

Prospectus Supplement to Prospectus dated April 12, 1999.

✓ (6)

The Abbey National

Group

\$1,000,000,000

Abbey National plc

7.95% Term Subordinated Securities due October 26, 2029

Abbey National will pay interest on the Term Subordinated Securities on April 26 and October 26 of each year. The first such payment will be made on April 26, 2000. The Term Subordinated Securities will be issued only in denominations of \$1,000 and integral multiples of \$1,000. If Abbey National does not make a payment of principal or interest on any payment date, its obligation to make that payment shall be deferred, if the payment is an interest payment, until the date upon which it pays a dividend on any class of its share capital and, if the payment is a payment of principal, until the first business day after the date that falls six months after the original payment date. If Abbey National fails to make a payment before the date to which payment is deferred in this way, that failure shall not constitute a default or otherwise allow any holder to sue it for the payment or take any other action. Payment of principal of the Term Subordinated Securities may be accelerated only if Abbey National is wound up; there is no right of acceleration if Abbey National defaults in the payment of interest or in the performance of any of its covenants.

Abbey National has the option to redeem all of the Term Subordinated Securities as a whole on any payment date if certain changes in the tax laws of the United Kingdom occur or in certain circumstances related to the issuance of definitive Term Subordinated Securities at a redemption price equal to 100% of their principal amount together with any accrued but unpaid interest.

Application will be made to list these Term Subordinated Securities on the Official List of the London Stock Exchange.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Term Subordinated Security	Total
Initial public offering price	99.626%	\$996,260,000
Underwriting discount	0.875%	\$8,750,000
Proceeds, before expenses, to Abbey National	98.751%	\$987,510,000

The initial public offering price set forth above does not include accrued interest, if any. Interest on the Term Subordinated Securities will accrue from October 26, 1999 and must be paid by the purchaser if the Term Subordinated Securities are delivered after October 26, 1999.

The underwriters expect to deliver beneficial interests in global receipts representing the Term Subordinated Securities in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on October 26, 1999.

Goldman, Sachs & Co.

Merrill Lynch & Co.

Prospectus Supplement dated October 20, 1999.

INFORMATION REGARDING THE ABBEY NATIONAL GROUP

Certain information, including:

- our Annual Report on Form 20-F for the fiscal year ended December 31, 1998; and
- certain of our reports on Form 6-K

has been, or in the future may be, incorporated by reference into this prospectus supplement and the prospectus. We refer you to the important information contained in those documents. See "Where You Can Obtain More Information" in the accompanying prospectus.

The securities have not been approved or disapproved by the Commissioner of Insurance for the State of North Carolina, nor has the Commissioner of Insurance ruled upon the accuracy or the adequacy of this document. Each buyer in North Carolina understands that none of Abbey National, ANTS, First Capital B.V. or any of their subsidiaries are licensed in North Carolina pursuant to Chapter 58 of the North Carolina General Statutes nor could they meet the basic admissions requirements imposed by such chapter at the present time.

These securities are not deposits and are not insured by the Federal Deposit Insurance Corporation or any other government agency of the United States or any government agency of the United Kingdom.

CERTAIN TERMS OF THE TERM SUBORDINATED SECURITIES

General

The following summary of certain terms and provisions of the securities supplements the description of the debt securities set forth in the accompanying prospectus under the heading "Description of the Debt Securities and Guarantees", including the terms set forth under the headings, "Status—Status of the Subordinated Debt Securities and the Subordinated Guarantees" and "Payments on Subordinated Debt Securities". If the following summary and the description in the accompanying prospectus conflict, the following summary shall govern. The summary of certain terms and provisions of these securities below and the description in the accompanying prospectus do not purport to be complete and are subject to, and qualified in their entirety by reference to, the subordinated indenture, the Term Subordinated Securities and the Deposit and Custody Agreement. Terms used but not defined in this prospectus supplement shall have the meaning given to them in the prospectus to which this prospectus supplement is attached.

This prospectus supplement will be incorporated verbatim into, and will become a part of, the securities to which it relates. In the event of any conflict between the provisions of this prospectus supplement and the terms and conditions of such securities, the provisions of this prospectus supplement will prevail.

The securities offered and sold pursuant to this prospectus supplement will be limited in aggregate principal amount to U.S. \$1,000,000,000 and will be sold in denominations of \$1,000 each. The securities will be issued in the form of one or more global bearer securities (the "global Bearer Securities") deposited with Citibank, N.A., Brussels Office, as custodian thereof (the "Custodian") on behalf of Citibank, N.A., as depository (the "Global Bearer Security Depository"). Pursuant to the Deposit and Custody Agreement, the Global Bearer Security Depository will issue one or more global receipts (the "Global Receipts") representing the aggregate principal amount of such global Bearer Securities. The Deposit and Custody Agreement shall be for the benefit of the holder of the Global Receipts (which will be the nominee of The Depository Trust Company ("DTC") or a successor thereof) and the beneficial owners from time to time of interests in the Global Receipts. The Global Receipts shall be delivered to and registered in the name of DTC's nominee. Ownership of beneficial interests in a Global Receipt will be limited to participants of DTC or persons that may hold such interests through such participants. In addition, ownership of beneficial interests will be evidenced only by, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee and participants until such time, if any, as these securities are issued in definitive form. See "Description of the Debt Securities and Guarantees—Denominations, Registration and Transfer" and "—Global Securities"; and "Description of the Global Receipts Representing Global Bearer Securities" in the accompanying prospectus.

In this prospectus supplement, when we refer to "securities", we mean, in the case of the global Bearer Securities, the global bearer securities and, in the case of the Global Receipts, the certificated depository interests that represent a 100% interest in the respective global Bearer Security, in each case as the context requires.

Principal, Maturity and Interest

The securities will mature on October 26, 2029. Interest on these securities will accrue at a rate per annum of 7.95% payable semi-annually in arrears on April 26 and October 26, commencing on April 26, 2000 (each an "Interest Payment Date"). Interest will accrue from and including October 26, 1999, or the next preceding Interest Payment Date, to but excluding the applicable Interest Payment Date or the date of maturity. Interest on these securities will be calculated on the basis of a 360-day year of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed. Subject to the conditions contained in the following paragraphs, interest on these securities will be payable on each Interest Payment Date and the date of maturity.

If any Interest Payment Date or the date of maturity falls on a day that is not a Business Day, payment of principal and interest, if any, with respect to the securities will be made on the next succeeding Business Day with the same force and effect as if made on the due date, and no interest shall be payable on the date of payment for

the period from and after the due date. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions are authorized or obligated by law to close in London, England or The City of New York, New York.

Payments of principal and interest to holders of beneficial interests in the Global Receipts are expected to be made in accordance with DTC's and its participants' procedures in effect from time to time as described below under "Special Procedures for Global Subordinated Securities in Bearer Form".

If we do not pay an instalment of interest on an Interest Payment Date with respect to the securities or do not pay all or any part of the principal of such securities on the stated maturity date or any other date set for redemption, the obligation to make such payment on such Interest Payment Date, stated maturity date or other date set for redemption, as the case may be, shall be deferred until:

- (1) in the case of a payment of interest, the date upon which a dividend is paid on any class of share capital of Abbey National (a "Deferred Interest Payment Date"), and
- (2) in the case of a payment of principal, the first Business Day after the date that falls six months after such payment was originally due (a "Deferred Principal Payment Date").

Each payment so deferred will accrue interest at the rate per annum at which the securities bear interest. No payment so deferred shall be treated as due for any purpose until the Deferred Interest Payment Date or Deferred Principal Payment Date, as the case may be, and accordingly, no such deferral will constitute a Default or an Event of Default. For the avoidance of doubt, the obligation to pay an instalment of interest on a Deferred Interest Payment Date, or to pay principal on a Deferred Principal Payment Date, may not be deferred.

If we fail to pay principal or accrued interest on these securities when due, and that failure continues for 14 days, it shall be a "Default", other than as provided in the preceding paragraph.

If any Default shall occur, The Bank of New York, as subordinated trustee, may commence a proceeding in England and Wales (but not elsewhere) for the winding up of Abbey National or a judicial proceeding for the collection of sums due and unpaid, provided that the subordinated trustee may not accelerate the principal amount. See "Description of the Debt Securities and Guarantees—Events of Default and Defaults—Subordinated Debt Securities" in the accompanying prospectus.

An "Event of Default" shall occur only if an order is made by a court of competent jurisdiction (including in connection with an action relating to or arising out of a Default or a Payment Event), which is not discharged, or an effective shareholders' resolution is validly adopted, for the winding up of Abbey National (other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency, or on terms previously approved in writing by the holders of at least half in aggregate principal amount outstanding of these securities), at which time, pursuant to the subordinated indenture, the subordinated trustee or the holders of at least 25% in aggregate principal amount of the outstanding securities may declare the entire principal amount due and payable by notice to us in writing. See "—Events of Default and Defaults—Subordinated Debt Securities" in the accompanying prospectus. Such acceleration may, under certain circumstances, be revised by the holders of at least half in aggregate principal amount outstanding of these securities.

Status

The Term Subordinated Securities will constitute our unsecured subordinated obligations without any preference among themselves. See "Description of the Debt Securities and Guarantees — Status — Status of the Subordinated Debt Securities and the Subordinated Guarantees" in the accompanying prospectus. In the event of the winding up of Abbey National, your claims as a holder of the securities will be subordinate to, and subject in right of payment to the prior payment in full of, all claims of all our Senior Creditors (as defined in the subordinated indenture). These securities do not have the benefit of the negative pledge covenant described under

“Description of the Debt Securities and Guarantees — Status — Senior Debt Securities — Negative Pledge” in the prospectus.

Redemption and Repurchase

The securities may be redeemed in whole only, at our option, on any Interest Payment Date for certain tax reasons, in each case upon not more than 60 days' nor less than 30 days' prior notice to you at a redemption price equal to 100% of the principal amount together with accrued interest. See “Description of the Debt Securities and Guarantees—Redemption and Repurchase—Redemption for Tax Reasons” in the accompanying prospectus. We will not make a tax redemption of the securities based on the requirement to pay additional amounts as a result of our inability to obtain an initial listing of the securities on the Official List of the London Stock Exchange. We or any of our subsidiaries may at any time repurchase these securities in any manner and at any price and may subsequently hold or resell them or surrender them for cancellation. No redemption or repurchase of these securities by us may be made except to the extent that we are solvent both at the time of, and immediately after, any such redemption or repurchase.

Under United Kingdom regulatory requirements at the date of this prospectus supplement, any such tax redemption or repurchase may be made only with the prior consent of the Financial Services Authority and subject to such conditions as the Financial Services Authority may impose at the time of any consent.

See “Description of the Debt Securities and Guarantees—Redemption and Repurchase” in the accompanying prospectus for a more detailed description of the redemption and repurchase provisions.

Listing

Application will be made to list the securities on the Official List of the London Stock Exchange.

Special Procedures for Global Subordinated Securities in Bearer Form

DTC will act as securities depository for the Global Receipts representing the aggregate principal amount of the global Bearer Securities representing the securities. The securities will initially be represented by one or more global securities in bearer form. The global Bearer Securities will be deposited on or about the issue date with the Custodian under the Deposit and Custody Agreement. Upon deposit of a global Bearer Security with the Custodian, pursuant to the Deposit and Custody Agreement, the Global Bearer Security Depository will cause a Global Receipt in registered form representing an interest in 100% of such global Bearer Security representing the securities to be issued to and deposited with, or on behalf of, DTC in New York, New York, and registered in the name of Cede & Co., as DTC's partnership nominee.

So long as the Custodian holds a global Bearer Security, the Custodian will be considered the sole owner or holder of such global Bearer Security for purposes of the subordinated indenture. Owners of beneficial interests in a Global Receipt in respect of the global Bearer Securities representing the securities will not be entitled to have securities registered in their names, will not receive or be entitled to receive physical delivery of securities in definitive form, and will not be considered the registered owners or registered holders thereof under the subordinated indenture, unless, in each case, they submit an Optional Definitive Security Request (as defined in the prospectus) as described in the prospectus under “Description of the Debt Securities and Guarantees — Global Securities” and “Description of the Global Receipts Representing Global Bearer Securities — Issuance of Definitive Debt Securities”. The subordinated indenture also provides for the issuance of securities in registered form in exchange for beneficial interests in a Global Receipt in certain other limited circumstances.

Holders of beneficial interests in a Global Receipt should be aware that under current United Kingdom tax law, upon the issuance of securities in definitive registered form with respect to the securities represented by such a Global Receipt, United Kingdom income tax at the lower rate (currently 20%) may be required to be withheld on any payments of interest on such securities as set forth under “Taxation — United Kingdom Tax Considerations” below. If such securities in definitive registered form are issued pursuant to an Optional

Definitive Security Request, the applicable subordinated issuer will not be obligated to pay any additional amounts on such securities. See "Description of the Debt Securities and the Guarantees — Payment of Additional Amounts" in the accompanying prospectus.

Purchases of interests in the Global Receipts under DTC's system must be made by or through direct participants, which will receive a credit for such interests on DTC's records. The ownership interest of each actual purchaser of each interest in a Global Receipt is in turn to be recorded on the direct and indirect participants' 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 transactions, 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 Global Receipts are to be accomplished by entries made on the books of participants acting on behalf of the beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Global Receipts. In addition, beneficial owners will not receive certificates representing ownership of the underlying global Bearer Securities or the securities, except in the limited circumstances set forth in the accompanying prospectus under the heading "Description of the Debt Securities and Guarantees — Global Securities".

To facilitate subsequent transfers, all Global Receipts deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Global Receipts with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of interests in the Global Receipts; DTC's records reflect only the identity of the participants to whose accounts such interests are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, by participants to indirect participants, and by 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 Cede & Co. If less than all of the interests in a Global Receipt in respect of a global Bearer Security representing securities are being redeemed, DTC's current practice is to determine by lot the amount of the interests of each participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Receipts. Under its usual procedures, DTC will mail an "Omnibus Proxy" to the Global Bearer Security Depository as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those participants to whose accounts the interests in the Global Receipts are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the global Bearer Securities in bearer form will be made to the Custodian. Pursuant to the Deposit and Custody Agreement, the Custodian will forward such payments to the Depository who will then forward them to DTC. DTC's practice is to credit participants' accounts on the payable date 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 payable date. Disbursement of such payments to participants shall be the responsibility of DTC. Payments by direct and indirect participants to beneficial owners of interests in the Global Receipts will be governed by standing instructions and customary practices, as in the case of securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Global Bearer Security Depository, the Custodian or Abbey National, subject to any statutory or regulatory requirements as may be in effect from time to time.

A beneficial owner shall give notice to elect to have its interests in the Global Receipts purchased or tendered, through its participant, to Citibank, N.A., as principal paying agent, and shall effect delivery of such interests by causing the direct participant to transfer such interest, on DTC's records, to such principal paying agent. The requirement for physical delivery of Global Receipts in connection with a demand for purchase or a

mandatory purchase will be deemed satisfied when the ownership interest in the Global Receipts are transferred by a participant on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Global Receipts at any time by giving reasonable notice to Abbey National and the Agents. Under such circumstances, in the event that a successor securities depository is not appointed, certificated securities in definitive registered form will be printed and delivered in exchange for the global Bearer Securities represented by the Global Receipts held by DTC.

Abbey National may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificated securities in definitive registered form will be printed and delivered in exchange for the global Bearer Securities represented by the Global Receipts held by DTC.

None of Abbey National, the Custodian, the Depository, the subordinated trustee, the principal paying agent or any other paying agent nor any registrar for the securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Receipt or a global Bearer Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Information Limited to United States Holders

The information we have provided in this prospectus supplement (except for certain tax information) is directed to prospective purchasers of securities in the United States and we disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest in respect of, securities. If you are such a person, you should consult your own counsel with regard to such matters.

CERTAIN U.S. FEDERAL AND U.K. TAX CONSIDERATIONS

United States Tax Considerations

The following is a summary of certain United States federal income tax considerations that may be relevant to a holder of a security that is

- (1) a citizen or resident of the United States,
- (2) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof,
- (3) an estate the income of which is subject to United States federal income taxation regardless of its source, or
- (4) a trust which is subject to the supervision of a court within the United States and the control of one or more United States persons

(in each case, a "United States holder").

This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change.

This summary deals only with United States holders that purchase securities at their issue price and that hold securities as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, persons holding notes along with other positions that affect the tax treatment of the notes (under rules applicable to hedges, straddles or conversion transactions) and persons that have a "functional currency" other than the U.S. dollar.

We intend to treat the securities as debt for U.S. federal income tax purposes. Investors should be aware that no statutory, judicial or administrative authority directly addresses the characterization of instruments with terms similar to the securities for U.S. federal income tax purposes. Accordingly, investors should consult their own tax advisors regarding the tax consequences of holding securities, including the application to their particular circumstances of the tax considerations discussed below, as well as the application of state, local and other national tax laws.

Payments of Interest

Payments of interest on the securities generally will be includible in income at the time the interest is accrued or received, in accordance with the United States holder's method of tax accounting. In determining the time at which interest is includible in income, holders should not take account of the possibility that we may exercise our right to defer payments on the securities.

Purchase, Sale and Retirement of Securities

A United States holder's tax basis in a security generally will equal the cost of the security to the United States holder. Upon the sale, exchange or retirement of a security, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (plus any accrued interest, which will be taxable as such) and the United States holder's tax basis in the security.

Backup Withholding and Information Reporting

Information reporting to the Internal Revenue Service will generally be required with respect to payments of principal and interest on a security and proceeds of the sale of a security to United States holders other than corporations and other exempt recipients. A 31% "backup" withholding tax will apply to those payments if the holder fails to provide certain identifying information (such as the holder's taxpayer identification number).

Persons holding securities who are not United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding tax.

Non-United States Holders

A holder of securities that is not a United States holder will not be subject to United States federal income taxes, including withholding taxes, on payments of interest on the securities (subject to compliance with the procedures described in the preceding paragraph), unless:

- (1) the holder is an insurance company carrying on a United States insurance business, within the meaning of the Internal Revenue Code of 1986, to which the interest is attributable, or
- (2) the holder has an office or other fixed place of business in the United States to which the interest is attributable and the interest either (a) is derived in the active conduct of a banking, financing or similar business within the United States or (b) is received by a corporation the principal business of which is trading in stock or securities for its own account, and certain other conditions exist.

Gain realized on a sale or exchange of the securities by a holder that is not a United States holder will not be subject to United States federal income tax, including withholding tax, unless:

- (1) the gain is effectively connected with the conduct by the holder of a trade or business in the United States or
- (2) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the year of the sale, and certain other conditions are met.

United Kingdom Tax Considerations

The comments below are of a general nature and are based on our understanding of current United Kingdom law and practice relating to the deduction from interest on the securities for or on account of United Kingdom income tax.

Payments of principal in respect of the securities made in the United Kingdom are not subject to withholding tax or duties in the United Kingdom. Payments of interest made on these securities will not be subject to withholding or deduction for or on account of U.K. tax as long as these securities are represented by one or more global Bearer Securities, are listed on the London Stock Exchange or some other "recognized stock exchange" within the meaning of Section 841 of the Income and Corporation Taxes Act 1988 and payments on these securities are made by or through a paying agent outside the United Kingdom.

If these securities are converted to registered form, payments of interest will be made by us after deduction of U.K. income tax at a 20% rate unless we have previously been directed by the U.K. Inland Revenue, in relation to a particular holder of these securities, to make payment free of deduction or subject to a reduced deduction under the provisions of an applicable income tax treaty. Certain eligible U.S. holders are entitled to receive payments free of U.K. income tax under the income tax treaty between the United Kingdom and the United States (the "Treaty") and you may therefore be able to obtain such a direction from the U.K. Inland Revenue. However, such directions will be issued only on prior application to the relevant tax authorities by you. If the U.K. Inland Revenue does not issue such a direction, we will be required to withhold tax. If you are a U.S. holder entitled to relief under the Treaty, you may subsequently claim the amount withheld from the U.K. Inland Revenue.

EXCHANGE RATES

On October 20, 1999, the noon buying rate in the City of New York for cable transfers in sterling as announced by the Federal Reserve Bank of New York for customs purposes was £1.00 = U.S. \$1.6643.

RECENT DEVELOPMENTS

On September 24, 1999, Bank of Scotland announced an offer for National Westminster Bank Plc. Abbey National is reviewing its position in the banking industry in the light of this offer and other developments in the context of its overall strategy.

UNDERWRITING

We and the underwriters for the offering (the "Underwriters") named below have entered into a distribution agreement and a terms agreement with respect to the securities. Subject to certain conditions, each Underwriter has severally agreed to purchase the principal amount of securities indicated in the following table.

Underwriters	Principal Amount of Securities
Goldman, Sachs & Co.	\$500,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$500,000,000
Total	\$1,000,000,000

Securities sold by the Underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any securities sold by the Underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.50% of the principal amount of securities. Any such securities dealers may resell any securities purchased from the Underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.25% of the principal amount of securities. If all the securities are not sold at the initial offering price, the Underwriters may change the offering price and the other selling terms.

The securities are a new issue of securities with no established trading market. We have been advised by the Underwriters that the Underwriters intend to make a market in the securities but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the securities.

In connection with this offering, the Underwriters may purchase and sell securities in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of securities than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the securities while this offering is in progress.

The Underwriters also may impose a penalty bid. This occurs when a particular Underwriter repays to the Underwriters a portion of the underwriting discount received by it because the representatives have repurchased securities sold by or for the account of such Underwriter in stabilizing or short covering transactions.

These activities by the Underwriters may stabilize, maintain or otherwise affect the market price of the securities. As a result, the price of the securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$50,000.

We have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

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PROSPECTUS

The Abbey National Group

U.S.\$15,000,000,000

Abbey National plc

Abbey National Treasury Services plc

Abbey National First Capital B.V.

DEBT SECURITIES

From time to time, Abbey National plc ("Abbey National"), Abbey National Treasury Services plc ("ANTS") and Abbey National First Capital B.V. ("First Capital B.V.") may offer debt securities. We are collectively referred to in this prospectus as the "issuers." The aggregate initial offering price of the debt securities we offer may not exceed \$15,000,000,000, including equivalent amounts in other currencies.

Abbey National and First Capital B.V. may offer subordinated debt securities through this prospectus, and ANTS may offer senior debt securities through this prospectus. Each debt security issued by either ANTS or First Capital B.V. will be unconditionally and irrevocably guaranteed by Abbey National. Guarantees of ANTS debt securities will be senior guarantees, and guarantees of First Capital B.V. debt securities will be subordinated guarantees.

We will provide the specific terms of the securities that we are offering in supplements to this prospectus. These terms may include the specific designation, aggregate principal amount, ranking as senior or subordinated, authorized denominations, interest rates or their methods of calculation, interest payment dates and redemption provisions, among others. The prospectus supplement will also contain the names of the underwriters, dealers or agents involved in the sale of the debt securities, together with any applicable commissions or discounts. You should read this prospectus and any prospectus supplement carefully before you make a decision to invest.

Neither the Securities and Exchange Commission or any state securities commission has approved or disapproved these securities or determined whether this Prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

April 12, 1999

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About This Prospectus

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "Commission") utilizing the "shelf" registration process. Under the shelf registration process, we may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the debt securities we may offer. Each time we sell securities, we will provide prospective investors with a prospectus supplement that will contain specific information about the terms of the securities. The prospectus supplement may also add to or update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Obtain More Information."

In this prospectus, we use a number of short-hand terms in order to simplify the discussion of our operations. In particular:

- "Guarantor" refers to Abbey National;
- "Society" refers to the Abbey National Building Society;
- "ANTS Group" refers to ANTS and its subsidiaries;
- "Group" refers to Abbey National and its subsidiaries;
- "pounds", "sterling", "£", "pence" and "p" refer to the currency of the United Kingdom;
- "U.S. dollars", "dollars", "U.S.\$", "\$" and "¢" refer to the currency of the United States;
- "Conversion" refers to the transfer of the business of the Society to Abbey National under Section 97 of the Building Societies Act 1986 of Great Britain which became effective on July 12, 1989 when we completed the initial public offering of shares of Abbey National and Abbey National shares were admitted to the Official List of the London Stock Exchange; and
- the "Tier 1" or "Tier 2" capital ratio refers to the Group's Tier 1 or Tier 2 capital ratio calculated in accordance with the standards of the Bank for International Settlements, European Community directives and the U.K. Financial Services Authority.

The selected financial information relating to the Group in this prospectus for each of the five financial years ended December 31, 1998 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 of Great Britain. Instead, it has been derived from the audited consolidated accounts of the Group for each of those years. The statutory consolidated accounts for each of those years were delivered to the Registrar of Companies in England and Wales. The Group's auditors have made reports under Section 235 of the Companies Act 1985 in respect of each set of statutory consolidated accounts for each of the five financial years ended December 31, 1998 and each such report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

Where You Can Obtain More Information

Abbey National files annual reports and special reports, proxy statements and other information with the Commission. You may read and copy any document Abbey National files at the Commission's public reference room at Room 1024, 450 Fifth Street, N.W., Washington D.C. 20549 and at the Commission's regional offices. Please call the Commission at (800) SEC-0330 for further information about the public reference room.

The Commission allows Abbey National to "incorporate by reference" in this prospectus the information in the documents that Abbey National files with the Commission. This means that Abbey National can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and includes the following documents:

- Abbey National's Annual Report on Form 20-F for the fiscal year ended December 31, 1998; and
- all documents filed in the future by Abbey National under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), any future reports on Form 6-K that indicate they are incorporated into this registration statement and any future Annual Reports on Form 20-F that Abbey National may file with the Commission until we sell all of the securities that may be offered through this prospectus.

You should consider any statement incorporated by reference to be modified by any statement subsequently incorporated by reference to the extent that subsequent statement modifies the prior statement. As permitted by and in accordance with the Commission's rules, summary financial information regarding ANTS is included in Abbey National's consolidated financial statements, and we have provided no separate financial information on First Capital B.V.

You may request a copy of these documents at no cost to you, by writing or telephoning us at the following address: Secretariat, Abbey National plc, Abbey House, Baker Street, London NW1 6XL, England, Telephone: 44 870 607 6000.

Limitations on Enforcement of U.S. Laws — As Against Abbey National, ANTS, First Capital B.V., Their Respective Managements and Others

Each of Abbey National and ANTS is a public limited company incorporated in England and Wales. First Capital B.V. is a private company with limited liability organized under the laws of the Netherlands with its statutory seat at The Hague. All of our directors are residents of the United Kingdom, the Netherlands or countries other than the United States. As a result, you should note that it may be difficult or impossible to serve legal process on Abbey National, ANTS, First Capital B.V., or their managers, and to force them to appear in a U.S. court. Abbey National's and ANTS's legal counsel in England, Slaughter and May, and First Capital B.V.'s legal counsel in the Netherlands, De Brauw Blackstone Westbroek N.V., have advised them that there is doubt as to the enforceability in those countries, in original actions or in actions to enforce judgments of U.S. courts, of civil liabilities based on U.S. securities laws. Finally, a Netherlands court may refuse to allow an original action based on U.S. securities laws.

De Brauw Blackstone Westbroek N.V. has further advised that the United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a civil judgment by a U.S. court would not necessarily be directly enforceable in the Netherlands, although it could be enforceable in certain circumstances.

We have consented to service of process in the Borough of Manhattan, the City of New York, for claims based on the documents underlying the particular debt securities that each of us will issue or guarantee, which include the related indentures, deposit and custody agreements, the terms of the debt securities and guarantees themselves and the related global receipts.

Forward-Looking Statements May Not Be Accurate

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in documents filed with the Commission, including this prospectus or any prospectus supplement, documents incorporated herein by reference, reports to shareholders and other communications. The U.S. Private Securities Litigation Reform Act of 1995 contains a safe-harbor for forward-looking statements on which we rely in making such disclosures. Certain factors may cause actual results to differ materially from those contained in any forward-looking statement made by us or on our behalf. Such factors are identified in filings with the Commission. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

ABBEE NATIONAL GROUP

General

Abbey National and its subsidiaries constitute a major financial services group in the United Kingdom. With total assets of £177.8 billion and income before taxes of £1,520 million as at and for the year ended December 31, 1998, the Abbey National Group ranked as the fourth largest banking group incorporated in the United Kingdom in terms of total assets. It is the U.K.'s second largest residential mortgage lender and third largest retail deposit taker. The Group's total assets were £150.8 billion and income before taxes was £1,279 million as at and for the year ended December 31, 1997.

The Group's principal businesses are U.K. Retail Banking, Treasury & Wholesale Banking, Life Insurance, Finance House and General Insurance, which are described below:

- Abbey National's U.K. Retail Banking focuses on the personal sector and provides residential mortgages, liquid savings products and personal banking services. In addition, it distributes insurance and investment products.
- Treasury & Wholesale Banking primarily consists of ANTS, an authorized U.K. banking institution, and also includes Abbey National Financial Products and Cater Allen International Limited. It manages the liquidity needs of the Group, provides the Group with wholesale funding through its activities in the international capital markets and with risk management services, and makes a significant contribution to the Group's profit predominantly through investing in high quality assets and securities.
- Life Insurance principally consists of Abbey National Life plc and Scottish Mutual Assurance plc, each of which sells a range of life insurance, pension and long-term savings and investment products.
- Finance House comprises Abbey National's unsecured lending operations and those of First National Bank, which is a market leader in the provision of finance for the purchase of new and used vehicles and point-of-sale furniture and appliance finance.
- General Insurance provides Abbey National-branded general and motor insurance products through Abbey National branches and over the telephone.

The Group's other business segments are Continental Europe (consisting primarily of the Group's retail banking businesses in France and Italy), Wealth Management (providing retail financial services to individuals with above-average sums to invest and comprising the Group's other offshore and certain onshore operations) and Group Central Holdings.

Abbey National Treasury Services

Abbey National Treasury Services plc, a wholly-owned subsidiary of Abbey National and an authorized U.K. banking institution, conducts most of the treasury activities of the Group and takes wholesale deposits.

Abbey National First Capital

Abbey National First Capital B.V., a Netherlands corporation, is an indirect wholly owned subsidiary of Abbey National whose principal purpose is raising funds for the Group.

The principal executive offices of each of Abbey National and ANTS are located at Abbey House, Baker Street, London NW1 6XL, England; the telephone number for Abbey National is 44-870-607-6000 and for ANTS is 44-171-612-4000. The principal executive offices of First Capital B.V. are located at Lange Voorhout 86, apartment 22, 2514 EJ, The Hague, The Netherlands; telephone number 31-70-356-0939.

USE OF PROCEEDS

Unless otherwise disclosed in the accompanying prospectus supplement, the net proceeds from the sale of the debt securities will be used to fund the business of the Group and, with respect to subordinated debt securities, to strengthen the Group's capital base.

EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information concerning the exchange rate for pounds sterling based on the noon buying rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"), expressed in U.S. dollars per £1.00. More recent information relating to the Noon Buying Rate may be set forth in the accompanying prospectus supplement. No representation is made that amounts in pounds sterling have been, could have been or could be converted into U.S. dollars at the Noon Buying Rate or at any other rate.

<u>Calendar Period</u>	<u>High</u>	<u>Low</u>	<u>Average (1)</u>	<u>Period End</u>
			(dollars per pound)	
1999 (through March 31)	1.66	1.60	1.62	1.61
1998	1.72	1.61	1.66	1.66
1997	1.70	1.58	1.64	1.64
1996	1.71	1.49	1.57	1.71
1995	1.64	1.53	1.58	1.55
1994	1.64	1.46	1.54	1.57

(1) The average of the Noon Buying Rates on the last business day of each month during the relevant period.

On April 9, 1999, the Noon Buying rate was \$1.61:£1.00.

SELECTED CONSOLIDATED FINANCIAL AND STATISTICAL DATA

The financial information set forth below for the twelve month periods ended December 31, 1998, 1997 and 1996, and as at December 31, 1998 and 1997 has been derived from the Consolidated Financial Statements of the Group appearing in the the Group's Annual Report on Form 20-F for the year ended December 31, 1998 (the "1998 Form 20-F"). The information should be read in connection with, and is qualified in its entirety by reference to, the Group's Consolidated Financial Statements and the notes thereto, as appearing in the 1998 Form 20-F. Financial information set forth below for the twelve month periods ended December 31, 1995 and 1994, and as at December 31, 1996, 1995 and 1994, has been derived from the audited consolidated financial statements of the Group for 1996, 1995 and 1994. The financial information in this Selected Consolidated Financial and Statistical Data does not constitute statutory accounts within the meaning of the Companies Act 1985. The auditors' report in the accounts for each of the five years ended December 31, 1998 was unqualified and did not include a statement under sections 237(2) or 237(3) of the Companies Act 1985. The consolidated financial statements of the Group for each of the five years ended December 31, 1998 have been audited by PricewaterhouseCoopers (formerly Coopers & Lybrand), independent accountants. The Group's Consolidated Financial Statements, as appearing in the 1998 Form 20-F, have been prepared in accordance with U.K. GAAP, which differ in certain significant respects from U.S. GAAP. Certain significant differences between U.K. GAAP and U.S. GAAP are discussed in Note 53 to the Consolidated Financial Statements, appearing in the 1998 Form 20-F, which includes reconciliations of certain amounts calculated in accordance with U.K. GAAP to U.S. GAAP.

	Year ended/as at December 31,					
	1998 (1)	1998	1997	1996	1995	1994
	(in millions, except per share data)					
U.K. GAAP income statement data						
Net interest income	\$ 3,706	£ 2,229	£ 2,022	£ 1,794	£ 1,584	£ 1,394
Commissions, fees and other income	1,478	889	738	555	399	365
Total operating income	5,185	3,118	2,760	2,349	1,983	1,759
Other operating expenses	(2,137)	(1,285)	(1,168)	(977)	(870)	(755)
Provisions for bad and doubtful debts	(334)	(201)	(121)	(127)	(72)	(74)
Provisions for contingent liabilities and commitments	(27)	(16)	(16)	(4)	(7)	—
Adjustments to/(amounts written off) fixed asset investments	(47)	(28)	(3)	(13)	(8)	2
Income before taxes and exceptional items	2,640	1,588	1,452	1,228	1,026	932
Exceptional items, (2)	(113)	(68)	(173)	(61)	—	—
Income before taxes	2,527	1,520	1,279	1,167	1,026	932
Net income (3)	1,703	1,024	919	754	681	610
Per ordinary share information:						
Net income (including exceptional items) (2)	120.4¢	72.4p	65.2p	56.5p	51.7p	46.5p
Net income (excluding exceptional items) (2)	125.9¢	75.7p	67.2p	59.8p	51.7p	46.5p
Dividends	58.9¢	35.4p	30.7p	26.1p	21.8p	17.8p
U.S. GAAP income statement data						
Net income (3)	\$ 1,372	£ 825	£ 781	£ 636	£ 615	£ 527
Per ordinary share (including exceptional items) (4)	97.0¢	58.3p	55.4p	47.6p	46.7p	40.0p
Per ordinary share (excluding exceptional items) (4)	102.5¢	61.7p	56.0p	50.9p	46.7p	40.0p
U.K. GAAP balance sheet data						
Loans and advances to banks and customers and net investment in finance leases (5)						
	\$141,363	£ 85,015	£ 79,804	£ 71,362	£ 57,513	£53,668
Total assets	295,611	177,779	150,808	124,011	103,132	94,457
Deposits by banks, customer accounts and debt securities in issue (5)	218,696	131,523	119,734	102,589	86,450	79,734
Subordinated liabilities	5,542	3,333	2,463	2,374	2,127	1,520
Shareholders' funds	8,991	5,407	4,878	4,393	3,941	3,704
Book value of equity shareholders' funds per ordinary share	581.6¢	349.8p	313.4p	289.4p	290.8p	282.6p
U.S. GAAP balance sheet data						
Shareholders' funds (6)	\$ 10,597	£ 6,373	£ 6,044	£ 5,456	£ 4,874	£ 3,955
Book value of equity shareholders' funds per ordinary share	695.0¢	418.0p	395.9p	365.0p	361.5p	301.4p
Total assets (6)	\$296,465	£178,293	£151,687	£124,830	£104,095	£94,550

- (1) Amounts stated in dollars have been translated from sterling at the rate of £1.00 = \$1.6628, the Noon Buying Rate on December 31, 1998.
- (2) In 1998, costs incurred in preparing the Group for Year 2000 and Economic and Monetary Union have been treated as exceptional items. Prior year comparatives have been restated for consistency. In 1997, the U.K. Government announced a package of measures which represent a significant change to the U.K. tax regime. The effects of these measures were shown as exceptional items in the profit and loss account. In 1996, £61 million was incurred in integrating the business of the N&P Building Society. For further details on these items, see "Management's Discussion and Analysis — Exceptional items" included in our 1998 Form 20-F.
- (3) Net income equals profit on ordinary activities after tax, minority interests and dividends attributable to non-equity interests.
- (4) Net income divided by the average number of ordinary shares outstanding.
- (5) Following an accounting presentation change, Assets and Liabilities under stock borrowing and lending agreements are reported under a separate heading in the balance sheet. The above heading, Loans and advances to banks and customers and net investment in finance leases, has been reduced by £6,678 million as at December 31, 1997, with an equivalent reduction in the heading, Deposits by banks, customer accounts and debt securities in issue. No restatement prior to 1997 is necessary.
- (6) Comparative figures for total assets and shareholders' funds have been restated for changes in the unrealised deficit on derivatives hedging securities available for sale as a result of the inclusion of the fair value of non-trading derivatives entered into by Group entities with ANFP, unamortised swap fees and certain clerical items. This resulted in an increase in Total assets of £30 million in 1997 (1996: £15m).

Year ended/as at
December 31,

1998 1997 1996 1995 1994
(percent, except ratio of earnings to
fixed charges)

Selected U.K. GAAP financial statistics

	1998	1997	1996	1995	1994
Profitability ratios:					
Return on average total assets (1)	0.61	0.68	0.66	0.67	0.69
Return on average ordinary shareholders' funds (2)	21.07	20.85	18.52	17.65	16.56
Return on average risk weighted assets (3)	1.60	1.70	1.58	1.55	1.59
Net interest margin (excluding exceptional items) (4)	1.61	1.71	1.76	1.71	1.73
Cost:income ratio (including exceptional items) (5)	43.27	45.69	44.19	43.87	42.92
Cost:income ratio (excluding exceptional items) (5)	41.21	42.32	41.59	43.87	42.92
Capital ratios:					
Ordinary Dividends as a percentage of net income	48.93	47.23	47.75	42.29	38.19
Average ordinary shareholders' funds as a percentage of average total assets	2.90	3.24	3.57	3.81	4.18
Risk asset ratios:					
Total	10.16	11.09	11.69	11.67	11.53
Tier 1	7.30	8.41	8.47	8.39	9.14
Credit quality data: (6)					
Non-performing loans as a percentage of loans and advances to customers excluding finance leases (6)(7)	3.69	3.44	4.22	5.47	4.93
Allowances as a percentage of loans and advances to customers excluding finance leases (6)	0.77	0.68	0.82	0.94	0.74
Allowances as a percentage of non-performing loans (6)(7)	20.86	19.73	19.55	17.12	14.98
Provisions charge for bad and doubtful debts as a percentage of average loans and advances to customers excluding finance leases (6)	0.29	0.18	0.22	0.14	0.16
Ratio of earnings to fixed charges: (8)					
Excluding interest on retail deposits	1.34	1.38	1.40	1.35	1.45
Including interest on retail deposits	1.22	1.22	1.24	1.21	1.24

Selected U.S. GAAP financial statistics

Return on average total assets (1)	0.49	0.57	0.55	0.60	0.60
Return on average ordinary shareholders' funds (2)	13.97	14.14	12.54	13.65	13.54
Dividends as a percentage of net income	55.39	49.81	48.11	41.46	38.71
Average ordinary shareholders' funds as a percentage of average total assets	3.52	4.04	4.41	4.43	4.41
Ratio of earnings to fixed charges: (8)					
Excluding interest on retail deposits	1.28	1.32	1.35	1.31	1.39
Including interest on retail deposits	1.17	1.19	1.21	1.19	1.21

- (1) Net income divided by average total assets.
- (2) Net income divided by average equity shareholders' funds.
- (3) Net income divided by average risk weighted assets.
- (4) Net interest margin represents net interest income as a percentage of average interest-earning assets.
- (5) Cost:income ratio equals operating expenses divided by total operating income.
- (6) All credit quality data is calculated using period-end balances, except for provisions for bad and doubtful debts as a percentage of average loans and advances to customers.
- (7) The non-performing loans used in these statistics are calculated in accordance with conventional U.S. definitions. The value of non-performing loans represents the aggregate outstanding balance of all loans and advances 90 days or more overdue or, for unsecured loans less than 90 days overdue, the balance of loans where a provision has been made or interest suspended. Interest continues to be debited to substantially all of these loans and advances for collection purposes. The proportion of this interest whose collectability is in doubt is then suspended and excluded from the income statement. Accordingly, the interest income figures included in the income statement are the same as would be reported in the United States. However, the value of non-performing loans is higher by the cumulative amount of this suspended interest.

In cases where borrowers have made arrangements to pay off their arrears over a period of time, the arrears remain on the loan accounts until cleared and as a result the loans are included in non-performing loans even though the customers are currently performing and many will ultimately discharge their loans fully.

Abbey National generally holds a first mortgage over the properties securing the U.K. residential mortgage loans. The value of the security will in many cases completely cover the value of the loan and the arrears and in the remainder will considerably reduce the size of the loss incurred.

Non-performing loans also include the full value of loans for which Abbey National has enforced its security by taking into possession the borrowers' properties. In many such cases the value of the losses expected to result on sale of the security is known with some certainty and is included in the specific allowances. However, the value of the losses is not charged off until the properties are sold and the losses have thus been determined precisely. Other banks, including those in the United States, may charge off losses more rapidly. Although Abbey National's practice does not affect net income or the carrying value of loans and advances to customers, it does increase the reported value of non-performing loans.

For these reasons, the value of the non-performing loans is not necessarily indicative of the value of losses which Abbey National is likely to suffer. Management believes that it is important to consider the quality of Abbey National's U.K. residential mortgage portfolio compared with those of its competitors. Over the reporting periods covered by this table, the number of mortgage loans which are six months or more in arrears as a percentage of the total number of outstanding mortgage loans has been broadly in line with the U.K. Council of Mortgage Lenders' ("CML") industry average. As at December 31, 1998, Abbey National's percentage was 1.2% compared with a CML percentage of 1.0%. The value of these Abbey National non-performing loans as a percentage of its total U.K. residential mortgage loan assets was 1.45%. Non-performing loans in this table also include the value of arrears cases between three and six months in arrears and the value of properties in possession. On this basis, the non-performing U.K. residential mortgage loans are 2.5% of its total U.K. residential loans and advances. Including the remainder of the Group's loans and advances (excluding finance leases), this ratio increases to 3.69%.

- (8) For the purpose of calculating the ratios of earnings to fixed charges, earnings consists of income before taxes plus fixed charges. Fixed charges consists of interest payable, which includes the amortization of discounts and premiums on debt securities in issue and interest payable on finance lease obligations.

DESCRIPTION OF THE DEBT SECURITIES AND GUARANTEES

The following description sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of each series of debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions described below may apply to the debt securities so offered will be described in the prospectus supplement relating to those debt securities. As used in this description, the holder of a debt security is, with respect to a debt security in registered form, the registered owner of that debt security and, with respect to a debt security in global bearer form, the Custodian of that global bearer debt security.

The senior debt securities and the senior guarantees will be issued under a senior indenture, dated as of November 4, 1994 (as supplemented or amended from time to time) among ANTS, Abbey National and Bankers Trust Company, as senior trustee. A copy of the senior indenture is filed as an exhibit to the Registration Statement of which this prospectus is a part. The subordinated debt securities and the subordinated guarantees will be issued under a subordinated indenture, dated as of October 25, 1994 (as supplemented or amended from time to time and, together with the senior indenture, referred to in this description as the "indentures"), among Abbey National, First Capital B.V. and The Bank of New York, as subordinated trustee (together with the senior trustee, the "trustees"). A copy of the subordinated indenture is filed as an exhibit to the Registration Statement of which this prospectus is a part.

The following summaries of the material provisions of the debt securities, the guarantees and the indentures do not purport to be complete and are qualified in their entirety by reference to all the provisions of the applicable indenture, including the definitions of certain terms which are provided in the indentures. Wherever particular defined terms of the applicable indenture are referred to and those terms are not defined in this prospectus, such defined terms shall have the meanings assigned in the applicable indenture and are incorporated by reference into this prospectus.

General

The indentures do not limit the amount of the debt securities that can be issued thereunder and provide that debt securities may be issued thereunder from time to time in one or more series. Subordinated debt securities may:

- (1) have a fixed Stated Maturity or date of redemption ("Term Subordinated Securities"),
- (2) have no fixed Stated Maturity or date of redemption and be subordinated debt securities to which the provisions set forth under the heading "Perpetual Capital Securities" do not apply ("Perpetual Subordinated Securities") or
- (3) have no fixed Stated Maturity or date of redemption and be subordinated debt securities to which the provisions set forth under the heading "Perpetual Capital Securities" apply ("Perpetual Capital Securities").

The following terms of the particular series of debt securities and guarantees, if any, being offered will be described in the relevant prospectus supplement:

- (1) whether the debt securities are senior debt securities or subordinated debt securities, and if subordinated debt securities, whether they are Term Subordinated Securities, Perpetual Subordinated Securities or Perpetual Capital Securities;
- (2) the designation, aggregate principal amount and authorized denominations of the series of debt securities;
- (3) the percentage or percentages of principal amount at which the debt securities of the series will be issued;
- (4) with respect to subordinated debt securities, whether subordinated debt securities of the series are to be issuable as Registered Securities, Bearer Securities or both, and whether and

on what terms subordinated debt securities of the series in one form may be exchanged for subordinated debt securities of the series in another form;

- (5) certain dates or periods, including:
 - (a) the original issue date or dates or periods during which the debt securities may be issued,
 - (b) the date or dates (or manner of determining the same), if any, on which, or the range of dates, if any, within which, the principal of (and premium, if any, on) the debt securities of the series is payable and
 - (c) the record dates, if any, for the determination of holders of Registered Securities of such series to whom such principal (and premium, if any) is payable;
- (6) information with regard to interest, including:
 - (a) the rate or rates per annum (or the manner of calculation thereof) at which the debt securities of the series shall bear interest (if any),
 - (b) the date or dates from which such interest shall accrue,
 - (c) the Interest Payment Dates on which such interest shall be payable (or manner of determining the same) and
 - (d) the Regular Record Date for the interest payable on any Registered Securities on any Interest Payment Date;
- (7) the place or places where:
 - (a) the principal of (and premium, if any, on) and interest or Arrears of Interest (as defined below), if any, on debt securities of the series shall be payable,
 - (b) debt securities of the series may be presented for transfer or exchange, and
 - (c) notices and demands to or upon the applicable issuer or the guarantor, if any, may be served;
- (8) the terms and conditions, if any, upon which debt securities of the series may be redeemed, in whole or in part, at the option of the applicable issuer or otherwise;
- (9) the obligation, if any, of the applicable issuer to redeem, purchase or repay debt securities of the series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof, and the terms and conditions in respect thereof;
- (10) if the currency in which the debt securities of the series shall be issuable is dollars, the denominations in which any Registered Securities of that series shall be issuable, if other than the denominations of \$1,000 and any integral multiples thereof;
- (11) with respect to debt securities other than Perpetual Capital Securities, if other than the principal amount thereof, the portion of the principal amount of such debt securities of the series which shall be payable upon a declaration of acceleration of the Maturity, if any, thereof;
- (12) with respect to the senior debt securities of a series, any additional Events of Default (as defined below) and, with respect to the subordinated debt securities of a series, any additional Events of Default, Defaults, or Payment Events (each as defined below);
- (13) any additional covenants or agreements of the applicable issuer or the guarantor with respect to the debt securities of the series;
- (14) with respect to senior debt securities, if a person other than Bankers Trust Company is to act as trustee for the debt securities of the series or, with respect to subordinated debt securities,

if a person other than The Bank of New York is to act as trustee for the debt securities of the series, the name and location of the Corporate Trust Office of such trustee and, with respect to any debt securities of a series, if a person other than Citibank, N.A. is to act as principal paying agent for the debt securities of the series, the name and location of the Principal Office of such principal paying agent;

- (15) if other than U.S. dollars, the currency or currency unit in which any payments on the debt securities of the series shall be made or in which the debt securities of the series shall be denominated;
- (16) if the principal of (and premium, if any, on) and interest and Arrears of Interest, if any, on the debt securities of the series are to be payable, at the election of the applicable issuer or a holder thereof, in a currency or currency unit other than that in which such debt securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made;
- (17) the designation of the original Currency Determination Agent, if any, and in what circumstances a Currency Determination Agent's Certificate or an Exchange Rate Officers' Certificate shall be delivered for debt securities of the series;
- (18) the index, if any, used to determine the amount of payments of principal of (and premium, if any, on) and interest and Arrears of Interest, if any, on the debt securities of the series;
- (19) if applicable, the fact that the terms of the applicable indenture described below under "Satisfaction and Discharge" will not apply with respect to the debt securities of the series;
- (20) the date as of which any global Security representing outstanding debt securities of the series shall be dated if other than the date of original issuance of the first security of the series to be issued;
- (21) if applicable, the fact that the terms of the applicable indenture described under "Redemption and Repurchase — Redemption for Tax Reasons" and "Payment of Additional Amounts" below will not apply with respect to the debt securities of the series;
- (22) whether the debt securities of the series shall be issued in whole or in part in the form of a global security or securities and, in such case, the Depositary for such global security or securities;
- (23) with respect to subordinated debt securities, whether the subordinated debt securities of the series shall be issued to a Custodian in the form of a global debt security or securities in bearer form (a "global Bearer Security" or "global Bearer Securities") and, in such case, the Custodian, the Global Bearer Security Depositary and the Depositary for any Global Receipt or Receipts to be issued by the Global Bearer Security Depositary in respect of any such global Bearer Security or Securities and other material provisions in respect of any such subordinated debt securities;
- (24) information with respect to book-entry procedures, if any; and
- (25) any other terms of that series (which terms shall not be inconsistent with the provisions of the applicable indenture).

All debt securities of any one series need not be issued at the same time, and need not bear interest at the same rate or mature on the same date.

If the purchase price of any of the debt securities is denominated in a foreign currency or currencies or foreign currency unit or units or if the principal of (and premium, if any, on) or interest, if any, on any series of debt securities is payable in a foreign currency or currencies or foreign currency unit or units, the restrictions, elections, tax consequences, specific terms and other information with respect to such issue of

debt securities and such foreign currency or currencies or foreign currency unit or units will be set forth in the related prospectus supplement.

Some of the debt securities may be issued as "Discounted Securities" (providing that upon any redemption prior to maturity or acceleration of the Maturity thereof, an amount less than the principal thereof shall become due and payable) to be sold at a substantial discount below their stated principal amount. United States federal income tax consequences, United Kingdom tax consequences, Netherlands tax consequences and other special considerations applicable to any Discounted Securities will be described in the related prospectus supplement.

Unless otherwise indicated in the prospectus supplement relating to the debt securities of a series, the provisions of the indentures and the debt securities and the guarantees do not afford you protection in the event of a highly leveraged or other transaction involving the applicable issuer or the guarantor, if any, as the case may be, which might adversely affect you.

Denominations, Registration and Transfer

The debt securities of a series will only be issuable as "Registered Securities" except in the case of subordinated debt securities in the form of one or more global Bearer Securities issued to a Custodian. Debt securities of a series may be issuable in the form of one or more global securities, as described under "Global Securities" below. Unless otherwise provided in related prospectus supplement, Registered Securities denominated in U.S. dollars will be issued only in denominations of \$1,000 or any integral multiple thereof. In order to ensure that the debt securities will be exempt from certain requirements of The Netherlands Securities Act, debt securities issued by First Capital B.V. will be issued in minimum denominations of \$100,000 (or the equivalent in another currency or currency unit) and integral multiples of \$1,000 in excess thereof. Unless otherwise provided in the applicable prospectus supplement, a global security will be issued in a denomination equal to the aggregate principal amount of outstanding debt securities of the series represented by such global security. The prospectus supplement relating to the debt securities denominated in a foreign currency or currency unit will specify the denominations thereof.

Registered Securities of any series will be exchangeable for other Registered Securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations. Registered Securities (other than a global security) may be presented for registration of transfer (with the form of transfer duly executed), at the office of the Security Registrar or at the office of any transfer agent designated by the applicable issuer for such purpose with respect to any series of debt securities and referred to in an applicable prospectus supplement, without service charge but subject to payment of any taxes and other governmental charges as described in the applicable indenture. Such transfer or exchange will be effected after the Security Registrar or transfer agent, as the case may be, is satisfied with the documents of title and identity of the person making the request. The senior issuer and the subordinated issuers each have initially appointed the principal paying agent as the Security Registrar under the applicable indenture. If a prospectus supplement refers to any transfer agents (in addition to the Security Registrar) initially designated by the applicable issuer with respect to any series of debt securities, the applicable issuer may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that (other than with respect to subordinated debt securities in the form of one or more global Bearer Securities issued to a Custodian) the applicable issuer will be required to maintain a transfer agent in each place of payment for such series. The applicable issuer may at any time designate additional transfer agents with respect to any series of debt securities.

If the debt securities of a series are redeemed in part, the applicable issuer shall not be required to

- (1) issue, register the transfer of or exchange debt securities of any such series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of debt securities of that series selected to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;

- (2) register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part; or
- (3) with respect to subordinated debt securities in the form of one or more global Bearer Securities issued to a Custodian, exchange any global Bearer Security called for redemption, except to exchange such global Bearer Security for another global Bearer Security of that series and like tenor representing the aggregate principal amount of subordinated debt securities of that series that have not been redeemed.

Global Securities

The debt securities of a series may be issued in whole or in part in the form of one or more global securities (each a "global Security") that will be deposited with, or on behalf of, a Depository or, solely in the case of subordinated debt securities issued in the form of global Bearer Securities and to be represented by Global Receipts, a Custodian identified in the applicable prospectus supplement. Except for global Bearer Securities issued to a Custodian, global Securities will be issued in registered form. Unless and until it is exchanged for securities in definitive form, a global Security in registered form may not be transferred except as a whole by the relevant Depository to its nominee or vice versa or by a nominee to or another nominee of such Depository or in either case, to a successor of such Depository or a nominee of such successor. In respect of subordinated debt securities in the form of global Bearer Securities issued to a Custodian, such Custodian shall instruct the applicable Global Bearer Security Depository to issue one or more Global Receipts in registered form in respect of such global Bearer Securities to a Depository for such Global Receipts or its nominee. See "Description of the Global Receipts Representing Global Bearer Securities" below. In the case of a global Bearer Security issued to a Custodian, such global Bearer Security may not be transferred except as a whole to a successor of the Custodian.

The specific terms of the depositary arrangement with respect to a series of debt securities will be described in the related prospectus supplement. We anticipate that the following provisions will apply to all depositary arrangements.

Upon the issuance of a global Security, the Depository for such global Security or its nominee will credit the accounts of persons held with it with the respective principal amounts of the debt securities represented by such global Security. Such accounts shall be designated by the underwriters or agents with respect to such debt securities or by the applicable issuer if such debt securities are offered and sold directly by its issuer. Ownership of beneficial interests in a global Security will be limited to persons that have accounts with the Depository for such global Security or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in the global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depository or its nominee (with respect to interests of participants) for such global Security and on the records of participants (with respect to interests of persons who hold interests through participants). The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair your ability to transfer beneficial interests in a global Security.

So long as the relevant Depository, or its nominee, is the registered owner of such global Security, it will be considered the sole owner or holder of the debt securities represented by such global Security for all purposes under the applicable indenture governing the debt securities. So long as the Custodian for a global Bearer Security is the holder of such global Bearer Security, it will be considered the sole owner or holder of the subordinated debt securities represented by such global Bearer Security for all purposes under the subordinated indenture. Except as provided below, owners of beneficial interests in a global Security will not be entitled to have debt Securities of the series represented by such global Security registered in their names, will not receive or be entitled to receive physical delivery of securities of such

series in definitive form and will not be considered the owners or holders thereof under the applicable indenture governing such debt securities.

Any payments of principal, premium or interest on debt securities registered in the name of a Depository or its nominee will be made to it as the registered owner of the global Security representing such debt securities. Any payments of principal, premium or interest on subordinated debt securities in the form of a global Bearer Security held by a Custodian will be made to the Custodian. None of the applicable issuer, Custodian, if any, guarantor, if any, trustee, principal paying agent or Security Registrar for such debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a global Security for such debt securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the Depository for a global Security or its nominee, upon receipt of any payment of principal, premium or interest, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the debt securities of such a series represented by such global Security as shown on the records of such Depository or its nominee. We also expect that payments by participants to owners of beneficial interests in such global Security held through such participants will be governed by standing instructions and customary practices, as is now 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 participants.

If a Depository for a global Security in respect of a series of debt securities is at any time unwilling or unable to continue as depository, and a successor depository is not appointed by the applicable issuer within 90 days, the applicable issuer will issue securities in respect of the debt securities of such series in definitive form in exchange for the global Security representing such series of debt securities.

In connection with any global Bearer Securities in respect of subordinated debt securities issued to a Custodian, if

- (1) at any time such Custodian notifies the applicable subordinated issuer that it is unwilling or unable to continue as custodian as the case may be, or
- (2) if at any time such Custodian shall no longer be eligible under the subordinated indenture, the applicable subordinated issuer shall appoint a successor custodian with respect to such subordinated debt securities or Global Receipts, as the case may be.

If a successor Custodian is not appointed by the applicable subordinated issuer within 90 days after the applicable subordinated issuer receives such notice or becomes aware of such ineligibility or if any Event of Default with respect to such global Bearer Securities shall occur, the applicable subordinated issuer will issue definitive Registered Securities in respect of the subordinated debt securities of such series in exchange for such global Bearer Securities and Global Receipts representing such series of subordinated debt securities.

The applicable issuer may at any time and in its sole discretion determine that the Registered Securities in respect of the debt securities of any series issued in the form of one or more global Securities, or the global Bearer Securities in respect of the subordinated debt securities of any series issued to a Custodian, shall no longer be represented by such global Security or Securities. In such event the applicable issuer will issue Registered Securities in respect of the debt securities of such series in definitive form. Further, if the applicable issuer so specifies with respect to the debt securities of a series, you may, on terms acceptable to the applicable issuer and the Depository for such global Security, receive debt securities of such series in securities in definitive form. In the case of a global Bearer Security issued to a Custodian, any such global Bearer Security or portion thereof may be exchanged for definitive Registered Securities if

- (1) the Global Bearer Security Depositary notifies the subordinated trustee in writing that you have requested in writing that definitive Registered Securities be issued in respect thereof and
- (2) the Global Bearer Security Depositary requests the subordinated trustee to issue such definitive Registered Securities and
- (3) the Custodian of such global Bearer Security surrenders to the subordinated trustee such global Bearer Security for exchange whether in whole or in part (such request being referred to herein as an "Optional Definitive Security Request"). In any such instance, you will be entitled to physical delivery in definitive form of securities of the series of debt securities represented by such global Security or a Global Receipt, as the case may be, equal in principal amount to your beneficial interest, and to have such securities registered in your name. Debt securities of such series so issued in definitive form will be issued as Registered Securities in denominations, unless otherwise specified by the applicable issuer, of \$1,000 and integral multiples thereof.

You should be aware that under current United Kingdom tax law, upon the issuance of Registered Securities in definitive form with respect to the subordinated debt securities of a series originally issued in the form of global Bearer Securities and represented by such a Global Receipt, United Kingdom income tax at the lower rate (currently 20%) may be required to be withheld on any payments of interest on such subordinated debt securities as set forth under "Taxation — United Kingdom Tax Considerations" in the prospectus supplement. If such definitive Registered Securities are issued pursuant to an Optional Definitive Security Request, the applicable subordinated issuer will not be obligated to pay any additional amounts on such subordinated debt securities. See "Payment of Additional Amounts" below. In no event will definitive subordinated debt securities in bearer form with respect to such subordinated debt securities be issued.

Guarantees

The guarantor will irrevocably and unconditionally guarantee the due and punctual payment of principal, premium, if any, interest and Arrears of Interest, if any, other additional amounts (as provided in the indentures), if any, and mandatory sinking fund payments, if any, in respect of

- (1) the senior debt securities, and
- (2) the subordinated debt securities issued by First Capital B.V.

when and as the same shall become due and payable and in the coin or currency in which the same are payable whether at the Stated Maturity, if any, by declaration of acceleration, call for redemption or otherwise. Each of the senior debt securities issued by ANTS and the subordinated debt securities issued by First Capital B.V. will have endorsed thereon the senior guarantee or the subordinated guarantee, respectively, of the guarantor.

Status

Status of the Senior Debt Securities and the Senior Guarantees

The senior debt securities will constitute direct, unconditional, unsubordinated and (subject to the provisions set forth under "— Senior Debt Securities — Negative Pledge" below) unsecured obligations of the senior issuer. The senior guarantees will constitute direct, unconditional, unsubordinated and (subject to the provisions set forth under "— Senior Debt Securities — Negative Pledge" below) unsecured obligations of the guarantor. In each case these obligations shall be without any preference among themselves and will rank at least equally with deposits and all other unsecured and unsubordinated obligations of ANTS or the guarantor, as the case may be. This will be subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights. In addition, other unsecured and unsubordinated indebtedness may contain covenants, Events of Default and other provisions which are different from or which are not contained in the senior debt securities and the senior guarantees.

Senior Debt Securities — Negative Pledge

So long as any senior debt security remains outstanding (as defined in the senior indenture), Abbey National will not create or have outstanding, or permit ANTS to 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, except as described in the following sentence. Such security interests may be created only if ANTS or Abbey National, as the case may be, shall, at the same time as or before creating such a security interest, either:

- (1) takes any and all action necessary to procure that all amounts payable by it in respect of such Senior Debt Security are secured equally and rateably with the Relevant Indebtedness of guarantee secured by such security interest or
- (2) such other security interest is provided as shall be approved by the holders of not less than 66⅔% in aggregate principal amount of the senior debt securities then outstanding.

“*Relevant Indebtedness*” means any indebtedness for Borrowed Money (as defined below) 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, but excluding any such indebtedness which upon the issuance thereof had a stated maturity not exceeding one year.

“*Borrowed Money*” means:

- (1) borrowed money and any fixed or minimum premiums payable on final redemption thereof and accrued interest in respect thereof,
- (2) liabilities under or in respect of any acceptance or acceptance credit and
- (3) the principal and such premium as aforesaid (if any) and accrued interest in respect of any notes, bonds, debentures, loan stock or other securities whether issued in whole or in part for cash or other consideration.

Status of the Subordinated Debt Securities and the Subordinated Guarantees

General. If the applicable subordinated issuer becomes bankrupt or is wound up or liquidated, the claims of the holders of subordinated debt securities will be subordinate to, and subject in right of payment to the prior payment in full of, all claims of all Senior Creditors (as defined below) of the applicable subordinated issuer. If the guarantor becomes bankrupt or is wound up or liquidated, the claims of the holders of any subordinated debt securities benefitting from the subordinated guarantee of the guarantor will be subordinate to, and subject in right of payment to the prior payment in full of, all claims of all depositors and other creditors (other than holders of subordinated indebtedness (as defined below), if any) of the guarantor (in each case subject to laws of general applicability relating to or affecting creditors' rights). The subordinated debt securities do not have the benefit of any negative pledge covenant.

As a result of this subordination, no amount will be payable in a bankruptcy, winding up or liquidation in England and Wales or The Netherlands, as the case may be, of the applicable subordinated issuer in respect of claims under the subordinated debt securities of any series issued by such subordinated issuer until all the claims of the Senior Creditors of such subordinated issuer admitted in such bankruptcy, winding up or liquidation have been satisfied. No amount will be payable in a bankruptcy, winding up or liquidation in England and Wales of the guarantor in respect of claims under the subordinated debt securities of any series benefitting from the subordinated guarantees until the claims of all depositors and other creditors (other than holders of subordinated indebtedness, if any) of the guarantor admitted in such bankruptcy, winding up or liquidation have been satisfied. Also, by reason of subordination, in the event of a bankruptcy, winding up or liquidation in England and Wales or The Netherlands, as the case may be, of the applicable subordinated issuer or the guarantor, if any, as the case may be, creditors of the applicable subordinated issuer or the guarantor, if any, as the case may be, who are holders of such senior claims as

described above may recover more, rateably, than holders of any such subordinated debt securities and holders of other claims ranking *pari passu* therewith.

Currently there is no limitation on the issuance of indebtedness which would constitute claims of Senior Creditors of the applicable subordinated issuer, or claims of depositors and other creditors of the guarantor, as the case may be.

“*Senior Creditors*” means all unsubordinated creditors of the applicable subordinated issuer or the guarantor and all subordinated creditors of the applicable subordinated issuer or the guarantor whose claims against such subordinated issuer or the guarantor rank or are expressed to rank ahead of the claims of the holders of subordinated debt securities.

“*Subordinated Indebtedness*” means all indebtedness of the guarantor which by its terms is subordinated in the event of the winding up of the guarantor in right of payment to the claims of depositors and other unsubordinated creditors of the guarantor and so that, for the purpose of this definition, indebtedness shall include all liabilities, whether actual or contingent, under guarantees or indemnities.

Term Subordinated Securities and Perpetual Subordinated Securities. The Term Subordinated Securities and Perpetual Subordinated Securities will constitute unsecured subordinated obligations of the applicable subordinated issuer and the subordinated guarantees of such debt securities, if any, will constitute unsecured subordinated obligations of the guarantor, in each case without any preference among themselves.

If, in any bankruptcy, winding up or liquidation of the applicable subordinated issuer or the guarantor, as the case may be, the amounts payable with respect to the Term Subordinated Securities or Perpetual Subordinated Securities and any claims ranking *pari passu* with any such debt securities are not paid in full, the holders of any such debt securities and holders of other claims ranking *pari passu* with any such debt securities will share rateably in any distribution of assets of the applicable subordinated issuer or the guarantor, if any, as the case may be, in proportion to the respective amounts to which they are entitled.

Perpetual Capital Securities. The Perpetual Capital Securities will constitute unsecured subordinated obligations of the applicable subordinated issuer and the subordinated guarantees of such debt securities, if any, will constitute unsecured subordinated obligations of the guarantor, in each case without any preference among themselves.

If the applicable subordinated issuer or the guarantor, if any as the case may be, becomes bankrupt or is wound up or liquidated, the amount payable with respect to the Perpetual Capital Securities shall be determined by calculating the amount, if any, as would have been payable in respect thereof as if, on the day prior to the commencement of the winding up and thereafter, the holders of the Perpetual Capital Securities were the holders of preference shares in the capital of the guarantor having a preferential right to a return of assets in the winding up over the holders of all issued shares (including all classes of preference shares of the guarantor) for the time being in the share capital of the guarantor, assuming that such preference shares were entitled (to the exclusion of all other rights or privileges) to receive as a return of capital in such winding up an amount equal to the principal amount of the Perpetual Capital Securities then outstanding together with premium, if any, interest accrued to the date of repayment, if any, and any Arrears of Interest, if any (as defined below). If such amounts and any claims ranking *pari passu* with are not paid in full, the holders of such debt securities and claims will share rateably in any such distribution of assets of the applicable subordinated issuer or the guarantor, if any, as the case may be, in proportion to the respective amounts to which they are entitled. See “— Status of the Subordinated Debt Securities and the Subordinated Guarantees — Term Subordinated Securities and Perpetual Subordinated Securities” above.

The effect of using this method to calculate the amount payable with respect to the Perpetual Capital Securities is that, in the event of a bankruptcy or similar event, the claims of the holders of Perpetual Capital Securities will be subordinate to, and subject in right of payment to the prior payment in full of, all

claims of the holders of Term Subordinated Securities and Perpetual Subordinated Securities and any claims ranking *pari passu* with such Term Subordinated Securities and Perpetual Subordinated Securities.

Status of the Debt Securities — General

Holding Company Structure. Because Abbey National is a holding company as well as an operating company, its rights and the rights of its creditors (including the holders of the subordinated debt securities of any series issued by Abbey National or the holders of senior debt securities or subordinated debt securities benefitting from the senior guarantees or the subordinated guarantees, respectively, of Abbey National) to participate in the assets of any of its subsidiaries (as identified under “— Redemption and Repurchase — Repurchase” below) upon the latter’s liquidation or recapitalization will be subject to the prior claims of such subsidiary’s creditors, including, in the case of ANTS, its depositors, except to the extent that Abbey National may itself be a creditor with recognized claims against such subsidiary. Under the terms of a guarantee dated January 28, 1998, ANTS agreed to guarantee the obligations of Abbey National. The effect of this guarantee is that creditors of ANTS would rank *pari passu* with Abbey National’s direct creditors in the event of the insolvency of the Group.

Currency. To the extent that holders of the debt securities are entitled to any recovery with respect to the debt securities in any bankruptcy, winding up or liquidation, it is unclear whether such holders would be entitled in such proceedings to a recovery in dollars and may be entitled only to a recovery in pounds sterling or Dutch guilders, as the case may be, and, as a general matter, the right to claim for any amounts payable on debt securities may be limited by applicable insolvency law.

Payments on Subordinated Debt Securities

Term Subordinated Debt Securities and Perpetual Subordinated Debt Securities

Unless otherwise provided in the applicable prospectus supplement, if the applicable subordinated issuer (or the guarantor, if applicable) does not pay an installment of interest on an Interest Payment Date with respect to any Term subordinated debt securities or Perpetual subordinated debt securities, or does not pay all or any part of the principal of (or premium, if any, on) any such subordinated debt securities on the Stated Maturity (if any) or any other date set for redemption, the obligation to make such payment and such Interest Payment Date, Stated Maturity or other date set for redemption, as the case may be, shall be deferred until:

- (1) in the case of a payment of interest, the date upon which a dividend is paid on any class of share capital of Abbey National (a “Deferred Interest Payment Date”) and
- (2) in the case of a payment of principal (or premium, if any), the first Business Day after the date that falls six months after such payment was originally due (a “Deferred Principal Payment Date”).

Each payment so deferred will accrue interest at the rate or rates per annum at which such subordinated debt securities bear interest, if any. No payment so deferred shall be treated as due for any purpose until the Deferred Interest Payment Date or Deferred Principal Payment Date, as the case may be, and accordingly, no such deferral will constitute a Default or an Event of Default. For the avoidance of doubt, the obligation to pay an installment of interest on a Deferred Interest Payment Date, or to pay principal (or premium, if any) on a Deferred Principal Payment Date, may not be deferred.

Perpetual Capital Securities

Interest on the Perpetual Capital Securities will be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest, if any, accrued in the period beginning on the previous Interest Payment Date (or, as the case may be, the issue date of such Perpetual Capital Securities) and ending on the day immediately preceding such date.

In addition, on any Optional Interest Payment Date (as defined below) a subordinated issuer or the guarantor may pay (subject to the provisions described under “— Status — Status of the Subordinated

Debt Securities and the Subordinated Guarantees — Perpetual Capital Securities” above and to the Solvency Condition (as defined below)) the interest accrued, if any, in the period beginning on the previous Interest Payment Date (or, as the case may be, the issue date of such Perpetual Capital Securities) and ending on the day immediately preceding such date. For the avoidance of doubt, the applicable subordinated issuer (or the guarantor, if applicable) will have no obligation to make such payment on an Optional Interest Payment Date, and any failure to pay shall not constitute an Event of Default, Default or Payment Event.

Any interest not paid on any Optional Interest Payment Dates shall, so long as the same remain unpaid, constitute collectively “Arrears of Interest”. See “— Events of Default and Defaults — Subordinated Debt Securities” below. Arrears of Interest may at the option of the applicable subordinated issuer (or the guarantor, if applicable) be paid in whole or in part at any time following at least seven days’ notice to such effect given to the holders of such debt securities in accordance with the provisions described under “— Notices” below. However, if the applicable subordinated issuer has more than one series of outstanding Perpetual Capital Securities, such issuer or the guarantor, if any, may not pay all or part of the Arrears of Interest in respect of any such series unless such issuer or the guarantor, if any, pays all or (as near as practicable) an equivalent proportion of the Arrears of Interest in respect of each such outstanding series. If notice is given by the applicable subordinated issuer (or the guarantor, if applicable) of its intention to pay the whole or any part of Arrears of Interest, the applicable subordinated issuer (or the guarantor, if applicable) will be obliged, subject to the provisions described above under “— Status — Status of the Subordinated Debt Securities and the Subordinated Guarantees — Perpetual Capital Securities” and to the Solvency Condition, to do so upon the expiration of such notice.

In any event, all Arrears of Interest on all outstanding Perpetual Capital Securities of a series shall, subject to the provisions described above under “— Status — Status of the Subordinated Debt Securities and the Subordinated Guarantees — Perpetual Capital Securities” and to the Solvency Condition, become due in full on whichever is the earliest of

- (1) the next Compulsory Interest Payment Date,
- (2) the date, if any, set for any redemption or repayment, or repurchase by Abbey National or any of its subsidiaries of the Perpetual Capital Securities of such series, and
- (3) the occurrence of an Event of Default with respect to the Perpetual Capital Securities of such series. Arrears of Interest shall not themselves bear interest.

“*Optional Interest Payment Date*” means, in respect of the Perpetual Capital Securities, any Interest Payment Date other than a Compulsory Interest Payment Date.

“*Compulsory Interest Payment Date*” means, in respect of the Perpetual Capital Securities, any Interest Payment Date if, in the six months ending on the date immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of Abbey National.

“*Solvency Condition*” means that, at the relevant time, Abbey National is solvent by virtue of:

- (1) it being able to pay its debts as they fall due and
- (2) its Assets (as defined below) exceeding its Liabilities (as defined below) other than its Liabilities to persons who are not Senior Creditors (except where the Solvency Condition applies in regard to an optional redemption of Perpetual Capital Securities by the applicable subordinated issuer or a purchase of Perpetual Capital Securities beneficially by or for the account of Abbey National or any of its subsidiaries, when the Liabilities of Abbey National to persons who are not Senior Creditors shall be included).

Any payments of principal, premium, if any, interest, if any, or Arrears of Interest, if any, by the applicable subordinated issuer or the guarantor, if any, in respect of the Perpetual Capital Securities of any series are conditional upon Abbey National satisfying the Solvency Condition at the time of any such payment, and no principal, premium, if any, interest, if any, or Arrears of Interest, if any, shall be payable

in respect of the Perpetual Capital Securities of any series and no redemption or repurchase of the Perpetual Capital Securities of any series by Abbey National, First Capital B.V. or any of the subsidiaries of Abbey National may be made except to the extent that Abbey National would satisfy the Solvency Condition both at the time of, and immediately after, any such payment, redemption or repurchase.

A report as to the solvency of Abbey National by two directors of Abbey National or, in certain circumstances as provided in the subordinated indenture, the auditors of Abbey National or, if Abbey National is in winding up in England and Wales, its liquidator shall in the absence of proven error be treated and accepted by Abbey National, First Capital B.V., the subordinated trustee and the holders of any such Perpetual Capital Securities as correct and sufficient evidence thereof. Any such report shall be made to the subordinated trustee within 14 days before any such payment is to be made or within six months before any such purchase or redemption is to be made.

If the Solvency Condition is not satisfied, the amount of principal, premium, if any, or interest or Arrears of Interest, if any, which could otherwise be payable in respect of the Perpetual Capital Securities of any series will be available to meet the losses of Abbey National.

"Assets" means the total amount of the unconsolidated gross tangible assets of Abbey National as shown by the latest published audited balance sheet of Abbey National but adjusted, if the aggregate amount included in such balance sheet in respect of the investment of Abbey National in all subsidiary Undertakings (each as defined below) and Associated Companies of Abbey National exceeds the aggregate of the net tangible assets of such Subsidiary Undertakings and Associated Companies attributable to Abbey National (calculated on a consolidated basis where any of such Subsidiary Undertakings and Associated Companies itself has Subsidiary Undertakings) as shown by their latest relevant audited balance sheets, by deducting therefrom an amount equal to such excess and adjusted also for contingencies and subsequent events in such manner as the person or persons giving the relevant Solvency Condition report may determine.

"Associated Company" means any body corporate, not being a Subsidiary Undertaking, which shall be specified in a certificate of a firm of independent public accountants to be an associated company for the purpose of the Statement of Standard Accounting Practice/Financial Reporting Standard for the time being in effect relating to accounting for the results of associated companies adopted or published by the Accounting Standards Board Limited of Great Britain.

"Subsidiary Undertaking" means any subsidiary undertaking of Abbey National within the meaning of Section 258 of the Companies Act 1985 of Great Britain as amended ("*Section 258*"). Section 258 provides that an undertaking will be a Subsidiary Undertaking of Abbey National where Abbey National either:

- (1) holds a majority of the voting rights in such undertaking or
- (2) is a member of such undertaking and has the right to appoint or remove a majority of such undertaking's board of directors or
- (3) has the right to exercise a dominant influence over such undertaking by virtue of provisions contained in such undertaking's memorandum or articles or by virtue of a control contract, or
- (4) is a member of such undertaking and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in such undertaking.

"Liabilities" means the total amount of the unconsolidated gross liabilities of Abbey National as shown by the latest published audited balance sheet of Abbey National but adjusted for contingencies and subsequent events in such manner as the person or persons giving the relevant Solvency Condition report may determine.

Redemption and Repurchase

Perpetual Subordinated Securities and Perpetual Capital Securities

The Perpetual Subordinated Securities and Perpetual Capital Securities will be undated and, accordingly, will have no final maturity and may not be repaid except in accordance with the provisions set forth below under “— Redemption for Tax Reasons”, “— Repurchase” and “Events of Default and Defaults — Subordinated Debt Securities” or in any applicable prospectus supplement.

Redemption for Tax Reasons

Subject, in the case of Perpetual Capital Securities of any series, to the Solvency Condition being satisfied by Abbey National on any applicable date set for redemption, the debt securities of any series may be redeemed, as a whole but not in part, at the option of the applicable issuer, upon not more than 60 days' nor less than 30 days' prior notice to the holders of such debt securities, at a redemption price equal to 100% of the principal amount thereof (and premium, if any, thereon), together with accrued interest, if any, and any Arrears of Interest thereon to the date fixed for redemption, if on the next succeeding Interest Payment Date,

- (1) the applicable issuer will be obligated to
 - (a) pay any additional amounts as provided in the applicable indenture and as described under “Payment of Additional Amounts” below or
 - (b) account to any taxing authority in the country in which the applicable issuer is organized for any amount (other than any tax withheld or deducted from interest payable on a debt security of such series) in respect of any payment made or to be made on any debt security of such series,
- (2) the guarantor, if any, would be unable, for reasons outside its control, to procure payment by the applicable issuer without such additional amounts being payable or being required to account as aforesaid and in making such payment itself would be required to pay additional amounts as provided in the applicable indenture and as described under “Payment of Additional Amounts” below or to account as aforesaid or
- (3) the guarantor, if any, 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 First Capital B.V. as the applicable issuer required to enable First Capital B.V. as the applicable issuer to make a payment in respect of the debt securities 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 First Capital B.V.,

provided, that debt securities of any such series may not be so redeemed if such obligation of the applicable issuer or the guarantor, if any, as the case may be, to pay such additional amounts or to account as aforesaid arises

- (x) except in the case of subordinated debt securities, in respect of United Kingdom taxation, by reason of ANTS no longer being a bank authorized under the Banking Act 1987 or interest paid on the debt securities of any such series not being paid in the ordinary course of its business, in each case as a consequence of any action taken by ANTS, or
- (y) because of the official application or interpretation of the laws or regulations affecting taxation of the country in which the applicable issuer or the guarantor, if any, is organized, or any political subdivision thereof or therein, as a result of any event referred to in (A) or (B) below, which law or regulation is in effect on the date of
 - (A) the assumption by any wholly owned subsidiary of Abbey National of the applicable issuer's obligations under the debt securities of any such series and under the applicable indenture or

- (B) the consolidation, amalgamation or merger of the applicable issuer or the guarantor, if any, as the case may be, with or into, or the conveyance, transfer or lease by the applicable issuer or the guarantor, if any, as the case may be, of its properties and assets substantially as an entirety to, any Person.

If the applicable issuer or the guarantor, if any, as the case may be, provides a written opinion of independent legal counsel of recognized standing in the appropriate jurisdiction who are reasonably acceptable to the applicable trustee, dated as of the date of the relevant event referred to in (A) or (B) of clause (y) above, that no obligation to pay any additional amount or to account as aforesaid arises, then that opinion of counsel will be final and binding, solely for purposes of this paragraph, on the applicable issuer, the guarantor, if any, the applicable trustee and the holders of the debt securities of any such series as to the law of the relevant jurisdiction at the date of such opinion of counsel.

In the event that the applicable issuer elects to redeem the debt securities of any series pursuant to the provisions set forth in the preceding paragraph, the applicable issuer will deliver to the applicable trustee a certificate, signed by two authorized officers of the applicable issuer, evidencing compliance with such provisions and stating that the applicable issuer is entitled to redeem the debt securities of any such series pursuant to the terms of such debt securities and the applicable indenture.

Notice of intention to redeem the debt securities of any series will be given in accordance with the provisions described under "Notices" below and pursuant to the terms of the applicable indenture. If such notice has been given, and subject, in the case of Perpetual Capital Securities of any series, to the Solvency Condition being satisfied by Abbey National on the applicable redemption date, and subject, in the case of subordinated debt securities of any series, to the prior consent of the U.K. Financial Services Authority being obtained (see below), the debt securities of any such series shall become due and payable on the redemption date specified in such notice and, upon presentation and surrender of such debt securities at the place or places specified in such notice, such debt securities shall be paid and redeemed by the applicable issuer or the guarantor, if any, as the case may be, at the places and in the manner therein specified and at the redemption price therein specified together with accrued interest, if any, and Arrears of Interest, if any, to the redemption date. From and after the redemption date, unless the applicable issuer and the guarantor, if any, shall default in the payment of the redemption price together with accrued interest, if any, the debt securities of any such series called for redemption shall cease to bear interest. If any such debt security called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the redemption date at such rate per annum equal to the rate borne by such debt security or, in the case of Discounted Securities, such debt security's Yield to Maturity.

Repurchase

Subject to applicable law (including, without limitation, U.S. federal securities law), and subject, in the case of Perpetual Capital Securities of any series, to the Solvency Condition being satisfied by Abbey National on the relevant date, the applicable issuer, Abbey National or any subsidiary of Abbey National may at any time repurchase debt securities of any series in any manner and at any price. Debt securities of any such series purchased by the applicable issuer, Abbey National or any subsidiary of Abbey National may be held, resold or surrendered by the purchaser thereof through the applicable issuer to the applicable trustee or any paying agent for cancellation.

"*Subsidiary*" means a subsidiary, within the meaning of Section 736 of the Companies Act 1985 of Great Britain as amended by the Companies Act 1989 of Great Britain ("Section 736"), for the time being of the guarantor. Section 736 provides that a company will be a subsidiary of the guarantor where:

- (1) the guarantor holds a majority of the voting rights in it,
- (2) the guarantor is a member of it and has the right to remove a majority of its board of directors,
- (3) the guarantor is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it or
- (4) such company is a subsidiary of any company which is a subsidiary of the guarantor.

Financial Services Authority Consents

Under Bank of England requirements at the date of this prospectus, any such optional tax redemption or repurchase or any other optional redemption or purchase by the applicable Issuer, Abbey National or any subsidiary of Abbey National of subordinated debt securities of any series may be made only with the prior consent of the U.K. Financial Services Authority and subject to such conditions as the U.K. Financial Services Authority may impose at the time of any consent.

Payment of Additional Amounts

The applicable issuer or the guarantor, if any, as the case may be, will pay to the holder of any debt security such additional amounts as may be necessary in order that every net payment of the principal of (and premium, if any, on) and interest, if any, and Arrears of Interest, if any, on any such debt security after deduction or other withholding for or on account of any present or future tax, assessment, duty or other governmental charge of any nature whatsoever imposed, levied or collected by or on behalf of the country in which the applicable issuer or the guarantor, if any, as the case may be, is organized, or any political subdivision or taxing authority thereof or therein having power to tax, will not be less than the amount provided for in any such debt security to be then due and payable; *provided, however*, that the foregoing obligation to pay additional amounts will not apply on account of any tax, assessment, duty or other governmental charge which is payable

- (1) otherwise than by deduction or withholding from payments of principal of (or premium, if any, on) or interest, if any, or Arrears of Interest, if any, on any such debt security;
- (2) by reason of such holder having, or having had, some personal or business connection with the country in which the applicable issuer or the guarantor, if any, as the case may be, is organized and not merely by reason of the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in, such country;
- (3) by reason of a change in law or official practice of any relevant taxing authority that becomes effective more than 30 days after the Relevant Date (as defined below) for payment of principal (or premium, if any) or interest, if any, or Arrears of Interest, if any, in respect of such debt security; or
- (4) by reason of any estate, excise, inheritance, gift, sales, transfer, wealth or personal property tax or any similar assessment or governmental charge;
- (5) as a result of the failure of a holder to satisfy any statutory requirements or make a declaration of non-residence or other similar claim for exemption;
- (6) by reason of such holder holding a Registered Security that was issued pursuant to an Optional Definitive Security Request; or
- (7) owing to any combination of clauses (1) through (6) above.

No additional amounts will be paid as provided above with respect to any payment of principal of (or premium, if any, on) or interest, if any, on or Arrears of Interest, if any, on any such debt security to any holder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of any such debt security.

“*Relevant Date*” means the date on which the payment of principal of (or premium, if any, on) or interest, if any, on or Arrears of Interest, if any, on any debt security first becomes due and payable but, if the full amount of the monies payable on such date has not been received by the relevant paying agent or as it shall have directed on or prior to such date, the “*Relevant Date*” means the date on which such monies shall have been so received.

Payment and Paying Agents

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of (and premium, if any, on) and interest, if any, and Arrears of Interest, if any, on Registered Securities (other than a global Security) will be made at the office of such paying agent or paying agents as the applicable issuer or the guarantor, if any, as the case may be, may designate from time to time, except that at the option of the applicable issuer payment of any interest may be made

- (1) by check mailed or delivered to the address of the person entitled thereto as such address shall appear in the Security Register or
- (2) by wire transfer to an account maintained with a bank located in the United States by the person entitled thereto as specified in the Security Register.

Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on Registered Securities will be made to the person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest payment. With respect to subordinated debt securities issued in the form of one or more global Bearer Securities to a Custodian any payments will be made to such Custodian as holder of the global Bearer Securities. See “Description of the Global Receipts Representing Global Bearer Securities” below.

Unless otherwise indicated in an applicable prospectus supplement, Citibank, N.A. will act as the principal paying agent for each series of senior debt securities pursuant to a Supplemental Agency Agreement (as supplemented or amended from time to time) among Abbey National, ANTS, the senior trustee and Citibank, N.A. and for each series of subordinated debt securities pursuant to a Supplemental Agency Agreement (as supplemented or amended from time to time) among Abbey National, First Capital B.V., the subordinated trustee and Citibank, N.A. Each such Supplemental Agency Agreement supplements and modifies a Master Agency Agreement, dated October 25, 1994 (as supplemented or amended from time to time) among Abbey National, ANTS, First Capital B.V., the senior trustee and the subordinated trustee.

Unless otherwise indicated in an applicable prospectus supplement, the London office of the principal paying agent will be designated as the sole paying agency of the issuer and the guarantor, if any, for payments with respect to senior debt securities. Unless otherwise indicated in an applicable prospectus supplement, the London office of the principal paying agent will be designated the sole paying agency of the applicable issuer and the guarantor, if any, for payments with respect to subordinated debt securities. Any other paying agents outside the United States and any other paying agents in the United States initially designated by the applicable issuer or the guarantor, if any, as the case may be, for the debt securities of a series will be named in the related prospectus supplement. The applicable issuer or the guarantor, if any, as the case may be, may at any time designate additional paying agents or rescind the designation of any paying agents or approve a change in the office through which any paying agent acts, except that the applicable issuer and the guarantor, if any, will be required to maintain a paying agent in

each Place of Payment for such series; *provided* that if the debt securities of such series are listed on any stock exchange located outside the United States and such stock exchange shall so require, the applicable issuer and the guarantor, if any, will each maintain a paying agent in any such required city located outside the United States, as the case may be, for the debt securities of such series.

All moneys paid by the applicable issuer or the guarantor, if any, as the case may be, to a paying agent for the payment of principal of (and premium, if any, on) and interest, if any, and Arrears of Interest, if any, on any debt security or in respect of any other additional payments thereon which remains unclaimed at the end of two years after such principal, premium or interest or additional payments shall have become due and payable will (subject to applicable laws) be repaid to the applicable issuer or the guarantor, if any, as the case may be, and the holder of such debt security will thereafter look only to the applicable issuer or the guarantor, if any, as the case may be, for payment thereof.

Events of Default and Defaults — Senior Debt Securities

An “*Event of Default*” with respect to each series of senior debt securities means any one of the following events:

- (1) default in the timely payment of the principal of (or premium, if any, on) any senior debt security of that series at its Maturity or default in the deposit of any sinking fund payment when and as due by the terms of any senior debt security of that series;
- (2) default is made for a period of 14 days or more in the payment of any interest due in respect of any senior debt security of that series;
- (3) if the senior issuer or the guarantor fails to perform or observe any of its other obligations under the senior indenture (other than an obligation included in the senior indenture solely for the benefit of senior debt securities other than the senior debt securities of any such particular series) or the senior debt securities of that series and such failure continues for the period of 30 days after the date on which there has been given, by registered or certified mail, to the senior issuer and the guarantor by the senior trustee or to the senior issuer, the guarantor and the senior trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of that series a written notice specifying such default or breach and requiring it to be remedied;
- (4) 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 (as defined below)) of the senior issuer, the guarantor or any Principal Subsidiary (as defined below) becomes or become due and repayable prematurely by reason of an Event of Default (however described) or the senior 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 senior 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;
- (5) if the senior 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 senior issuer, 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 of Great Britain 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 senior issuer, the

- guarantor and wholly owned subsidiaries of the guarantor), or the senior issuer, the guarantor or any Principal Subsidiary stops payment of, or admits inability to pay, its debts as they fall due;
- (6) if an administrative or other receiver or an administrator or other similar official is appointed in relation to the senior 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 or 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;
 - (7) if an effective resolution is passed or an order is made for the winding up or dissolution of the senior issuer or the guarantor;
 - (8) 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 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 senior issuer, the guarantor and wholly owned subsidiaries of the guarantor); or
 - (9) any other Event of Default provided with respect to senior debt securities of that series.

“*Cross Default Amount*” means the greater of:

- (1) £25,000,000 or its equivalent in any other currency or currency unit and
- (2) such amount in pounds sterling as is equal to 1% of the Adjusted Tangible Net Worth (as defined below) of the guarantor and its subsidiaries or the equivalent of such amount in any other currency or currency unit.

A certificate of a firm of independent public accountants of the guarantor as to the amount of any Cross Default Amount will, in the absence of manifest error, be conclusive and binding on the senior issuer, the guarantor, the senior trustee and all holders and beneficial owners of senior debt securities for the purposes of this definition.

“*Adjusted Tangible Net Worth*” means the aggregate of

- (1) the nominal amount of the share capital of the guarantor for the time being issued and paid up or credited as paid up;
- (2) the amounts standing to the credit of the reserves (including any share premium account and profit and loss account) of the guarantor and its subsidiaries; and
- (3) any amounts attributable to minority interests in subsidiaries,

all as shown in the latest audited consolidated balance sheet of the guarantor and its subsidiaries prepared in accordance with U.K. GAAP, but adjusted to the extent that the following items have not already been deducted or excluded in arriving at the figures referred to in clauses (1), (2) or (3) above by deducting therefrom:

- (a) any distribution of cash or tangible assets declared, recommended or made by the guarantor or any of its subsidiaries (other than any distribution attributable to the guarantor or another Subsidiary) out of profits accrued prior to the date of, and not provided for in, the latest consolidated balance sheet of the guarantor and its subsidiaries,
- (b) any amounts attributable to intangible assets; and
- (c) the amount of any debit on the profit and loss account, in each case as determined in accordance with U.K. GAAP.

"Principal Subsidiary" means at any time a subsidiary of the guarantor

- (1) whose total assets (consolidated in the case of such a subsidiary which itself has subsidiaries) attributable to the guarantor represent (or, in the case of such a subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the guarantor and its subsidiaries relate, are equal to) not less than 10% of the consolidated total assets of the guarantor and its subsidiaries attributable to the guarantor, all as calculated respectively by reference to the then latest audited accounts (consolidated or unconsolidated, as the case may be) of such subsidiary and the then latest audited consolidated accounts of the guarantor and its subsidiaries;

provided that

- (a) in the case of such a subsidiary acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculations above shall, until accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the auditors of the guarantor, and
 - (b) if, in the case of such a subsidiary which itself has subsidiaries, no consolidated accounts are prepared and audited, its consolidated total assets shall be determined on the basis of pro forma consolidated accounts of the relevant subsidiary and its subsidiaries prepared and audited for this purpose by the auditors of the guarantor or the auditors for the time being of the relevant subsidiary of the guarantor; or
- (2) to which is transferred all or substantially all of the assets and undertaking of a subsidiary which immediately prior to such transfer is a Principal Subsidiary, *provided* that the transferor subsidiary will upon such transfer forthwith cease to be a Principal Subsidiary and the transferee subsidiary shall cease to be a Principal Subsidiary pursuant to this clause (2) on the date on which the consolidated accounts of the guarantor and its subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee subsidiary may be a Principal Subsidiary on or at any time after such date by virtue of the provisions of clause (1) above or before, on or at any time after such date by virtue of the provisions of clause (3) below; or
 - (3) to which is transferred assets attributable to the guarantor which, taken together with the assets of the transferee subsidiary attributable to the guarantor, represent (or, in the case of the transferee subsidiary being acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the guarantor and its subsidiaries relate, are equal to) not less than 10% of the consolidated total assets of the guarantor and its subsidiaries attributable to the guarantor, all as calculated as referred to in clause (i) above and in the penultimate sentence of this paragraph;

provided that, if applicable, the transferor subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its assets represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets of the guarantor and its subsidiaries, all as calculated as referred to in clause (1) above, and the transferee subsidiary shall cease to be a Principal Subsidiary pursuant to this clause (3) on the date on which the consolidated account of the guarantor and its subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor subsidiary, if applicable, or such transferee subsidiary may be a Principal Subsidiary on or at any time after such date by virtue of the provisions of clause (1) above or before, on or at any time after such date by virtue of the provisions of clause (2) above. For the purposes of this definition, in relation to total assets of a subsidiary and consolidated total assets of the guarantor and

its subsidiaries, "attributable to the guarantor" means respectively such total assets and consolidated total assets after deducting amounts attributable directly or indirectly, assuming there are no liabilities to be deducted, to outside interests in such Subsidiary and such subsidiaries respectively. A certificate of a firm of independent public accountants of the guarantor that states that in their opinion a subsidiary is or is not or was or was not at any particular time a Principal Subsidiary will, in the absence of manifest error, be conclusive and binding on the senior issuer, the guarantor, the senior trustee and all holders and beneficial owners of senior debt securities hereto for the purposes of this definition.

If an Event of Default with respect to any particular series of senior debt securities occurs and is continuing, the senior trustee or the holders of at least 25% in aggregate principal amount of the outstanding senior debt securities of that series may exercise any right, power or remedy permitted by law and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal amount of (including premium, if any, on), or (in the case of Discounted Securities) such lesser amount as may be provided for with respect to such debt securities, all the senior debt securities of that series to be due and payable immediately, by a notice in writing to the senior issuer and the guarantor (and to the senior trustee if given by holders), and upon any such declaration of acceleration such principal or such lesser amount, as the case may be, including premium, if any, thereon, together with any accrued interest and all other amounts owing thereunder, shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which have been expressly waived by the senior issuer and the guarantor. However, at any time after such a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in aggregate principal amount of the outstanding senior debt securities of that series may, under certain circumstances, rescind and annul such acceleration.

The senior issuer has also covenanted that if

- (1) default is made in the payment of any interest upon any senior debt security of a series when such interest becomes due and payable and such default continues for a period of 14 days or
- (2) default is made in the timely payment of the principal of (or premium, if any, on) any senior debt security of a series at its Maturity,

the senior issuer will, upon demand of the senior trustee for the senior debt securities of such series, pay to it, for the benefit of the holders of such senior debt securities, the whole amount then due and payable on such senior debt securities for principal (and premium, if any) and interest, if any, with interest upon the overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest at a rate per annum equal to the rate borne by such senior debt securities (or, in the case of Discounted Securities, the debt securities' Yield to Maturity); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the senior trustee, its agents and counsel.

If the senior issuer fails to pay such amounts forthwith upon such demand, the senior trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceedings to judgment or final decree, and may enforce the same against the senior issuer or the guarantor, or any other obligor upon the senior debt securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the senior issuer or the guarantor, or any other obligor upon the senior debt securities, wherever situated.

Holders of senior debt securities of any series may not enforce the senior indenture, senior debt securities or senior guarantees, except as described in the preceding paragraphs; *provided* that each holder of senior debt securities will have the right to institute suit for the enforcement of payment of the principal of (and premium, if any, on) and interest, if any, on such senior debt securities on the respective Stated Maturities thereof as provided in the senior indenture. The senior trustee may require indemnity satisfactory to it before it enforces the senior indenture, senior debt securities or senior guarantees, if any. Subject to certain limitations, holders of a majority in aggregate principal amount of the outstanding senior debt securities of any series may direct the senior trustee in its exercise of any trust or power. The senior issuer and the guarantor each will furnish the senior trustee with an annual certificate of certain of its officers certifying, to the best of their knowledge, whether the senior issuer or the guarantor, as the case may be, is, or has been, in default and specifying the nature and status of any such default. The senior trustee may withhold from holders of senior debt securities of any series notice of any continuing default (except a default in payment) if it determines in good faith that the withholding of such notice is in the interest of such holders.

Events of Default and Defaults — Subordinated Debt Securities

An “*Event of Default*” with respect to each series of subordinated debt securities shall only occur if an order is made by a court of competent jurisdiction and is not successfully appealed within 30 days of the making of such order, or an effective shareholders’ resolution is validly adopted, for the winding up of the applicable subordinated issuer or the guarantor (other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency or on terms previously approved in writing by the holders of not less than a majority in aggregate principal amount of the outstanding subordinated debt securities). If any such Event of Default with respect to any particular series of subordinated debt securities occurs and is continuing, the subordinated trustee or the holders of at least 25% in aggregate principal amount of the outstanding subordinated debt securities of that series may declare the entire principal amount of (including premium, if any, on), or (in the case of Discounted Securities) such lesser amount as may be provided for with respect to such debt securities, all the subordinated debt securities of that series to be due and payable immediately, by a notice in writing to the subordinated issuer and the guarantor (and to the applicable trustee if given by holders).

Upon any such declaration of acceleration such, principal or such lesser amount, as the case may be, including premium, if any, thereon, together with any accrued interest, any Arrears of Interest and all other amounts owing thereunder, shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which have been expressly waived by the subordinated issuer and the guarantor. However, at any time after such a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of that series may, under certain circumstances, rescind and annul such acceleration.

The failure by the issuer of any subordinated debt security of a series to pay principal of (or premium, if any, on) or accrued interest, if any, on any such subordinated debt security when due, and continued for 14 days, shall be a “Default” with respect to the subordinated debt securities of such a series; *provided* that

- (A) unless otherwise provided in the applicable prospectus supplement, if the applicable subordinated issuer (or the guarantor, if applicable) does not pay an installment of interest on an Interest Payment Date with respect to any Term Subordinated Debt Securities or Perpetual Subordinated Debt Securities, or does not pay all or any part of the principal of (or premium, if any, on) any such subordinated debt securities on the Stated Maturity (if any) or any other date set for redemption, the failure to make such payment shall not constitute a Default and the obligation to make such payment shall be deferred until
 - (i) in the case of payment of interest, the applicable Deferred Interest Payment Date and
 - (ii) in the case of a payment of principal (or premium), the Deferred Principal Payment Date,

(B) the failure to pay interest, if any, accrued on a Perpetual Capital Security on any Optional Interest Payment Date shall not constitute a "Default" and

(C) a payment of principal of (or premium, if any, on) or accrued interest, if any, or any Arrears of Interest on a Perpetual Capital Security shall not be deemed to be due on any date on which the Solvency Condition has not been satisfied by Abbey National.

If the applicable subordinated issuer fails to make payment of accrued interest on a Perpetual Capital Security on any Compulsory Interest Payment Date or fails to pay Arrears of Interest, in either case when such payment would have become due but for the Solvency Condition, and such failure continues for fourteen days, such failure will not constitute a Default but instead will constitute a "Payment Event". For the avoidance of doubt, the obligation to pay an installment of interest on a Deferred Interest Payment Date, or to pay principal (or premium, if any) on a Deferred Principal Payment Date, may not be deferred.

In addition, failure to make any payment in respect of the subordinated debt securities shall not be a Default in respect of such subordinated debt securities if such payment is withheld or refused,

- (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or
- (2) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given with respect to validity or applicability of such law, regulation or order at any time during said period of 14 days by independent legal advisers acceptable to the subordinated trustee,

provided, however, that the subordinated trustee may by notice to the issuer require the issuer to take such action (including but not limited to proceedings for a declaration by a court of competent jurisdiction) as the subordinated trustee may be advised in an opinion of counsel, upon which opinion the subordinated trustee may conclusively rely, as appropriate and reasonable in the circumstances, to resolve such doubt, in which case the issuer shall promptly take and expeditiously proceed with such action and shall be bound by any final resolution of the doubt resulting therefrom. Subject to the provisions of the preceding paragraph, if any such resolution determines that the relevant payment can be made without violating any applicable law, regulation or order then the provisions of the preceding sentence shall cease to have effect and such payment shall become due and payable on the expiration of 14 days after the subordinated trustee gives written notice to the issuer informing it of such resolution.

If any Default shall occur, the subordinated trustee may commence

- (1) if First Capital B.V. is the applicable issuer, a proceeding in the Netherlands (but not elsewhere) for the bankruptcy of First Capital B.V.,
- (2) a proceeding in England and Wales (but not elsewhere) for the winding up of Abbey National, in its capacity as subordinated issuer or guarantor, as the case may be, or
- (3) a judicial proceeding for the collection of the sums so due and unpaid,

provided that the subordinated trustee may not declare the principal amount of any subordinated debt security to be due and payable.

On any Payment Event, the subordinated trustee may institute proceedings

- (1) if First Capital B.V. is the applicable issuer, in the Netherlands (but not elsewhere) for the bankruptcy of First Capital B.V. or
- (2) in England and Wales (but not elsewhere), for the winding up of Abbey National, in its capacity as subordinated issuer or the guarantor, as the case may be,

but may not pursue any other legal remedy, including a judicial proceeding for the collection of the sums so due and unpaid.

By acceptance of the subordinated debt securities, holders of such subordinated debt securities and the subordinated trustee, on behalf of such holders, will be deemed to have waived any right of set-off or

counterclaim that such holders might otherwise have against the applicable subordinated issuer or the guarantor, as the case may be, whether prior to or in any such bankruptcy or winding up. Notwithstanding the preceding sentence, if any of the rights and claims of any holder of subordinated debt securities are discharged by set-off, such holder will immediately pay an amount equal to the amount of such discharge to the applicable subordinated issuer, the guarantor, if any, or, if applicable, the liquidator or trustee or receiver in bankruptcy of the applicable subordinated issuer or the guarantor, if any, as the case may be, and until such time as payment is made will hold a sum equal to such amount in trust for such subordinated issuer or the guarantor, if any, as the case may be, or, if applicable, the liquidator or trustee or receiver in bankruptcy of the applicable subordinated issuer or the guarantor. Accordingly, such discharge will be deemed not to have taken place.

If the subordinated issuer or the guarantor fails to perform or observe any of its respective obligations or covenants under any series of subordinated debt securities or the subordinated indenture (other than any obligation or covenant (1) with respect to the payment of any principal or interest on the subordinated debt securities of such series or (2) which has expressly been included in the subordinated indenture solely for the benefit of subordinated debt securities other than the subordinated debt securities of such series) and such failure continues for a period of 30 days after the date on which there has been given, by registered or certified mail, to the subordinated issuer and the guarantor by the subordinated trustee or to the subordinated issuer, the guarantor and the trustee by the holders of at least 25% in aggregate principal amount of the outstanding subordinated debt securities of such series a written notice specifying such default or breach and requiring it to be remedied, then the subordinated trustee or the holders of at least 25% in aggregate principal amount of the outstanding subordinated debt securities of such series may institute such proceedings or take such other actions as they shall determine in their sole discretion to enforce such obligation or covenant; *provided* that neither the subordinated issuer nor the guarantor shall as a consequence of such proceedings or other actions be obliged to pay any sum or sums representing or measured by reference to the principal or interest in respect of the subordinated debt securities of such series sooner than the same would otherwise have been due and payable by the subordinated issuer or the guarantor.

The subordinated indenture provides that the subordinated trustee will, within 90 days after the occurrence of an Event of Default, Default or Payment Event with respect to the subordinated debt securities, give to the holders of the subordinated debt securities notice of such Event of Default, Default or Payment Event known to it, unless such Event of Default, Default or Payment Event shall have been cured or waived; *provided* that the subordinated trustee shall be protected in withholding such notice if it determines in good faith that the withholding of such notice is in the interest of such holders.

Holders of subordinated debt securities of any series may not enforce the subordinated indenture, subordinated debt securities or subordinated guarantees, except as described in the preceding paragraphs; *provided* that each holder of subordinated debt securities will have the right to institute suit for the enforcement of payment of the principal of (and premium, if any, on) and interest, if any, on such subordinated debt securities on the respective Stated Maturities, if any, thereof or on the date any such payment is otherwise due and payable as provided in the subordinated indenture or the subordinated debt securities.

The subordinated trustee may require indemnity satisfactory to it before it enforces the subordinated indenture, subordinated debt securities or subordinated guarantees, if any. Subject to certain limitations, holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of any series may direct the subordinated trustee in its exercise of any trust or power. The subordinated issuer and the guarantor each will furnish the subordinated trustee with an annual certificate of certain of its officers certifying, to the best of their knowledge, whether the subordinated issuer or the guarantor, as the case may be, is, or has been, in default and specifying the nature and status of any such default. The subordinated trustee may withhold from holders of subordinated debt securities of any series notice of any continuing default (except a default in payment) if it determines in good faith that the withholding of such notice is in the interest of such holders.

Judgment Currency

A judgment for money damages by courts in the United States, including a money judgment based on an obligation expressed in a foreign currency, will ordinarily be rendered only in U.S. dollars. The statutory law of the State of New York provides that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment or decree.

If, for the purpose of obtaining a judgment in any court with respect to any obligation of the applicable issuer or the guarantor, if any, under the applicable indenture, debt security or guarantee, if any, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount due under such indenture, debt security or guarantee, if any, as the case may be, then the conversion shall be made by the Currency Determination Agent at the Market Exchange Rate as in effect on the date of entry of the judgment (the "Judgment Date"). If pursuant to any such judgment, conversion shall be made on a date (the "Substitute Date") other than the Judgment Date and there shall occur a change between the Market Exchange Rate as in effect on the Judgment Date and the Market Exchange Rate as in effect on the Substitute Date, the indentures require the applicable issuer or guarantor, if any, as the case may be, to pay such additional amounts (if any) as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the Market Exchange Rate as in effect on the Judgment Date, is the amount then due under such indenture, debt security or guarantee, if any, as the case may be. Neither the applicable issuer nor the guarantor, if any, as the case may be, will, however, be required to pay more in the currency or currency unit due under such indenture, debt security or guarantee, if any, as the case may be, at the Market Exchange Rate as in effect on the Judgment Date than the amount stated in U.S. dollars to be due under such indenture, debt security or guarantee, if any, as the case may be, so that in any event the obligations of the applicable issuer or the guarantor, if any, as the case may be, under such indenture, debt security or guarantee, if any, as the case may be, will be effectively maintained as obligations in U.S. dollars and the applicable issuer or the guarantor, if any, as the case may be, shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realized upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

Consolidation, Merger and Sale or Lease of Assets

So long as any debt security of a series remains outstanding, neither the applicable issuer nor the guarantor, if any, will consolidate or amalgamate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined in the indentures) unless

- (1) the corporation formed by such consolidation or amalgamation or into which the applicable issuer or the guarantor, if any, as the case may be, is merged, or the Person which acquires leases substantially all or all of the properties and assets of the applicable issuer or the guarantor, if any, shall
 - (a) in the case of Abbey National or ANTS, be a corporation or other Person organized and validly existing under the laws of any country that is a member of the European Union (as the same may be constituted from time to time) or under the laws of the United States, Canada, Australia or New Zealand and
 - (b) in the case of the applicable issuer and the guarantor, if any, expressly assume, by an amendment to the applicable indenture that is executed and delivered in form reasonably satisfactory to the applicable trustee, with any amendments or revisions necessary to take account of the jurisdiction in which any such corporation or other Person is organized (if other than the Netherlands or England and Wales, as the case may be),

- (i) in the case of the applicable issuer, the due and punctual payment of the principal of (and premium, if any, on) and interest, if any, on and Arrears of Interest, if any, on all of the debt securities of such a series
 - (ii) the performance of every covenant of the applicable indenture (other than a covenant included in the applicable indenture solely for the benefit of series of debt securities other than such debt securities) and of such debt securities on the part of the applicable issuer to be performed,
 - (iii) in the case of the guarantor, if any, the due and punctual performance of the guarantees and the performance of every covenant of the applicable indenture (other than a covenant included in the applicable indenture solely for the benefit of series of debt securities other than such debt securities) and of such debt securities on the part of the guarantor to be performed,
 - (iv) such assumption shall provide that such corporation or Person shall pay to the holder of any such debt securities such additional amounts as may be necessary in order that every net payment of the principal of (and premium, if any, on) and interest, if any, on and Arrears of Interest, if any, on such debt securities will not be less than the amounts provided for in such debt securities to be then due and payable and
 - (v) with respect to (iv) above, such obligation shall extend to any deduction or withholding for or on account of any present or future tax, assessment or governmental charge imposed upon such payment by the United Kingdom, the Netherlands or the country in which any such corporation or Person is organized or any district, municipality or other political subdivision or taxing authority thereof (it being understood that, except as aforesaid, no such corporation or Person shall be obligated to make any indemnification or payment in respect of any tax consequences to any holder as a result of such assumption of rights and obligations if such corporation or Person would not be obligated to pay an additional amount pursuant to the applicable indenture if such corporation or Person were the issuer or the guarantor, as the case may be);
- (2) immediately after giving effect to such transaction, no Event of Default with respect to senior debt securities of such a series or no Event of Default, Default or Payment Event with respect to subordinated debt securities of such a series, as the case may be, and no event which, after notice or lapse of time, or both, would become an Event of Default, Default or Payment Event, as the case may be, with respect to such debt securities, shall have occurred and be continuing; and
- (3) the applicable issuer or the guarantor, if any, as the case may be, has delivered to the applicable trustee a certificate signed by two duly authorized officers of the applicable issuer or the guarantor, if any, as the case may be, and an opinion of counsel each stating that such consolidation, amalgamation, merger, conveyance, transfer or lease and such amendment to the applicable indenture evidencing the assumption by such corporation or Person comply with the applicable indenture and that all conditions precedent provided for in the applicable indenture relating to such transaction have been complied with.

Upon any such consolidation, amalgamation or merger, or any such conveyance, transfer or lease, the successor corporation or Person will succeed to, and be substituted for, and may exercise every right and power of, the applicable issuer or the guarantor, if any, as the case may be, under the applicable indenture with the same effect as if such successor corporation or Person had been named as the issuer or the guarantor, if any, as the case may be, thereunder, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the applicable indenture and such debt securities or the related guarantees, if any, as the case may be.

Assumption of Obligations

Abbey National or any wholly owned subsidiary of Abbey National may assume the obligations of ANTS as senior issuer or of First Capital B.V. as a subordinated issuer (or any corporation which shall have previously assumed the obligations of ANTS as senior issuer or of First Capital B.V. as a subordinated issuer), as the case may be, with respect to the debt securities of a series for the due and punctual payment of the principal of (and premium, if any, on) and interest, if any, on and Arrears of Interest, if any, on and any additional amounts required to be paid in accordance with the provisions of the applicable indenture or such debt securities in respect of such debt securities and the performance of every covenant of the applicable indenture (other than a covenant included in the applicable indenture solely for the benefit of series of debt securities other than such debt securities) and such debt securities on the part of ANTS as senior issuer or of First Capital B.V. as a subordinated issuer, as the case may be, to be performed or observed; *provided*, that

- (1) Abbey National or such subsidiary of Abbey National, as the case may be, shall expressly assume such obligations by an amendment to the applicable indenture, executed by it and delivered in a form satisfactory, to the applicable trustee, and, if such subsidiary assumes such obligations, Abbey National shall, by an amendment to the applicable indenture, confirm that its guarantees shall apply to such subsidiary's obligations under such debt securities and the applicable indenture, as so modified by such amendment;
- (2) Abbey National or such subsidiary, as the case may be, shall confirm in such amendment to the applicable indenture that it will pay to the holders such additional amounts as *provided* by, and subject to the limitations set forth in, such debt securities and the applicable indenture as may be necessary in order that every net payment of the principal of (and premium, if any, on) and interest, if any, on and Arrears of Interest, if any, on such debt securities will not be less than the amount provided for in such debt securities to be then due and payable and such obligation shall extend to the payment of any such additional amounts as necessary to compensate for or indemnify against any deduction or withholding for or on account of any present or future tax, assessment or governmental charge imposed upon such payment by the United Kingdom, the Netherlands or the country in which Abbey National or such subsidiary is organized or any district, municipality or other political subdivision or taxing authority therein (it being understood that, except as aforesaid, neither Abbey National nor such subsidiary shall be obligated to make any indemnification or payments in respect of any tax consequences to any holder as a result of such assumption of rights and obligations if Abbey National or such subsidiary would not be obligated to pay an additional amount pursuant to the applicable indenture if Abbey National or such subsidiary were the issuer); and
- (3) immediately after giving effect to such assumption of obligations, no Event of Default with respect to senior debt securities of such a series or no Event of Default, Default or Payment Event with respect to subordinated debt securities of such a series, as the case may be, and no event which, after notice or lapse of time or both, would become an Event of Default, Default or Payment Event, as the case may be, shall have occurred and be continuing.

Upon any such assumption, Abbey National or such subsidiary, as the case may be, will succeed to, and be substituted for, and may exercise every right and power of, ANTS as senior issuer or First Capital B.V. as a subordinated issuer, as the case may be, under the applicable indenture with respect to such debt securities with the same effect as if it had been named as ANTS as senior issuer or First Capital B.V. as a subordinated issuer, as the case may be, under the applicable indenture, and ANTS as senior issuer or First Capital B.V. as a subordinated issuer, as the case may be, or any successor corporation thereto shall be released from all liability as obligor upon such debt securities.

Satisfaction and Discharge

Except as may otherwise be set forth in the prospectus supplement relating to the debt securities of a series, the indentures provide that the applicable issuer will be discharged from its obligations under the debt securities of a series (with certain exceptions) at any time prior to the Stated Maturity, if any, or redemption of such debt securities when

- (1) the applicable issuer has irrevocably deposited with or to the order of the applicable trustee, in trust,
 - (a) sufficient funds in the currency, currencies, currency unit or units in which such debt securities are payable (without consideration of any reinvestment thereof) to pay the principal of (and premium, if any, on) and interest, if any, on and Arrears of Interest, if any, on such debt securities to the Stated Maturity, if any (or redemption date), or
 - (b) such amount of U.S. Government Obligations (as defined below) as will, together with the predetermined and certain income to accrue thereon (without consideration of any reinvestment thereof), be sufficient to pay when due the principal of (and premium, if any, on) and interest, if any, and Arrears of Interest, if any, to the Stated Maturity, if any (or redemption date) on such debt securities, or
 - (c) such amount equal to the amount referred to in clause (a) or (b) in any combination of currency or currency unit or U.S. Government Obligations;
- (2) the applicable issuer has paid all other sums payable with respect to such debt securities;
- (3) the applicable issuer has delivered to the applicable trustee an opinion of counsel in form and substance acceptable to the trustee to the effect that
 - (a) the applicable issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or
 - (b) since the date of the applicable indenture there has been a change in applicable U.S. federal income tax law, in either case to the effect that, and based upon which such opinion of counsel shall confirm that, the holders of such debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such discharge and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such discharge had not occurred; and
- (4) certain other conditions are met.

Upon such discharge, the holders of the debt securities of such a series shall no longer be entitled to the benefits of the terms and conditions of the applicable indenture, debt securities and guarantees, if any, except for certain provisions, including registration of transfer and exchange of such debt securities and replacement of mutilated, destroyed, lost or stolen debt securities of such a series, and shall look for payment only to such deposited funds or obligations.

In addition, under the requirements of the U.K. Financial Services Authority at the date of this prospectus, any such discharge with respect to the subordinated debt securities of any series would require the consent of the U.K. Financial Services Authority.

"U.S. Government Obligations" means non-callable

- (1) direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America for which its full faith and credit are pledged or
- (2) obligations of a person controlled or supervised by, and acting as an agency or instrumentality of, the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America.

Supplemental Indentures

The indentures contain provisions permitting the applicable issuer or issuers, as the case may be, the guarantor and the applicable trustee

- (1) without the consent of the holders of any debt securities issued under the applicable indenture, to execute supplemental indentures for certain enumerated purposes, such as to cure any ambiguity or inconsistency or to make any change that does not have a materially adverse effect on the rights of any holder of such debt securities, and
- (2) with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each series of debt securities issued under the applicable indenture and affected thereby

to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the applicable indenture or of modifying in any manner the rights of holders of any such debt securities under the applicable indenture; *provided*, that no such supplemental indenture may, without the consent of the holder of each such outstanding debt security affected thereby

- (1) change the Stated Maturity, if any, of the principal of or interest on any such debt security, or change the terms of any Perpetual Subordinated Security or Perpetual Capital Security to include a Stated Maturity of the principal amount of any such debt security, or reduce the principal amount of any such debt security or the rate of interest thereon, if any, or the Arrears of Interest thereon, if any, or any premium or principal payable upon redemption thereof, or change any obligation of the applicable issuer to pay additional amounts thereon, or change any Place of Payment where, or change the currency in which, any such debt security or the interest, if any, thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity, if any, thereof or the date any such payment is otherwise due and payable (or, in the case of redemption, on or after the redemption date);
- (2) reduce the percentage in aggregate principal amount of such outstanding debt securities of any particular series, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the applicable indenture or certain defaults thereunder and their consequences) provided for in the applicable indenture;
- (3) change any obligation of the applicable issuer and the guarantor, if any, to maintain an office or agency in the places and for the purposes specified in the applicable indenture;
- (4) modify certain of the provisions of the applicable indenture pertaining to the waiver by holders of such debt securities of past defaults, supplemental indentures with the consent of holders of such debt securities and the waiver by holders of such debt securities of certain covenants, except to increase any specified percentage in aggregate principal amount required for any actions by holders of debt securities or to provide that certain other provisions of the applicable indenture cannot be modified or waived without the consent of the holder of each such debt security affected thereby;
- (5) in the case of subordinated debt securities, change in any manner adverse to the interests of the holders of such outstanding subordinated debt securities the subordination provisions of such subordinated debt securities; or
- (6) in the case of all debt securities, change in any manner adverse to the interests of the holders of any such outstanding debt securities the terms and conditions of the obligations of the guarantor, if any, in respect of the due and punctual payment of the principal thereof (and premium, if any, thereon) and interest and Arrears of Interest thereon or any additional amounts or any sinking fund payments provided in respect thereof.

In addition, material variation in the terms and conditions of the subordinated debt securities of any series, which may include modifications relating to the status, subordination, redemption, repurchase, Events of Default, Defaults or Payment Events with respect to such subordinated debt securities, may require the consent of the U.K. Financial Services Authority.

Waivers

The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each series of debt securities issued under the applicable indenture and affected thereby, may on behalf of the holders of all such debt securities waive compliance by the applicable Issuer or the guarantor, if any, with certain restrictive provisions of the applicable indenture as pertain to the corporate existence of the applicable issuer and the guarantor, if any, the maintenance of certain agencies by the applicable issuer and the guarantor, if any, or, solely with respect to senior debt securities, as pertain to the negative pledge covenant as described under "Senior Debt Securities — Negative Pledge" above. The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of a series issued under the applicable indenture may on behalf of the holders of all such debt securities of such series waive any past default under the applicable indenture, except a default in the payment of the principal of (and premium, if any, on) and interest, if any, on any such debt security or in respect to a covenant or a provision which under the applicable indenture cannot be modified or amended without the consent of the holder of each outstanding debt security of such a series.

Further Issuances

The applicable issuer may from time to time, without notice to or the consent of the holders of the outstanding debt securities of a series, create and issue under the applicable indenture further debt securities ranking *pari passu* with such outstanding debt securities in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further debt securities or except for the first payment of interest following the issue date of such further debt securities) and so that such further debt securities shall be consolidated and form a single series with such outstanding debt securities and shall have the same terms as to status, redemption or otherwise as such outstanding debt securities.

Notices

Notices to holders of Registered Securities will be given by mail to the addresses of such holders as they appear in the Security Register. Notices pertaining to subordinated debt securities issued in the form of one or more Global Bearer Securities will be given by mail to the applicable Custodian as holder of the Global Bearer Security.

Title

We, the trustees and any of our agents or of the trustees may treat the registered owner of any Registered Security as the absolute owner thereof (whether or not such security shall be overdue and notwithstanding any notice to the contrary) for the purpose of making payment and for all other purposes.

Governing Law

The senior indenture, the senior debt securities and the senior guarantees shall be governed by and construed in accordance with the laws of the State of New York.

In accordance with the guidelines of the U.K. Financial Services Authority, the subordination provisions in the subordinated indenture, the subordinated debt securities and the subordinated guarantees will be governed by and construed in accordance with the laws of England and Wales, with the intention that such provisions be given full effect in any insolvency proceeding relating to Abbey National in England and Wales. All other provisions in the subordinated indenture, the subordinated debt securities and the subordinated guarantees will be governed by and construed in accordance with the laws of the State of New York.

Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than U.S. dollars. If a debt security is denominated in a currency other than U.S. dollars, any judgment under New York law will be rendered in the currency of the underlying obligation and converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment or decree.

Consent to Service

Each of us has designated and appointed CT Corporation System at 1633 Broadway, in the Borough of Manhattan, The City of New York, New York, as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the applicable debt securities, guarantees or indenture which may be instituted in any State or Federal court located in the Borough of Manhattan, The City of New York, New York, and has submitted (for the purposes of any such suit or proceeding) to the jurisdiction of any such court in which any such suit or proceeding is so instituted. Each of us has agreed, to the fullest extent that we lawfully may do so, that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon us and may be enforced in the courts of England and Wales (or any other courts to the jurisdiction of which we are subject).

First Capital B.V. has designated and appointed Abbey National at Abbey House, Baker Street, London NW1 6XL, England, as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the subordination provisions of the subordinated debt securities issued by it which may be instituted in any court located in England and Wales and has submitted (for the purposes of any such suit or proceeding) to the jurisdiction of any such court in which any such suit or proceeding is so instituted. First Capital B.V. has agreed, to the fullest extent that it lawfully may do so, that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it and may be enforced in the courts of the Netherlands (or any other courts to the jurisdiction of which First Capital B.V. is subject).

Notwithstanding the foregoing, any actions arising out of or relating to the applicable debt securities, guarantees or indenture may be instituted by us, the trustees or the holder of any debt security in any competent court in England and Wales, the Netherlands or such other competent jurisdiction, as the case may be.

Concerning the Senior Trustee

The senior indenture provides that, except during the continuance of an Event of Default, the senior trustee will have no obligations other than the performance of such duties as are specifically set forth in such senior indenture. If an Event of Default has occurred and is continuing, the senior trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it by the senior indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

Concerning the Subordinated Trustee

The subordinated indenture provides that, except during the continuance of an Event of Default, Default or Payment Event, the subordinated trustee will have no obligations other than the performance of such duties as are specifically set forth in such subordinated indenture. If an Event of Default, Default or Payment Event has occurred and is continuing, the subordinated trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it by the subordinated indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

DESCRIPTION OF THE GLOBAL RECEIPTS REPRESENTING GLOBAL BEARER SECURITIES

The following is a summary of certain terms and provisions of the amended and restated Deposit and Custody Agreement dated as of February 9, 1996 (as supplemented or amended from time to time, the "Deposit and Custody Agreement") pursuant to which global receipts (the "Global Receipts") representing the global Bearer Securities in respect of a series of subordinated debt securities will be issued. The Deposit and Custody Agreement in respect of a series of subordinated debt securities is among the Global Bearer Security Depositary (the "Global Bearer Security Depositary"), the Custodian (the "Custodian") and the respective subordinated issuer (and, in the case of debt securities issued by First Capital B.V., the guarantor), for the benefit of the holder of the Global Receipts (which will be the nominee of DTC or a successor thereof) and the beneficial owners from time to time of interests in the Global Receipts. The summary set forth below does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit and Custody Agreement, a copy of which has been filed as an exhibit to the Registration Statement of which this prospectus is a part.

Global Receipts

Upon deposit of the global Bearer Securities of a series of subordinated debt securities with the Custodian, on behalf of the Global Bearer Security Depositary, subject to the terms of the Deposit and Custody Agreement, the Global Bearer Security Depositary will issue one or more Global Receipts representing the aggregate principal amount of such global Bearer Securities. The Global Receipts in respect of such global Bearer Securities shall be delivered to and registered in the name of DTC's nominee. So long as DTC or its nominee is the holder of the Global Receipt, any owner of a beneficial interest in the subordinated debt securities of a series represented by Global Receipts must rely upon the procedures of DTC and institutions having accounts with DTC to exercise or be entitled to any rights of a holder of such Global Receipts. See "Description of the Debt Securities and Guarantees — Global Securities" above.

Book-Entry

Ownership of beneficial interests in a Global Receipt representing the global Bearer Securities in respect of a series of subordinated debt securities will be limited to participants of DTC ("participants") or persons that may hold interests through participants. In addition, ownership of beneficial interests will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by DTC or its nominee and participants until such time, if any, as definitive debt securities are issued as set forth under "Description of the Debt Securities and Guarantees — Global Securities" above. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a Global Receipt.

The subordinated issuers have been advised by DTC that upon the issuance of a Global Receipt by the Global Bearer Security Depositary, and the deposit of such Global Receipt with DTC, DTC will immediately credit, on its book-entry registration and transfer system, the respective principal amounts of such beneficial interests in such Global Receipt to the accounts of participants. The accounts to be credited shall be designated by the soliciting placement agent or, to the extent that the subordinated debt securities represented by such Global Receipt are offered and sold directly, by the respective subordinated issuer.

Payment of principal of and any premium and interest in respect of beneficial interests in any Global Receipt registered in the name of or held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered holder of the Global Receipt. None of the subordinated issuers, the guarantor, the subordinated trustee, the Global Bearer Security Depositary, the Custodian or any agent of any of them will have any responsibility or liability for any aspect of DTC's records or any participant's records relating to, or payments made on account of, beneficial ownership interests in a Global Receipt or

for maintaining, supervising or reviewing any of DTC's records or any participant's records relating to such beneficial ownership interests. Payments by participants to owners of beneficial interests in a Global Receipt held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the sole responsibility of such participants.

No Global Receipt may be transferred except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or any successor thereof.

Owners of beneficial interests in a Global Receipt will not be entitled to receive physical delivery of Global Receipts in certificated form, and will not be considered the holders thereof for any purpose under the Deposit and Custody Agreement, the Global Receipts, the subordinated indenture or the subordinated debt securities. No Global Receipt shall be exchangeable, except for another Global Receipt of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in such Global Receipt must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Deposit and Custody Agreement, the Global Receipts, the subordinated indenture or the subordinated debt securities. The subordinated issuers understand that under existing industry practices, in the event that a subordinated issuer requests any action of a holder or an owner of a beneficial interest in such Global Receipt desires to give or take action that a holder is entitled to give or take under the Deposit and Custody Agreement or the Global Receipts, DTC would authorize the participants holding the relevant beneficial interests to give or take such action, and such participants would authorize beneficial owners owning through such participants to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

We understand that DTC is a limited-purpose trust company organized under the laws of the State of New York, a "Banking Organization" 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 the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the clearance and settlement of transactions among its participants in such securities through electronic book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Access to DTC's 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 participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Commission.

The subordinated indenture and the subordinated debt securities require that payments in respect of the subordinated debt securities be made in immediately available funds. Interests in the Global Receipt are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in the Global Receipts will be required to be settled in immediately available funds. No assurance can be given as to the effect, if any, of such settlement arrangements on trading activity in the Global Receipts or interests in the Global Receipts.

Issuance of Definitive Debt Securities

The Deposit and Custody Agreement provides that, upon the written request of the holder of the Global Receipt, the Depositary will request that the Custodian surrender the global Bearer Securities representing such Global Receipt for exchange and the Global Bearer Security Depositary will request that the principal paying agent issue definitive registered subordinated debt securities in the names and in the amounts as specified by the holder of the Global Receipt. Such request may be made in the circumstances and subject to the conditions described under "Description of the Debt Securities and Guarantees — Global Securities" above.

The exchange of interests in the Global Receipt for definitive subordinated debt securities of a particular series shall be made free of any fees of the Global Bearer Security Depositary to the holder, *provided, however*, that such person receiving subordinated debt securities in definitive form will be obligated to pay or otherwise bear the cost of any tax or other governmental charge as required by the subordinated indenture and any cost of insurance, postage, transportation and the like.

Payments on the Debt Securities

The Global Bearer Security Depositary will distribute all principal, premium and interest payments that are received by it from the Custodian in respect of the global Bearer Securities of a series of subordinated debt securities to the holder of the Global Receipt in respect of such global Bearer Securities on the relevant date of payment. All principal, premium and interest payments made on such global Bearer Securities shall be distributed to the holder of the Global Receipt without deduction or withholding for any taxes or other governmental charges, or if the Global Bearer Security Depositary or the Custodian is required to make any such deduction or withholding under the provisions of any applicable law or regulation, Abbey National or First Capital B.V., as the case may be, agrees that it shall pay or cause to be paid such additional amounts as may be necessary in order that the net amounts distributed to the holder of the Global Receipt, after such deduction or withholding, shall equal the amounts which were paid on such global Bearer Securities.

None of the subordinated trustee, the Custodian or the Global Bearer Security Depositary assume any responsibility for any failure by a subordinated issuer or the guarantor to make payments on or in respect of the subordinated debt securities or for any delay in receipt of payment due to a delay in sending payment by a subordinated issuer or the guarantor. The Global Receipts do not represent any separate or independent payment obligation of Citibank, N.A. as Global Bearer Security Depositary or in any other capacity, except to the extent of principal, premium and interest payments, if any, received by it from the Custodian.

Redemption

In the event that a subordinated issuer or the guarantor exercises any right of redemption in respect of the subordinated debt securities of a series, the Global Bearer Security Depositary will redeem, from the amount received by it in respect of the redemption of such subordinated debt securities, a portion of the relevant Global Receipts which represents the portion of such subordinated debt securities of a series so redeemed. The redemption price in connection with the redemption of a portion of such Global Receipts will be equal to the amount received by the Global Bearer Security Depositary in respect of the aggregate principal amount (or such other relevant amount as may be described in any applicable prospectus supplement) of such subordinated debt security so redeemed, net of any amounts required to be withheld or deducted in respect of taxes. Upon receipt of notice of redemption by the Global Bearer Security Depositary, such Depositary will forward such notice to the holder of the Global Receipt in accordance with the terms of the Deposit and Custody Agreement and, in accordance with any written instructions received from such holder, to all beneficial owners affected thereby.

Repayment

If a subordinated debt security becomes repayable at the option of the holder on a date or dates specified prior to its maturity date, if any, and the Global Bearer Security Depositary is so notified by the principal paying agent, the Global Bearer Security Depositary shall promptly notify the holder of the Global Receipt that such subordinated debt security has become repayable. In order for the repayment option in any subordinated debt security to be exercised by the Global Bearer Security Depositary, the owners of beneficial interests in the Global Receipt representing an interest in such subordinated debt security must instruct the broker or other direct or indirect participant through which it holds an interest in the Global Receipt relating to such subordinated debt security to notify the Global Bearer Security

Depository of its desire for the Global Bearer Security Depository to exercise the Global Bearer Security Depository's right to repayment. Different firms have different cut-off times for acceptance instructions from their customers and, accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds its beneficial interest in a Global Receipt representing an interest in a subordinated debt security in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to the Global Bearer Security Depository.

Record Date

Unless otherwise specified in the applicable prospectus supplement, or unless a subordinated issuer or the guarantor otherwise instructs the Global Bearer Security Depository in writing, the Regular Record Date with respect to a Global Receipt shall, if practicable, be the date 15 calendar days prior to the applicable Interest Payment Date in respect of the subordinated debt security represented thereby. Whenever any payment is made in respect of a subordinated debt security that is represented by a Global Receipt for which a Regular Record Date has not been fixed, or the Custodian shall receive notice of any action to be taken by the holder of such subordinated debt security or whenever the Global Bearer Security Depository otherwise deems it appropriate in respect of any other matter, the Global Bearer Security Depository will fix a record date for the determination of the holder of the Global Receipt who shall be entitled to receive such payment or to take any such action or to act in respect of any such matter.

Action by the Holder of the Subordinated Debt Securities

As soon as practicable after receipt by the Custodian of notice of any solicitation of consents or request for a waiver or other action by it as the holder of the subordinated debt securities of a series, the Custodian shall inform the Global Bearer Security Depository who shall mail to the holder of the Global Receipt in respect of such subordinated debt securities a notice containing

- (a) such information as is contained in such notice,
- (b) a statement that such holder of the Global Receipt at the close of business on a specified record date will be entitled, subject to the provisions of the Deposit and Custody Agreement and of governing such subordinated debt securities, to instruct the Global Bearer Security Depository as to the consent, waiver or other action, if any, pertaining to the subordinated debt securities of such series, and
- (c) a statement as to the manner in which such instructions may be given.

Upon the written request of the holder of the Global Receipt, received on or before the date established by the Global Bearer Security Depository for such purpose, the Global Bearer Security Depository shall cause the Custodian to endeavor insofar as practicable and permitted under the provisions of or governing the subordinated debt securities of such series to take such action regarding the requested consent, waiver or other action in relation to such subordinated debt securities in accordance with any instructions set forth in such request. Neither the Global Bearer Security Depository nor the Custodian will itself exercise any discretion in the granting of consents, waivers or taking other such action in respect of the subordinated debt securities of a series.

Reports

The Global Bearer Security Depository will make available for inspection by the holder of the Global Receipt any notices, reports and other communications received from a subordinated issuer or the guarantor that are received by the Custodian as holder of the subordinated debt securities and are made generally available to holders of the subordinated debt securities by a subordinated issuer or the guarantor. The Global Bearer Security Depository shall send promptly to the holder of the Global Receipt a copy of such notices furnished by a subordinated issuer or the guarantor.

Action by Global Bearer Security Depositary and Custodian

The Global Bearer Security Depositary and Custodian have agreed that upon the occurrence of an event of default under the subordinated debt securities of a particular series, or in connection with any other right of the holder of subordinated debt securities under the subordinated indenture, if requested in writing by the holder of the Global Receipt in respect thereof, to request the subordinated trustee to take any such action as shall be requested in such notice in respect of such subordinated debt securities; *provided* that the Global Bearer Security Depositary and the Custodian have been offered reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by them in compliance with such request, *provided further* that such obligation of the Global Bearer Security Depositary and the Custodian shall cease following the automatic issuance of definitive registered subordinated debt securities upon the occurrence of an event of default.

Charges of Global Bearer Security Depositary and Custodian

The subordinated issuers and the guarantor have agreed to pay all charges of the Global Bearer Security Depositary and the Custodian under the Deposit and Custody Agreement. The subordinated issuers and the guarantor also have agreed to indemnify the Global Bearer Security Depositary and the Custodian against certain liabilities incurred by them under the Deposit and Custody Agreement.

Modification

The Deposit and Custody Agreement and the Global Receipts in relation to a series of subordinated debt securities may be amended by agreement among the Global Bearer Security Depositary, the Custodian and the respective subordinated issuer (and, in the case of subordinated debt securities issued by First Capital B.V., by the guarantor). The consent of the holder of the Global Receipt shall not be required in connection with any amendment to the Deposit and Custody Agreement

- (1) to cure any formal defect, omission, inconsistency or ambiguity in such Deposit and Custody Agreement,
- (2) to add to the covenants and agreements of the Global Bearer Security Depositary, the Custodian, a subordinated issuer or the guarantor,
- (3) to effectuate the assignment of the Global Bearer Security Depositary's or the Custodian's rights and duties to a qualified successor,
- (4) to comply with the Securities Act or the U.S. Investment Company Act of 1940, as amended, or any other applicable securities law,
- (5) to modify the Deposit and Custody Agreement in connection with an amendment of the subordinated indenture that does not require the consent of the holders of the subordinated debt securities, or
- (6) to modify, alter, amend, or supplement the Deposit and Custody Agreement in any other respect not inconsistent with the Deposit and Custody Agreement which, in the opinion of counsel acceptable to the subordinated issuers and the guarantor, is not adverse to the holder of the Global Receipt.

Except as set forth above, no amendment which adversely affects the holder of the Global Receipt may be made to the Deposit and Custody Agreement without the consent of the holder of the Global Receipt.

Termination

The Global Bearer Security Depositary in respect of a series of subordinated debt securities will at any time at the written direction of the respective subordinated issuer (or, in the case of subordinated debt

securities issued by First Capital B.V., of the guarantor) thereof terminate the Deposit and Custody Agreement in respect of such subordinated debt securities by mailing a notice of such termination to the holder of the Global Receipt and requesting, on behalf of the Custodian in accordance with the subordinated indenture, that the principal paying agent issue definitive subordinated debt securities in respect of such series of subordinated debt securities in registered form to the persons and in the amounts as specified by the holder of the Global Receipt. Upon the issuance of such subordinated debt securities in definitive form, the Deposit and Custody Agreement in relation to such series of subordinated debt securities shall terminate. The Deposit and Custody Agreement in relation to a series of subordinated debt securities may also be terminated upon the resignation of the Global Bearer Security Depository or the Custodian if no successor has been appointed within 90 days as set forth under “— Resignation or Removal of Global Bearer Security Depository or Custodian” below.

Resignation or Removal of Global Bearer Security Depository or Custodian

The Global Bearer Security Depository may at any time resign as Global Bearer Security Depository for a series of subordinated debt securities by written notice delivered to the subordinated trustee and the respective subordinated issuer (and in the case of subordinated debt securities issued by First Capital B.V., to the guarantor), such resignation to take effect upon the appointment by the respective subordinated issuer (and, in the case of subordinated debt securities issued by First Capital B.V., by the guarantor) of a successor depository (approved by the subordinated trustee and the holder of the subordinated debt securities, such approval not to be unreasonably withheld) and its acceptance of such appointment. If at the end of 90 days after delivery of such notice, no successor depository has been appointed or accepted such appointment, the Global Bearer Security Depository may terminate the Deposit and Custody Agreement in relation to such series of subordinated debt securities, *provided* that such termination will not be effective with respect to the Custodian unless and until definitive subordinated debt securities in registered form in respect of such series shall have been issued in accordance with the Deposit and Custody Agreement.

The Custodian may at any time resign as Custodian for a series of subordinated debt securities by written notice delivered to the Global Bearer Security Depository, the subordinated trustee and the respective subordinated issuer (and, in the case of subordinated debt securities issued by First Capital B.V., to the guarantor), such resignation to take effect upon the appointment by the respective subordinated issuer (and, in the case of subordinated debt securities issued by First Capital B.V., by the guarantor) of a successor custodian (approved by the Global Bearer Security Depository, such approval not to be unreasonably withheld) and its acceptance of such appointment and the transfer of the subordinated debt securities of such series in accordance with the Deposit and Custody Agreement. If at the end of 90 days after delivery of such notice, no successor custodian has been appointed or accepted such appointment, the Custodian may request that definitive subordinated debt securities of such series in registered form be issued and, upon the issuance of such subordinated debt securities, may terminate the Deposit and Custody Agreement.

In the event that a subordinated issuer (or, in the case of subordinated debt securities issued by First Capital B.V., the guarantor) determines that it would become obligated to pay any amount in respect of any deduction or withholding for any taxes or other governmental charges as set forth under “Payment on the subordinated debt securities” above, or a subordinated issuer (or, in the case of subordinated debt securities issued by First Capital B.V., the guarantor) in its absolute discretion wishes to replace the Global Bearer Security Depository or the Custodian, such subordinated issuer (or the guarantor) may remove the Global Bearer Security Depository or the Custodian by written notice of such removal effective upon the appointment of a successor depository or successor custodian, as the case may be, and its acceptance of such appointment.

Obligations of Global Bearer Security Depositary and Custodian

The Global Bearer Security Depositary and the Custodian assume no obligation or liability under the Deposit and Custody Agreement other than to act in good faith without gross negligence or wilful misconduct in the performance of their respective duties under the Deposit and Custody Agreement.

Governing Law and Consent to Service

The Deposit and Custody Agreement and the Global Receipts will be governed by and construed in accordance with the laws of the State of New York. Each of Abbey National, ANTS and First Capital B.V. has designated and appointed CT Corporation System at 1633 Broadway, in the Borough of Manhattan, The City of New York, New York, as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Global Receipts or the Deposit and Custody Agreement which may be instituted in any State or Federal court located in The City of New York, New York, and has submitted (for the purposes of any such suit or proceeding) to the jurisdiction of any such court in which any such suit or proceeding is so instituted.

PLAN OF DISTRIBUTION

General

We may sell all or part of the debt securities from time to time on terms determined at the time such debt securities are offered for sale to or through underwriters or through selling agents. We may also sell such debt securities directly to other purchasers. The names of any such underwriters or selling agents in connection with the offer and sale of any series of debt securities will be set forth in the prospectus supplement relating thereto.

The distribution of the debt securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. If we use underwriters in the sale of debt securities, they will acquire those debt securities for their own account and such debt securities may be resold from time to time in one or more transactions. Such debt securities may be offered to the public either through underwriting syndicates represented by managing underwriters or underwriters without a syndicate. Unless otherwise set forth in the prospectus supplement, the underwriters' obligations to purchase such debt securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of such debt securities if any of such debt securities are purchased.

In connection with the sale of debt securities, the underwriters may receive compensation from the applicable issuer or from purchasers of debt securities for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell debt securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of debt securities may be deemed to be underwriters, and any discounts or commissions received by them from the applicable issuer and any profit on the resale of debt securities by them may be deemed to be underwriting discounts and commissions, under the Securities Act. Any such compensation received from the applicable issuer will be described in the prospectus supplement.

Underwriters, dealers, selling agents and other persons may be entitled, under agreements which may be entered into with the applicable issuer, to indemnification by the applicable issuer against certain civil liabilities, including liabilities under the Securities Act.

Each series of debt securities will be a new issue of securities with no established trading market. In the event that debt securities of a series offered hereunder are not listed on a national securities exchange, certain broker-dealers may make a market in the debt securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any broker-dealer will make a market in the debt securities of any series or as to the liquidity of the trading market for the debt securities.

Each underwriter, dealer or selling agent will represent and agree that:

(1) it has not offered or sold and will not offer or sell

- (a) any debt securities, having a maturity of one year or more, in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") is to be sought, to persons in the United Kingdom prior to admission of such debt securities to such listing, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Act; or

- (b) prior to the date six months after their date of issue, any debt securities, having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995,
- (2) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the debt securities in, from or otherwise involving the United Kingdom, and
- (3) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the debt securities, other than any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Delayed Delivery Arrangements

If so indicated in the prospectus supplement, the applicable issuer may authorize underwriters or other persons acting as the applicable issuer's agents to solicit offers by certain institutions to purchase debt securities from the applicable issuer pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the applicable issuer. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the offered debt securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

LEGAL OPINIONS

Cleary, Gottlieb, Steen & Hamilton, our U.S. counsel, Slaughter and May, English solicitors for Abbey National and ANTS, and DeBrauw Blackstone Westbroek N.V., Netherlands counsel to Abbey National and First Capital B.V. will pass upon certain legal matters relating to the debt securities and the guarantees to be offered hereby for Abbey National, ANTS and First Capital B.V. Simpson Thacher & Bartlett will pass upon certain matters as to United States Law for the agents and underwriters. Loyens & Volkmaars, Netherlands tax counsel to Abbey National and First Capital B.V. will pass upon certain matters as to the tax laws of the Netherlands.

EXPERTS

The consolidated balance sheets of Abbey National as of December 31, 1998 and 1997 and the consolidated statements of income and cash flows of Abbey National for each of the three years in the period ended December 31, 1998 appearing in the 1998 Form 20-F and incorporated herein by reference were included in the 1998 Form 20-F and incorporated herein by reference in reliance on the report of PricewaterhouseCoopers (formerly Coopers & Lybrand), independent chartered accountants, given on the authority of that firm as experts in auditing and accounting.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Abbey National plc

**7.95% Term Subordinated Securities
due October 26, 2029**

**The Abbey National
Group**

**Goldman, Sachs & Co.
Merrill Lynch & Co.**