e) Payments in respect of Australian Domestic Notes***

The Australian Registrar will act (through its office in Sydney) as principal paying agent for Australian Domestic Notes pursuant to a Registry Services Agreement (such Registry Services Agreement as amended and/or supplemented and/or restated from time to time, the "Registry Services Agreement") dated 11th February, 2000 between the Issuer and the Australian Registrar.

Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business on the relevant Record Date (as defined below) as the holders of such Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheques drawn on the Sydney branch of an Australian bank despatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar, or in any other manner in Sydney which the Australian Registrar and the Noteholder agree.

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder and, in the case of accounts maintained in Australia, reaching the account on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment in Sydney.

Interest will be calculated in the manner specified in Condition 5 above and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to his registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

In this Condition 6(e), Record Date means, in the case of payments or principal or interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of principal or interest.

**(f) General provisions applicable to payments**

For so long as the Notes of a Series are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities and for so long as the rules of the UK Listing Authority so require, the Issuer shall procure that there is a Paying Agent approved in writing by the Trustee in the City of London for the payment of principal and interest, if any, on the Notes.

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 of DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg, 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.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

**(g) Payment Days**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to any further payment in respect of such delay. "Payment Day" means any day which (subject to Condition 9):

- (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 the relevant place of presentation; or
- (ii) in the case of any payment in respect of a Rule 144A Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Rule 144A Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City; and
- (iii) is a Business Day as defined in Condition 5(f).

**(h) Interpretation of principal and interest**

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon/Discount Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

**7. Redemption and Purchase**

**(a) Redemption at maturity**

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

**(b) Redemption for tax reasons**

If the Issuer or the Guarantor satisfies the Trustee immediately prior to the giving of the notices referred to below that, on the occasion of the next payment due under the Notes, either (i) the Issuer would be required to pay additional amounts as provided under Condition 8 or to account to any taxing authority in the taxing jurisdiction of any territory in which the Issuer is incorporated or resident for taxation purposes for any amount (other than any tax withheld or deducted from interest payable on the Notes) calculated by reference to any amount payable in respect of the Notes or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making such payment itself would be required to pay additional amounts or to account to any taxing authority in the United Kingdom for any amount as aforesaid or (iii) where the Issuer is not incorporated or resident for taxation purposes in the United Kingdom, the Guarantor would be required to deduct or withhold amounts for or on account of any taxes of whatever nature imposed or levied by or on behalf of the United Kingdom in making any payment of any sum to the Issuer required to enable the Issuer to make a payment in respect of the Notes or to account to any taxing authority in the United Kingdom for any amount calculated by reference to the amount of any such sum to be paid to the Issuer, then the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time (if this Note is neither a Floating Rate Note nor a Variable Interest Note) or on the next Interest Payment Date (in the case of Floating Rate Notes or Variable Interest Notes). Upon the expiry of such notice the Issuer shall be bound to redeem the Notes accordingly.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount determined pursuant to Condition 7(e) below.

***(c) Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the applicable Final Terms and in the case of Subordinated Notes subject to the prior consent of the U.K. Financial Services Authority or any successor organisation thereto (the "Financial Services Authority") so long as the Subordinate Issuer is required to obtain such consent to the Trustee, the Principal Paying Agent, the Noteholders, and in the case of a redemption of Registered Notes, the Registrar, (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any). In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC and/or Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days (or such shorter period as is specified in the applicable Final Terms) prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

***(d) Redemption at the option of the Noteholders (Investor Put)***

*This Condition 7(d) applies to Senior Notes only*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice (or such other period of notice as is specified in the applicable Final Terms) (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified, or determined in the manner specified, in the applicable Final Terms, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

**(e) Early Redemption Amounts**

For the purpose of Condition 7(b) above and Condition 10, each Note will be redeemed (unless otherwise specified in the applicable Final Terms) at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note other than a Zero Coupon/Discount Note and a Variable Note (but including any Instalment Note or Partly-Paid Note) at the outstanding nominal amount together with interest accrued to (but excluding) the date fixed for redemption;
- (ii) in the case of a Zero Coupon/Discount Note, at an amount (the “Amortised Face Amount”) equal to the nominal amount of the Note multiplied by the sum of:
  - (A) the Issue Price; and
  - (B) the product of the Issue Price and the Stated Yield compounded annually from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and payable;
- (iii) in the case of a Variable Note, at an amount determined by the Calculation Agent or the Determination Agent (as applicable) that would on the due date for redemption have the effect of preserving for the holder of the Note the economic equivalent of the obligation of the Issuer to make the payment of the:
  - (A) Final Redemption Amount on the Maturity Date; and
  - (B) an amount or amounts representing the interest that is due as at the date of redemption.

**(f) Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) Partly-Paid Notes**

Partly-Paid Notes will be redeemed at maturity in accordance with the provisions of the applicable Final Terms. In the case of Early Redemption, the Early Redemption Amount will be determined pursuant to Condition 7(e)(i) above.

**(h) Purchases**

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith and in the case of Subordinated Notes subject to the prior consent of the Financial Services Authority, so long as the Subordinated Issuer is required to obtain such consent) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

**(i) Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

**(j) Late payment**

If any amount payable in respect of any Note is improperly withheld or refused upon its becoming due and repayable or is paid after its due date or on or after accelerated maturity following an Event of Default (as defined in Condition 10a and 10b), the amount due and repayable in respect of such Note (the “Late Payment”) shall itself accrue interest (both before and after any judgment or other order of a court of competent jurisdiction) from (and including) the date on which such payment was improperly withheld or refused or, as the case may be, became due, to (but excluding) the Late Payment Date in accordance with the following provisions:

- (i) in the case of a Note other than a Zero Coupon/Discount Note, a Non-Interest Bearing Note or a Variable Note (but including an Instalment Note or Partly-Paid Note) at the rate determined in accordance with Condition 5(a) or 5(b), as the case may be;
- (ii) in the case of a Zero Coupon/Discount Note, at a rate equal to the Stated Yield; and
- (iii) in the case of a Non-Interest Bearing Note or a Variable Note, at a rate calculated by the Calculation Agent so as to reasonably compensate the holder of the Note for the cost of funding the delay in receiving the Late Payment,

in each case on the basis of the Day Count Fraction specified in the applicable Final Terms or, if none is specified, on a 30/360 basis.

For the purpose of this paragraph (j) the “Late Payment Date” shall mean the earlier of:

- (A) the date which the Trustee determines to be the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is to be made; and
- (B) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 14) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment,

provided that in the case of both (A) and (B), upon further presentation thereof being duly made, such payment is made.

## **8. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor will be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or the taxing jurisdiction of any territory in which the Issuer is incorporated or resident for taxation purposes, or any political subdivision of either of the same or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or the Guarantor (as the case may be) will pay such additional amounts as may be necessary in order that the net amounts receivable by the holders after such withholding or deduction shall equal the respective amounts of principal, and interest, if applicable, which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Note, Receipt or Coupon:

- (i) presented for payment by, or by a third party on behalf of, a holder who (a) would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority but fails to do so, or (b) is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the above-mentioned taxing jurisdiction of the Issuer (in the case of payments by the Issuer) or the United Kingdom (in the case of payments by the Guarantor) other than the mere holding of such Note, Receipt or Coupon; or
- (ii) where such Note, Receipt or Coupon is presented for payment in the jurisdiction in which the Issuer or the Guarantor is incorporated or resident for tax purposes or in the United Kingdom; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with or introduced in order to conform to any European Union Directive on the taxation of savings income implementing the conclusions of the ECOFIN Council meeting of 26th to 27th November 2000 or any agreement between the European Community and any other jurisdiction providing for equivalent measures; or
- (iv) presented for payment by, or on behalf of, a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or



- (v) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

For this purpose, the “Relevant Date” means the date on which the payment in respect of the Note, Receipt or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 14.

## **9. Prescription**

The Notes and, if applicable, the Receipts and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of principal and five years in the case of interest from the Relevant Date (as defined in Condition 8) relating hereto. The Issuer shall be discharged from its obligation to pay principal on a Registered Note to the extent that the relevant Registered Note certificate has not been surrendered to the Registrar by, or a cheque which has been duly despatched in the Specified Currency remains uncashed at, the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Note to the extent that a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## **10. Events of Default and Enforcement**

### ***(a) Events of Default in relation to Senior Notes***

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable each at their Early Redemption Amount (determined pursuant to Condition 7(e)) together with accrued interest as provided in Condition 7(j), in any of the following events (“Events of Default”):

- (i) if default is made for a period of seven days or more in the payment of any principal or 14 days or more in the payment of any interest due in respect of the Notes or any of them; or
- (ii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or
- (iii) if any loan or loans or other indebtedness for borrowed money (which loan or loans or other indebtedness has or have an outstanding principal or aggregate principal amount of at least the Cross Default Amount) of the Issuer, the Guarantor or any Principal Subsidiary becomes or become due and repayable prematurely by reason of an event of default (however described) or the Issuer, the Guarantor or any Principal Subsidiary fails to make any payment in respect thereof on the due date for such payment as extended by any applicable grace period as originally provided or the security for any such loan or loans or other indebtedness for borrowed money becomes enforceable or if default is made by the Issuer, the Guarantor or any Principal Subsidiary in making any payment due under any guarantee given by it in respect of any such loan or loans or other indebtedness for borrowed money of any person having an outstanding principal or aggregate principal amount of at least the Cross Default Amount; or
- (iv) if the Issuer, the Guarantor or any Principal Subsidiary ceases to carry on the whole or a substantial part of its business (save, in the case of the Issuer where it is incorporated in England and Wales, for so long as it remains after such cessation not unable to pay its

debts within the meaning of Section 123 of the Insolvency Act 1986, and save, in each case, for the purposes of a reorganisation on terms approved by the Trustee and save, in the case of a Principal Subsidiary, where such cessation results from a solvent winding up of such Principal Subsidiary and the assets thereof attributable directly or indirectly to the Guarantor are distributed to any one or more of the Issuer, the Guarantor and the other Subsidiaries), or the Issuer, the Guarantor or any Principal Subsidiary stops payment of, or admits inability to pay, its debts as they fall due; or

- (v) if an administrative or other receiver or an administrator or other similar official is appointed in relation to the Issuer, the Guarantor or any Principal Subsidiary or in relation to the whole or a material part of the assets of any of them or an encumbrancer takes possession of the whole or a material part of the assets of any of them, or a distress or execution of other process is levied or enforced upon or sued out against the whole or a material part of the assets of any of them, and, in any of the foregoing cases in relation to a Principal Subsidiary, is not discharged within 30 days; or
- (vi) if 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 the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
- (vii) if an order is made or an effective resolution is passed for the winding up or dissolution of any Principal Subsidiary (except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or a resolution for the solvent winding up of such Principal Subsidiary where the assets thereof attributable directly or indirectly to the Guarantor are distributed to any one or more of the Issuer, the Guarantor and the other Subsidiaries),

Provided that, in the case of any such Event of Default other than those described in paragraphs (i) and (vi) above, the Trustee shall have certified to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition, a “Principal Subsidiary” at any time shall mean a Subsidiary of the Guarantor *inter alia*:

- (i) whose total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) attributable to the Guarantor represent not less than 10 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries attributable to the Guarantor, as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its Subsidiaries (or, in each case, if no such accounts have been prepared and audited, calculated as provided in the Trust Deed); or
- (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer is a Principal Subsidiary,

all as more particularly defined in the Trust Deed. A report by the Auditors (as defined in the Trust Deed) of the Guarantor (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

For the purpose of this Condition, “Cross Default Amount” shall mean the greater of: (a) £25,000,000 or its equivalent in any other currency or composite currency; and (b) such amount in sterling as is equal to 1 per cent. of the Adjusted Tangible Net Worth (as defined in the Trust Deed) of the Guarantor and its Subsidiaries or its equivalent in any other currency or composite currency. A certificate by the Auditors of the Guarantor as to the amount of the Cross Default Amount shall, in the absence of manifest error, be conclusive and binding on all parties.

**(b) Events of Default and Enforcement in relation to Subordinated Notes**

In the case of Subordinated Notes, if the Issuer shall not make any payment in respect of the Notes for a period of 14 days or more after the due date for the same, the Issuer shall be considered to be in default under the Trust Deed, the Notes and the Coupons and the Trustee may, notwithstanding the provisions of this Condition 10(b), institute proceedings in England (but not elsewhere) for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim

in the liquidation of the Issuer for such payment, provided, however, that the Trustee may only take any such action on or after the failure by the Issuer to make payment as described in this Condition 10(b) but, save as provided, below may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes, the Coupons or the Trust Deed may be made by the Issuer pursuant to this Condition 10(b), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received no objection from, the FSA which the Issuer shall confirm in writing to the Trustee.

The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Trust Deed, the Notes or the Coupons) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums relating to the Notes or Coupons sooner than the same would otherwise have been payable by it.

If, otherwise than for the purposes of reconstruction or amalgamation on terms previously approved in writing by the Trustee, an order is made or an effective resolution is passed for the winding-up of the Issuer, the Trustee may at its discretion give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed.

The Trustee shall not be bound to take any of the actions referred to in this Condition 10(b) to enforce the obligations of the Issuer under the Trust Deed, the Notes or the Coupons or any other action under the Trust Deed or the Notes unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or to prove in the winding-up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such case winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder, Receiptholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise under this Condition 10(b). Any such proceedings brought by any Noteholder, Receiptholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder, Receiptholder or Couponholder indemnifying the Trustee to its satisfaction.

No remedy against the Issuer, other than as referred to in this Condition 10(b), shall be available to the Trustee or the Noteholders, Receiptholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed (other than amounts owing in respect of the Trustee's remuneration, costs, expenses and funds due to the Trustee personally).

## **11. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note or, if applicable, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Bearer Notes, Receipts or Coupons, at the specified office of the Principal Paying Agent or, in the case of Registered Notes, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the Noteholders in accordance with Condition 14) 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, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Agents**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, subject to the prior written approval of the Trustee, 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, subject to prior consultation with the Trustee, appoint additional or other Agents, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;

- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) 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;
- (c) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe; and
- (d) so long as any of the Rule 144A Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(f). Any variation, termination, appointment or change relating to the 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 in accordance with Condition 14.

In acting under the Agency Agreement and the Registry Services Agreement, respectively, the Agents and the Australian Registrar, act solely as agents or, as the case may be, registrars of the Issuer and the Guarantor and, in certain circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders 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 26th to 27th 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 Issuer also undertakes that if the European Community reaches an agreement with any jurisdiction of the nature referred to in Condition 8(iii), the Issuer will ensure that it maintains a Paying Agent with a specified office in a jurisdiction that will not be obliged to withhold or deduct tax pursuant to that agreement PROVIDED THAT there is at least one such jurisdiction.

### **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. Notices**

All notices regarding the Bearer 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 Bearer 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. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered 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, the relevant notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or other relevant authority. In addition, notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in *The Australian Financial Review*. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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 DTC, Euroclear and/or Clearstream, Luxembourg (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 DTC, Euroclear and/or Clearstream, Luxembourg (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 the day after the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg as the case may be.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes) or the Australian Registrar (in the case of Australian Domestic 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 DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification, Waiver, Determination and Substitution**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed or the Deed Poll. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than ten per cent. 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 a clear majority 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 these Terms and Conditions, the Notes, the Receipts, the Coupons, the Trust Deed or the Deed Poll, the quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing 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 Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons, the Trust Deed, the Registry Services Agreement or the Deed Poll or, in the case of modification, the Agency Agreement which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons, the Trust Deed, the Registry Services Agreement or the Deed Poll which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law.

The Issuer and the Principal Paying Agent may agree, without the consent of the Trustee, the Noteholders, Receiptholders or Couponholders, to any modification of any of the provisions of any applicable Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error.

The Trustee may also determine, without the consent of the Noteholders, the Receiptholders or the Couponholders, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if the Trustee is satisfied that so to do will not be materially prejudicial to the interests of the Noteholders.

Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution of (i) the Guarantor or any other person or persons incorporated in any country in the world in place of the Issuer as principal debtor under the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons provided that, except in the case of the substitution of the Guarantor, the obligations of such substitute as principal debtor under the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons shall be guaranteed by the Guarantor in such form as the Trustee may require or (ii) any successor company of the Guarantor in place of the Guarantor as guarantor in respect of the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons. The Trustee may also agree without the consent of the Noteholders, Receiptholders or Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences (including any tax consequences) of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except, in the case of the Issuer and the Guarantor, to the extent provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination, substitution or addition as aforesaid shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders 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. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

## **17. Enforcement**

At any time after the Notes or any of them shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce repayment thereof together with accrued interest, if any, and to enforce the provisions of the Trust Deed or the Deed Poll, but it shall not be bound to institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter of the nominal amount of the Notes then outstanding and (b) it shall have

been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder shall be entitled to proceed against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

A person who is not a Noteholder has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

### ***(a) Governing law***

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that Australian Domestic Notes, the Deed Poll and the Registry Services Agreement are governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

### ***(b) Submission to jurisdiction***

The Issuer (except where the Issuer is Abbey National Treasury Services plc has irrevocably agreed in the Trust Deed for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with these Terms and Conditions, the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection with these Terms and Conditions, the Trust Deed, the Notes, the Receipts and/or the Coupons (together referred to as “Proceedings”) may be brought in such Courts.

In the case of Australian Domestic Notes, Abbey National Treasury Services plc has irrevocably agreed for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement (together referred to as “Australian Proceedings”) may be brought in such courts.

The Issuer (except, in the case of the Courts of England, where the Issuer is Abbey National Treasury Services plc has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings (or any Australian Proceedings) in any such court and any claim that any such Proceedings (or Australian Proceedings) have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Proceedings (or Australian Proceedings) brought in the Courts of England (or the courts of New South Wales and courts of appeal from them) shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take any suit, action or proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of any suit, action or proceedings in one or more jurisdictions preclude the taking of any suit, action or proceedings in any other jurisdiction, whether concurrently or not.

### ***(c) Appointment of Process Agent***

The Issuer (except where the Issuer is Abbey National Treasury Services plc or has in the Trust Deed appointed the Guarantor at its registered office for the time being as its agent for service of process in England, and has undertaken that, in the event of the Guarantor ceasing so to act, it will appoint such other person as the Trustee may approve as its agent for service of process in England.

For so long as any Australian Domestic Notes are outstanding, Abbey National Treasury Services plc has appointed Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) as its agent for the time being to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. In the event of Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) ceasing to act, Abbey National Treasury Services plc will appoint such other agent as the Trustee may approve.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used to fund the business of the Group. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## ABBEY NATIONAL TREASURY SERVICES plc

ANTS is a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. ANTS was incorporated on 24th January, 1989 with registered number 2338548 and is an authorised person with permission to accept deposits under the FSMA.

ANTS is a direct wholly-owned subsidiary of Abbey National, which has given a full and unconditional guarantee in respect of the liabilities of ANTS and an indirect wholly owned subsidiary of Banco Santander Central Hispano, S.A. (“Banco Santander”). Banco Santander is able (subject to any regulatory constraints or considerations) to control ANTS by procuring that Abbey National’s votes at general meetings of ANTS are exercised in a particular way.

ANTS’s registered office is at Abbey National House, 2 Triton Square, Regent’s Place, London, NW1 3AN. The telephone number of ANTS’s registered office is 0870 607 6000.

ANTS uses the brand name Abbey Financial Markets (AFM) and falls within the Financial Markets Division of the Group as described under “The Abbey National Group” below.

AFM comprises:

- Short Term Financing;
- Asset & Liability Management;
- Derivatives & Structured Products; and
- Corporate.

AFM manages the Group’s funding, liquidity and balance sheet requirements. In addition, AFM provides structured products, underpinned by its derivatives trading activities, to the Group and other UK financial services companies. It is also active in securities financing and in the International Money Markets and Capital Markets. AFM has ceased its international treasury options other than those in Stamford, Connecticut, U.S.A

As at the date hereof, the following are the members of the Board of Directors of ANTS:

<b>Position</b>	<b>Name</b>
Directors	Richard Williams Mark Cunliffe Jackson Brian William Morrison

The business address of each of the above is Abbey National House, 2 Triton Square, Regent’s Place, London NW1 3AN with telephone number 0870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

### Conflicts of Interest

There are no potential conflicts of interest between the duties to ANTS of the persons listed as members of the Board of Directors above and their private interests or other duties.

### Corporate Governance

ANTS complies with the United Kingdom’s corporate governance regime.

## AN STRUCTURED ISSUES LIMITED

ANSIL is a wholly owned subsidiary of ANTS. It was incorporated as a public company in Jersey under the Companies (Jersey) Law 1991 on 14th October, 1999 with registered number 75340.

ANSIL is an indirect wholly-owned subsidiary of Abbey National and Banco Santander. Banco Santander or Abbey National is able (subject to any regulatory constraints or considerations) to control ANSIL by procuring that ANTS' votes at general meetings of ANSIL are exercised in a particular way.

ANSIL is a special purpose company whose only business is to issue Notes pursuant to the Programme.

### Registered Office of ANSIL

ANSIL's registered office is at 19-21 Commercial Street, St. Helier, Jersey JE2 3RU. The telephone number at ANSIL's registered office is 01534 885000.

### Board of Directors

As at the date hereof, the following are the members of the Board of Directors of ANSIL:

<i>Position</i>	<i>Name</i>
Executive Directors	Siong Hung Ong Brian William Morrison
Alternate Director	Christopher Harold Fielding

The business address of each of the above is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN, with telephone number 0870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

### Conflicts of Interest

There are no potential conflicts of interest between the duties to ANSIL of the persons listed under "Board of Directors" above and their private interests or other duties.

### Share Capital

The authorised ordinary share capital of ANSIL as at the date of this Prospectus is £10,000 consisting of 10,000 ordinary shares of £1 each. The allotted, called up and fully paid share capital is £2 consisting of 2 ordinary shares of £1 each.

### Corporate Governance

ANSIL complies with Jersey's corporate governance regime.

**SELECTED FINANCIAL INFORMATION FOR  
AN STRUCTURED ISSUES LIMITED**

Income statement for the years ended 31st December, 2006 and 31st December, 2005<sup>(1)</sup>

	<i>2006</i>	<i>2005</i>
	<i>£</i>	<i>£</i>
<b>Continuing operations</b>		
Investment income .....	3,672	2,485
Other operating expenses .....	(404)	(316)
	3,268	2,169
<b>Profit before tax</b> .....	3,268	2,169
Tax .....	(980)	(651)
	2,288	1,518
<b>Net profit attributable to equity holders</b> .....	2,288	1,518

Note:

- (1) The information presented on pages 67 and 68 of this Prospectus has been extracted without material adjustment from the Annual Report and Accounts of ANSIL for the years ended 31st December, 2006 and 31st December, 2005.

Balance Sheets as at 31st December, 2006 and 2005<sup>(1)</sup>

	<u>2006</u>	<u>2005</u>
	£	£
<b>Non-current assets</b>		
Financial assets .....	8,518,569	19,669,672
<b>Current assets</b>		
Financial assets .....	6,929,071	212,888
Cash and cash equivalents at amortised cost .....	164,960	350,519
<b>Total assets</b> .....	<u>15,612,600</u>	<u>20,233,079</u>
<b>Current liabilities</b>		
Financial liabilities .....	(6,940,693)	(250,293)
<b>Net current assets</b> .....	<u>153,338</u>	<u>313,114</u>
<b>Non-current liabilities</b>		
Financial liabilities .....	(8,501,185)	(19,814,352)
<b>Total liabilities</b> .....	<u>(15,441,878)</u>	<u>(20,064,645)</u>
<b>Net assets</b> .....	<u>170,722</u>	<u>168,434</u>
<b>Equity</b>		
Share capital .....	2	2
Retained earnings.....	170,720	168,432
<b>Equity attributable to equity holders of the parent</b> .....	<u>170,722</u>	<u>168,434</u>
<b>Total equity</b> .....	<u>170,722</u>	<u>168,434</u>

Note:

(1) The information presented on pages 67 and 68 of this Prospectus has been extracted without material adjustment from the Annual Report and Accounts of ANSIL for the years ended 31st December, 2006 and 31st December, 2005.

## **ABBEY NATIONAL PLC AND THE ABBEY NATIONAL GROUP**

### **Background**

Abbey National was formed as a building society in 1944 and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. Abbey National was incorporated on 12th September 1988 with registered number 2294747.

The registered office of Abbey National is at Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of Abbey National's registered office is 0870 607 6000.

The Abbey National Group provides a comprehensive range of personal financial services, including savings and investments, mortgages, unsecured lending, banking, pensions, life and general insurance products to customers throughout the United Kingdom. The Abbey National Group also has offshore operations in Jersey and the USA. The Abbey National Group is regulated by the Financial Services Authority. On 12th November 2004, Banco Santander completed the acquisition of the entire issued share capital of Abbey National, implemented by means of a scheme of arrangement under Section 425 of the Companies Act 1985, making Abbey National a wholly-owned subsidiary of Banco Santander. Banco Santander is one of the largest banks in the world by market capitalisation. Founded in 1857, Banco Santander has more than 60 million customers, over 10,000 offices and a presence in over 40 countries.

### **Corporate Purpose and Strategy**

Abbey National's ultimate purpose and goal is to maximise value for its shareholder, Banco Santander, by focusing on offering full retail banking services in the United Kingdom through its personal financial services operations. With the continuing support of Banco Santander, Abbey National aims to be the best retail bank in the UK.

### **Recent Developments**

Abbey National announced on 7th June 2006 that it had entered into an agreement to sell its entire life insurance business to Resolution plc ("**Resolution**") for cash consideration of approximately £3.6 billion. The sale completed in the third quarter of 2006. The principal life companies sold were Scottish Mutual Assurance plc, Scottish Provident Limited and Abbey National Life plc, as well as the two offshore life companies, Scottish Mutual International plc and Scottish Provident International Life Assurance Limited.

### **Executive Responsibility**

Following the completion of the sale of the life insurance business to Resolution, a new organisational structure was implemented with a revised set of executive responsibilities. Abbey National's management structure is headed by António Horta-Osório, Chief Executive, and consists of three business divisions (Retail Banking, Wealth Management and Financial Markets) and five support divisions (Retail Products and Marketing, Human Resources, Manufacturing, Risk and Internal Audit). There are four further units – Strategy and Planning; Legal, Secretariat, and Compliance; Communications (all of which report directly to the Chief Executive); and Finance, which includes Taxation (which reports directly to the Executive Director, Finance, Corporate Banking and Human Resources).

## Directors of Abbey National

The following table sets forth the directors of Abbey National plc.

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Chairman	Lord Terence Burns	Chairman, Glas Cymru Cyfyngedig (Welsh Water); Non-Executive Director, Pearson plc; Chairman, Marks & Spencer Group plc; President, National Institute of Economics and Social Research; and Non-Executive Director, Banco Santander Central Hispano, S.A.
Deputy Chairman and Non-Executive Director	Juan Rodríguez Inciarte	
Chief Executive	António Horta-Osório	Non-Executive Chairman, Banco Santander Totta; Executive Vice President, Banco Santander Central Hispano, S.A.
Executive Directors	Nathan Bostock Miguel Bragança	
Non-Executive Directors	José Maria Fuster	Executive Vice President of Operations and Technology of Banesto; Chief Information Officer for Banco Santander Central Hispano, S.A.; and Director, ISBAN UK Limited
	Jorge Morán	Executive Vice President, Banco Santander Central Hispano, S.A.
	José María Carballo	Chairman, La Unión Resinera Española; Chairman, Vista Desarrollo; Director, Teleférico Pico del Teide, S.A.; Director, Vista Capital Expansion S.A. SGEGR; and Director, Santander Real Estate S.A. S.G.I.I.C.
	Andrew Longhurst	Director, Hermes Focus Asset Management Limited.
	Rosemary Thorne	Member of the Financial Reporting Council, the Hundred Group of Finance Directors Main Committee; and Non-Executive Director, Cadbury Schweppes plc.
	Keith Woodley	Complaints Commissioner for the London Stock Exchange; and Council Member and Treasurer, Bath University.

The business address of each of the above is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000.

## Conflicts of Interest

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed under "Directors of Abbey National" above and their private interests or other duties.

## Corporate Governance

Abbey National complies with the United Kingdom's corporate governance regime.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee, the Dealers and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records or payments relating to such beneficial ownership interests.*

### **Book-entry Systems**

#### *DTC*

DTC has advised the Issuers and the Guarantor that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry changes between Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations (“Direct Participants”). DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”) DTC, in turn, is owned by a number of Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the United States Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants can receive payments and transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC System must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings of DTC Notes on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. nor such other nominee will consent or vote with respect to DTC Notes. Under its usual procedures, DTC will mail an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee or the relevant Issuer or the Guarantor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the relevant Issuer or the Guarantor, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants. None of the Issuers or the Guarantor accept any responsibility or liability for any such payments to be made by DTC or by Direct or Indirect Participants.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

#### **Book-entry Ownership of and Payments in respect of DTC Notes**

The relevant Issuer will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of DTC Participants. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will



be held through Direct Participants or Indirect Participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made by the relevant Issuer to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

#### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Rule 144A Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Rule 144A Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a delivery free of payment basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective Direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The relevant Issuer will apply to Austraclear Limited (ABN 94 002 060 773) (“Austraclear”) for approval for each Series of Australian Domestic Notes to be traded on the settlement system operated by Austraclear (“Austraclear System”). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of the Australian Domestic Notes.

If accepted for admission to the respective system, interests in Australian Domestic Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently Westpac Custodian Nominees Limited ABN 18 002 861 565) while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently ANZ Nominees Limited ABN 96 005 357 568).

The rights of a holder of interests in Australian Domestic Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

In addition any transfer of interests in Australian Domestic Notes, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act 2001 of the Commonwealth of Australia and the requirements set out in Condition 2(c) of the Notes.

The relevant Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

## TAXATION

*The comments below are of a general nature and are based on the Issuers' and the Guarantor's understanding of current tax law and practice as at the date of this Prospectus. They relate only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain classes of Noteholders (such as dealers in securities) to whom special rules may apply. They are not exhaustive. They relate only to the deduction from interest on the Notes for or on account of tax in the United Kingdom (and do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of the Notes) and to certain aspects of Jersey, Australian and Hong Kong tax. Prospective noteholders who may be unsure of their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom, the United States, Jersey, Australia or Hong Kong should seek their own professional advice.*

### UK Taxation

1. Each of ANTS and Abbey National plc, provided that it continues to be a bank for the purposes of Section 878 of the Income Tax Act 2007 ("ITA 2007") and provided that the interest on the Notes which it issues is paid in the ordinary course of its business within the meaning of Section 878 of ITA 2007, is entitled to make payments of interest on such Notes without withholding or deduction for or on account of United Kingdom income tax.
2. Payments of interest on Notes issued by ANTS and Abbey National plc (whether or not paragraph 1 above applies) and Notes issued by ANSIL which are, in each case, "quoted Eurobonds" within the meaning of Section 882 of ITA 2007 may be made without withholding or deduction for or on account of United Kingdom income tax by Issuers and Paying Agents. Notes will constitute quoted Eurobonds while they remain listed on a "recognised stock exchange" within the meaning of Section 1005 of ITA 2007. On the basis of HM Revenue & Customs' published interpretation of the relevant legislation, securities which are listed by a competent authority in a country which is a Member State of the European Union or which is part of the European Economic Area and which are admitted to trading on a recognised stock exchange in that country will satisfy this requirement.

In the UK, the UK Listing Authority is a competent authority and the London Stock Exchange is a recognised stock exchange. So long as this remains the case, securities will be treated as listed on the London Stock Exchange, and will therefore constitute quoted Eurobonds, so long as they are admitted to the Official List by the UK Listing Authority and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

The United Kingdom Finance Bill 2007 contains a proposed new statutory meaning of references to securities which are "listed" on a recognised stock exchange. The draft legislation provides that securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. It is understood that this new definition is not intended to alter the position described above in respect of securities that are listed and admitted to trading on a market of a stock exchange which was already designated as a recognised stock exchange before 21 March 2007.

Any persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest. HM Revenue & Customs also has power to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of any "deeply discounted securities" for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2008. Such

information may include the name and address of the person beneficially entitled to the amount payable on redemption. Any information obtained may, in certain circumstances, be provided by HM Revenue & Customs to the tax authorities of other jurisdictions.

In other cases tax may, subject to any relief available under any applicable double taxation convention, have to be withheld from payments of interest on the Notes at the rate set out in paragraph 3 below.

3. Where United Kingdom tax is withheld, the rate is the “savings rate” of income tax (currently 20 per cent.).
4. Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person to an individual in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during such period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

### **U.S. Taxation**

The applicable Final Terms relating to any Tranche of Notes, all or a portion of which are to be offered or sold to, or for the account or benefit of, a U.S. person will set forth information regarding the U.S. federal income tax treatment of any such Notes. U.S. persons considering the purchase of Notes should consult their own tax advisers concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other taxing jurisdictions.

### **Jersey Taxation**

This is a general summary of certain tax considerations in respect of Jersey and certain European Union (“EU”) Member States in connection with an investment in the Term Notes. This summary is based on Jersey taxation law and practice in force at the date of this document and does not constitute legal or tax advice and does not address all aspects of Jersey and EU tax law. Prospective investors in the Term Notes are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase, ownership or disposition of the Term Notes or any interest therein. Prospective investors should be aware that tax rules and practice and their interpretation might change.

The Issuer has obtained “exempt company” status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ending 31 December 2007. The Issuer will be required to pay an annual exempt company charge, which is currently £600 in respect of each subsequent calendar year during which it wishes to continue to have “exempt company” status. The retention of “exempt company” status is conditional upon and subject to the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by the Comptroller of Income Tax.

As an “exempt company” the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an “exempt company”, payments in respect of the Term Notes will not be subject to taxation in Jersey (unless the holder is resident in Jersey) and no withholding in respect of taxation will be required on any such payment made to a holder of the Term Notes.

Under current Jersey law there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Term Notes. In the event of the death of an individual sole holder, duty at rates of up to 0.75 per cent. of the value of the Term Notes held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Term Notes held by the deceased individual holder.

### **1. EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

Jersey is not part of the European Union and is not subject to the directive on the taxation of savings income in the form of interest payments (the **EU Savings Tax Directive**) or other European Union fiscal legislation. However, in keeping with Jersey’s policy of constructive international

engagement (and in line with steps taken by other relevant third countries) Jersey has now entered into various agreements regarding the EU Savings Tax Directive.

The State of Jersey has introduced a system, which permits, either:

- (a) the disclosure of information concerning details of payments of interest (or other similar payments) and the identity of an individual beneficial owner of the interest to the tax authority of the European Union jurisdiction where the owner of the interest payment is resident; or
- (b) the imposition of a retention or withholding tax in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in an European Union member state by a paying agent situate in Jersey or an European Union member state.

(The terms “beneficial owner” and “paying agent” are defined in the bilateral agreements entered into between Jersey and each of the European Union member states relating to the treatment of savings income).

The retention tax system will apply for an initial transitional period during which tax would be retained from such payments, instead of communicating the details of such payments to the tax authorities of the European Union member state in which the individual beneficial owner is resident (the transitional period is prior to the implementation of a system of automatic communication among all European Union member states of information regarding interest payments).

The requirements in respect of information disclosure or retention tax will not apply to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the European Union.

Where the Issuer has appointed a paying agent located outside Jersey, it is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

## **2. EUROPEAN UNION CODE OF CONDUCT ON BUSINESS TAXATION**

On 3 June 2003, the European Union Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business taxation. Jersey is not a member of the European Union, however, the Policy and Resources Committee of the States of Jersey has announced that, in keeping with Jersey’s policy of constructive international engagement, it intends to propose legislation to replace the Jersey Exempt Company regime by the end of 2008 with a general zero rate of corporation tax.

### **Australian Taxation**

*Any reference to the “Issuer” in this Australian Taxation section is a reference only to ANTS as Issuer of the Australian Domestic Notes.*

So long as the Issuer remains a non-resident of Australia and the Australian Domestic Notes issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under the Australian Domestic Notes will not be subject to Australian interest withholding tax. So long as the Guarantor continues to be a non-resident of Australia and the Guarantee is not attributable to a permanent establishment of the Guarantor in Australia, any payment by the Guarantor under the Guarantee should not be subject to Australian interest withholding tax.

The Issuer has been advised that:

- (a) so long as the relevant Issuer remains a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (“ITAA”) and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of the Commonwealth of Australia (“TAA”) should not apply in connection with the Australian Domestic Notes issued by the Issuer;
- (b) payments in respect of the Australian Domestic Notes can be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the TAA;

- (c) neither the issue nor receipt of the Australian Domestic Notes will give rise to a liability for goods and services tax (“GST”) in Australia on the basis that the supply of Australian Domestic Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any goods and services tax liability in Australia;
- (d) no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Australian Domestic Notes; and
- (e) no Australian Domestic Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

*Recent developments for the taxation of financial arrangements*

On 3 January 2007 the Federal Minister for Revenue and Assistant Treasurer issued a revised exposure draft of proposed new rules for the “Taxation of Financial Arrangements”. It is intended that the new rules (if enacted) would represent a new code for the taxation of receipts and payments in relation to financial arrangements. The proposed new rules contemplate a number of different methods for bringing to account gains and losses in relation to “financial arrangements” (including, fair value, accruals, retranslation, realisation and hedging).

The revised exposure draft states that the proposed new rules are to apply as from the commencement of the first tax year beginning on or after 1 July 2008 (although taxpayers may be able to make an election to apply the proposed rules earlier if they wish to do so). Further, the proposed new rules are not to apply to “financial arrangements” which are current as at the commencement date. In relation to current “financial arrangements” at that time, taxpayers may elect to apply the proposed new rules if they wish, but certain tax adjustments would need to be made if such an election is made.

The revised exposure draft and related official materials do not contain any indication as to how (if at all) the proposed rules are to relate to the imposition of interest withholding tax. However, there is nothing which suggests that the Australian Government intends the new rules to apply in a manner which will impose interest or other withholding taxes on payments in respect of the Australian Domestic Notes issued by the Issuer.

It is expected that the Australian Government will consult with taxpayers and industry representatives to develop the final legislation.

**Hong Kong Taxation**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes.

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bearer Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution,

who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

No estate duty will be payable in respect of Bearer Notes provided they are physically located outside Hong Kong at the date of the death of the holder thereof. If the register in respect of any Registered Notes is kept in Hong Kong, estate duty may be payable on the death of the holder, irrespective of the nationality, residence, domicile or citizenship of the deceased.

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

**PROSPECTIVE NOTEHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM, THE UNITED STATES, JERSEY, AUSTRALIA OR HONG KONG SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.**

## **SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS**

The Dealers have in a programme agreement (the “Programme Agreement”) dated 18th May, 2007 agreed with the Issuers and the Guarantor a basis upon which each Issuer may from time to time agree to issue Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. In the Programme Agreement, the relevant Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may, outside Australia and on a market operated outside Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

### **Selling Restrictions**

#### ***United States***

Each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that except as permitted by the Programme Agreement, it has not offered, sold or delivered Notes and it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the relevant Tranche, within the United States or to, or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

The Notes are being offered and sold only (a) outside the United States to persons other than U.S. persons (“foreign purchasers”, which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in reliance upon Regulation S and (B) to a limited number of QIBs in compliance with Rule 144A.

Terms used in this section of “Selling Restrictions” have the meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Notes, Dual Currency Notes and other structured notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer may agree as a term of the



issuance of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the Securities Act.
- (4) It will not resell or otherwise transfer any Notes within two years after the original issuance of the Notes except (A) to the Issuer or any affiliate thereof, (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act in each case, in accordance with all applicable U.S. State securities laws.
- (5) It will give to each person to whom it transfers Notes notice of any restrictions on transfer of those Notes.
- (6) It understands that the Notes offered in reliance on Rule 144A or Regulation S will be represented by Registered Notes or Bearer Global Notes. Before any interest in a Regulation S Global Note or in a Rule 144A Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who is not a QIB or a foreign purchaser, the transferee will be required to provide the Issue Agent with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restrictions referred to above.
- (7) It understands that each of the Notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder of particular Notes:

Any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered Notes, registered in the name of the registered holder thereof, or be represented by a Rule 144A Global Registered Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.
- (8) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Definitive Registered Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED NOTE IS ISSUED, (1) REPRESENTS FOR THE

BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB WHO IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND WHO HAS DULY COMPLETED AN INVESTMENT LETTER (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS DEFINITIVE REGISTERED NOTE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, “OFFSHORE TRANSACTION” AND “U.S. PERSON” SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.”

Each Rule 144A Global Registered Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD,

RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB THAT IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "OFFSHORE TRANSACTION" AND "U.S. PERSON" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.

Each Regulation S Global Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND ONLY (A) TO PERSONS WHOM THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS ("QIBS"), AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT, OR (B) OTHERWISE TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE NOTES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE ISSUER AND THE REGISTRAR A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL REGISTERED NOTE OR A DEFINITIVE REGISTERED NOTE (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "OFFSHORE TRANSACTION" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by any Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

With respect to any Tranche of Notes issued by ANSIL which has a maturity of less than one year, if the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA, ANSIL will issue such Notes only if (a) the redemption value of each such Note is not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than

sterling), and (b) no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount) unless the Notes can be issued and sold without contravention of section 19 of the FSMA.

### ***Australia***

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia) in relation to the Programme or the Australian Domestic Notes has been lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (unless the applicable Final Terms or another supplement to this Prospectus otherwise provides) it:

- (a) has not offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the Notes in the Commonwealth of Australia (including an offer or invitation which is received by a person in the Commonwealth of Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Prospectus or any other offering material or advertisement relating to any Australian Domestic Notes in the Commonwealth of Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 or the equivalent in other currencies (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia; and
- (ii) such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, in relation to Australian Domestic Notes issued by Abbey National Treasury Services plc, it will comply with the directive issued by the Assistant Treasurer of the Commonwealth of Australia dated 23rd September, 1996 as contained in Banking (Exemption) Order No. 82 which requires all offers and transfers to be for a consideration of at least A\$500,000. Banking (Exemption) Order No. 82 does not apply to transfers which occur outside Australia.

### ***Japan***

The Notes have not been and will not be offered or sold in Japan except in compliance with the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except in compliance with the Securities and Exchange Law and any other applicable laws, regulations, ministerial ordinances and ministerial guidelines of Japan.

### ***Hong Kong***

Each Dealer has represented and agreed that:

- 1. it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning that Ordinance; and
- 2. it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to

Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

***Singapore:***

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 274(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
  - (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
  - (2) where no consideration is or will be given for the transfer; or
  - (3) where the transfer is by operation of law.

***Jersey***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered to, sold to or purchased or held by persons, other than financial institutions, resident for income tax purposes in Jersey.

***General***

Each Dealer has severally agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuers and the Guarantor that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not, directly or indirectly, offer, sell or deliver Notes or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Notes in or from any country of jurisdiction except under circumstances that will to be the best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

The restrictions on offerings may be modified by the agreement of the Issuers, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms applicable to each Series of Notes or in a supplement to this document.

## GENERAL INFORMATION

### 1. Incorporation

Abbey National Treasury Services plc and Abbey National plc were incorporated in England and Wales on 24th January, 1989 and 12th September, 1988 respectively, and with registered numbers 2338548 and 2294747 respectively. AN Structured Issues Limited was incorporated as a public limited company in Jersey on 14th October, 1999 with registered number 75340.

### 2. Authorisation

The continuation of the Programme and the issue of Notes (with maturities not exceeding 30 years) was duly confirmed and authorised by resolutions of the Board of Directors of Abbey National Treasury Services plc dated 8th May, 2007 and of AN Structured Issues Limited dated 8th May, 2007. Pursuant to such resolutions, authority was delegated to the Chief Executive Officer or any two directors of Abbey National plc to sub-delegate authority to authorise the update of the Programme. Pursuant to such sub-delegated authority exercised pursuant to MTN approvals and authorisations dated 9th May, 2007, the update of the Programme by the Issuers has been duly authorised by Update Approvals and Authorisations of the Issuers dated 10th May, 2007. The continuation of the Programme and the giving of Guarantees was duly confirmed and authorised by a resolution of the Board of Directors of Abbey National plc dated 27th March, 2007. Pursuant to such resolution, authority was delegated to the Chief Executive Officer or any two directors of Abbey National plc to sub-delegate authority to authorise the update of the Programme. Pursuant to such sub-delegated authority exercised pursuant to an MTN approval and authorisation dated 9th May, 2007, the update of the Programme has been duly authorised by an Update Approval and Authorisation of the Guarantor dated 16th May, 2007.

### 3. Listing of Notes on the Official List

The listing of Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to listing on the Official List and to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The acceptance of the Programme on the Official List in respect of Notes is expected to be granted on or around 22nd May, 2007.

### 4. Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of each Issuer and the Guarantor and at the specified offices of the Paying Agents save that items (iii) and (iv) will not be available at the specified offices of the Paying Agents (and items (i), (v) and (vi) will be available for collection free of charge):

- (i) the memorandum and articles of association of each Issuer and the memorandum and articles of association of the Guarantor;
- (ii) the consolidated (in the case of ANTS and the Guarantor) and non-consolidated audited financial statements of each Issuer and the Guarantor in respect of the financial years ended 31st December, 2005 and 31st December, 2006;
- (iii) the Programme Agreement, the Agency Agreement and the Trust Deed (which contains the Guarantee, the forms of Global Notes, Notes in definitive form, Receipts, Coupons and Talons);
- (iv) the Deed Poll in respect of Australian Domestic Notes;
- (v) the Registry Services Agreement in respect of Australian Domestic Notes;
- (vi) this Prospectus;
- (vii) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;
- (viii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and

- (ix) Final Terms (save that Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity).

## **5. Clearing Systems**

The Notes in bearer and registered form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Avenue J. F. Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099, United States of America.

## **6. Significant or Material Change**

There has been no significant change in the financial or trading position of each of the Issuers' and the Guarantor's respective groups and there has been no material adverse change in the financial position or prospects of the Group, the ANTS Group and AN Structured Issues Limited since 31st December, 2006.

## **7. Litigation**

None of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which an Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Group, the Guarantor or any Issuer and its subsidiaries.

## **8. Other Matters**

Abbey National Treasury Services plc has received a demand from an overseas tax authority relating to the repayment of certain tax credits and related charges. Following modifications to the demand, at 31st December 2006 its nominal amount stands at £56m at the balance sheet exchange rate (2005: £57m). At 31st December 2006, additional interest in relation to the demand could amount to £21m at the balance sheet exchange rate (2005: £17m). Abbey National Treasury Services plc received legal advice that it had strong grounds to challenge the validity of the demand. In September 2006, Abbey National Treasury Services plc won its case at the first stage of the litigation process. In January 2007, the tax authority appealed this decision. However, in December 2006, a ruling was published of a similar case unconnected to the Group but which might affect Abbey National Treasury Services plc's position. In this instance, the courts ruled against the taxpayer.

## **9. Auditors**

The consolidated accounts of Abbey National, the Group and the ANTS Group for the years ended 31st December, 2006 and 31st December, 2005 were audited by Deloitte & Touche LLP, Chartered Accountants, in accordance with auditing standards and have been reported on without qualification. The auditors of Abbey National, the Group and the ANTS Group have no material interest in Abbey National, the Group or the ANTS Group.

The accounts of ANSIL for the periods ended 31st December, 2006 and 31st December, 2005 were audited by Deloitte & Touche LLP, Chartered Accountants, in accordance with auditing standards and have been reported on without qualification. The address of Deloitte & Touche is Lord Coutanche House, 66-68 Esplanade, St. Helier, Jersey JE2 3QB. The auditors of ANSIL have no material interest in ANSIL.

The Trust Deed will provide that the Trustee may rely on any certificate or report of the auditors or any other expert as sufficient evidence of the facts stated therein in accordance with the provisions of the Trust Deed whether or not called for by or addressed to the Trustee and whether



or not any such certificate or report or engagement letter or other document entered into by the Trustee and the auditors or any other expert in connection therewith contains a monetary or other limit on the liability of the auditors or such other expert.

#### **10. Jersey**

The following statements have been included to comply with Jersey regulatory requirements:

- (a) a copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation;
- (b) the Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue by ANSIL of the Notes;
- (c) it must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of ANSIL or for the correctness of any statements made, or opinions expressed, with regard to it. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law;
- (d) if you are in any doubt about the contents of this document you should consult an appropriate adviser;
- (e) it should be remembered that the price of securities and the income from them can go down as well as up; and
- (f) an investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such an investment.

#### **11. Australian Regulatory Controls**

The Banking (Foreign Exchange) Regulations and other regulations in Australia prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.

**12.** Bearer Notes and the relevant Receipts, Coupons or Talons will bear a legend to the effect that any U.S. person holding the same will be subject to limitations under the United States income tax laws, including those under Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986, as amended.

#### **13. Contracts (Rights of Third Parties) Act 1999**

The Contracts (Rights of Third Parties) Act 1999 (the “Act”) provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Final Terms to the contrary, this Programme expressly excludes the application of the Act to any issue of Notes under the Programme.

#### **14. Post Issuance Information**

The Issuers do not intend to provide any post-issuance information in relation to any issue of Notes.

**REGISTERED OFFICE OF  
ANSIL**  
19-21 Commercial Street  
St. Helier  
Jersey JE2 3RU

**REGISTERED OFFICE OF  
ANTS AND  
THE GUARANTOR**  
Abbey National House  
2 Triton Square  
Regent's Place  
London NW1 3AN

**THE TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

**PRINCIPAL PAYING AGENT, TRANSFER AGENT AND EXCHANGE AGENT**

**Citibank, N.A.**  
21st Floor, Citigroup Centre  
33 Canada Square  
London EC4Y 0PA

**REGISTRAR**

**Citigroup Global Markets  
Deutschland AG & Co. KGaA.**  
Reuterweg 16, 60323 Frankfurt

**PAYING AND TRANSFER AGENT**

**The Bank of New York**  
Avenue des Arts 35  
Kunstlaan B-1040  
Brussels  
Belgium

**LEGAL ADVISERS**

*To the Issuers and the Guarantor as to English law*

**Slaughter and May**  
One Bunhill Row  
London EC1Y 8YY

*To ANSIL as to Jersey law*

**Ogier**  
Whiteley Chambers  
Don Street  
St. Helier  
Jersey JE4 9WG

*To the Issuers and the Guarantor as to  
United States law*

**Cleary Gottlieb Steen & Hamilton LLP**  
City Place House  
55 Basinghall Street  
London EC2V 5EH

*To the Issuers and the Guarantor as to  
Australian law*

**Mallesons Stephen Jaques**  
6th Floor  
Alder Castle  
10 Noble Street  
London EC2V 7JX

*To the Dealers and the Trustee as to English and United States law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AO

## AUDITORS

*To ANTS and the Guarantor*

**Deloitte & Touche LLP**  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

*To ANSIL*

**Deloitte & Touche LLP**  
Lord Coutanche House  
66-68 Esplanade  
St. Helier  
Jersey JE2 3QB

## DEALERS

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**The Hongkong and Shanghai Banking Corporation  
Limited**  
1 Queen's Road Central  
Hong Kong

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ

**Lehman Brothers International (Europe)**  
25 Bank Street  
London E14 5LE

**Merrill Lynch International**  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP