

Supplemental Prospectus

ABBHEY NATIONAL TREASURY SERVICES plc
(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY
REGISTERED NUMBER 2338548)
(as Issuer of Senior Notes)

and

AN STRUCTURED ISSUES LIMITED
(INCORPORATED IN JERSEY WITH LIMITED LIABILITY
REGISTERED NUMBER 75340)
(as Issuer of Senior Notes)

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

EURO MEDIUM TERM NOTE PROGRAMME

Unconditionally and irrevocably guaranteed by

ABBHEY NATIONAL plc
(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY
REGISTERED NUMBER 2294747)
(as Issuer of Subordinated Notes and Guarantor of Senior Notes)

This Supplemental Prospectus is prepared in connection with the above mentioned U.S.\$20,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Abbey National Treasury Services plc (“**ANTS**”), AN Structured Issues Limited (“**ANSIL**”) and Abbey National plc (“**Abbey National**”).

This Supplemental Prospectus is supplemental to the Prospectus dated 26 March 2008 and the supplements to it dated 18 July 2008, 17 September 2008, 4 November 2008 and 2 December 2008 (together, the “**Prospectus**”), which comprise a base prospectus for the purpose of Article 5.4 of Directive 2003/71/EC.

This Supplemental Prospectus constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”).

This Supplemental Prospectus should be read in conjunction with the Prospectus. Terms defined in the Prospectus have the same meaning when used in this Supplemental Prospectus.

Each of Abbey National Treasury Services plc, AN Structured Issues Limited and Abbey National plc (each an “**Obligor**”) accepts responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge of each Obligor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplemental Prospectus or any statement incorporated by reference into the Base Prospectus by this Supplemental Prospectus and (b) any other statement in or incorporated by reference in the Prospectus, the statement in (a) above will prevail.

If documents which are incorporated by reference to this Supplemental Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplemental Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference to this Supplemental Prospectus.

Save as disclosed in this Supplemental Prospectus and the Prospectus, no significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

Investors should be aware of their rights under Section 87Q(4) of the FSMA.

Recent Developments

The section of the Prospectus entitled “Abbey National plc and the Abbey National Group” is hereby amended by the addition of the following recent developments.

Alliance & Leicester

Acquisition by Santander

On 10 October 2008, Banco Santander, S.A. (“**Santander**”) completed its acquisition of Alliance & Leicester plc (“**A&L**”) pursuant to a scheme of arrangement under the Companies Act 1985.

Description of A&L

A&L is a public limited company incorporated and registered in England and Wales under the Companies Act 1985. A&L and its subsidiaries (together, the “**A&L Group**”) is one of the UK’s major financial services organisations, offering a broad range of financial services to private and commercial clients. A&L is an authorised bank, operating within the UK and the Isle of Man and supervised by the Financial Services Authority and the Financial Supervision Commission respectively. The principal activities of the A&L Group are the provision of a comprehensive range of personal financial services in addition to a wide range of banking and financial services to business and public sector customers.

The A&L Group’s business comprises two main business units:

- (a) **Retail Banking:** This business unit currently provides personal savings, residential mortgages, current accounts and unsecured personal finance. Credit cards, life assurance, long term investment products and general insurance products are supplied by a range of third party providers.
- (b) **Commercial Banking:** This business unit provides banking services to commercial customers, including cash and cheque handling for retailers and other corporates, commercial lending, business banking.

These business units are supported by central group functions including finance, IT, human resources, communications, legal and treasury.

Following the completion of its acquisition by Santander, A&L announced changes to the membership of its board of directors, such that the same persons are directors of each of A&L and Abbey National. Such changes became effective on 21 October 2008.

Proposed Transfer of A&L to Abbey National

As a step in the integration of the complementary business units of the A&L Group and the Abbey National Group, the board of Abbey National resolved on 16 December 2008 to issue ordinary shares to Santander in exchange for all of the shares in A&L held by Santander. It is expected that the transaction will take place on or about 9 January 2009.

The integration of the businesses of the A&L Group and the Abbey National Group is expected to strengthen the competitive positioning of the products and services offered by the enlarged Abbey National Group, benefiting its customers.

The combination of the businesses will increase critical mass in the UK market. The transaction will allow Abbey National to accelerate its UK branch network expansion plans and increase its retail banking presence in areas where Abbey National has lower branch footprint (such as the Midlands). The combination will lead to significant increases in the number of active business customers and accelerates Abbey National's aim to expand its SME operations and increasingly compete with the 'big four' incumbent banks for the UK's mid-corporate banking business. This also enables Abbey National to make further progress in transforming itself into a full service commercial UK bank.

The combined group is also expected to reap the benefits of greater efficiency, through cost savings from the integration of back office functions and a reduction in A&L's currently high financing costs over time.

Capital Investment in A&L by Abbey National

On 17 December 2008, Abbey National injected approximately £950,000,000 of capital into A&L through a subscription of: (i) 234,113,712 ordinary shares in A&L for cash at £2.99 per ordinary share; (ii) US\$220 million undated subordinated notes issued by A&L; and (iii) Euro 115 million undated subordinated notes issued by A&L. As a result of the subscription of ordinary shares, Abbey National currently holds 35.6 per cent of the issued share capital of A&L.

This capital injection aligns with indications of the potential requirement to provide new capital to A&L, given by Santander at the time of its offer to acquire A&L. Santander stated that, against a background of potential risks in connection with its acquisition of A&L (including credit risk concentration, liquidity risk and credit impairments) and current market conditions, it would, if necessary, in accordance with its policies allocate up to £1 billion capital to cover the potential risk and losses to cover:

- (a) future adverse developments in A&L's treasury portfolio;
- (b) previous mark-to-market losses on AFS portfolio that had not been deducted from regulatory capital;
- (c) anticipated increased credit impairments through the cycle;
- (d) potential improvement of coverage ratios and other balance sheet strengthening if necessary;
- (e) potential restructuring charges associated with integration.

Abbey National made the capital injection to address these risks and losses. It is effectively funded by the £1,000 million capital investment made by Santander in Abbey on 13 October 2008 and ensures that A&L continues to meet its capital ratio requirements.

Abbey National intends, having regard to its obligation to its own creditors, to provide support to A&L with a view to ensuring that A&L is in a position to meet its capital resources requirements under the FSA handbook and its funding requirements in relation to its unsubordinated liabilities.

A&L Financial Statements

The audited consolidated financial statements of A&L for the financial year ended 31 December 2007, together with the audit reports thereon and notes thereto, (the “**A&L 2007 Financial Statements**”) and the unaudited interim financial report of A&L for the six months ended 30 June 2008, including the notes thereto (the “**A&L 2008 Interim Financial Report**”), are hereby incorporated in, and form part of, this Supplemental Prospectus and the Prospectus.

Alliance & Leicester’s underlying retail and commercial business remains in good shape, with satisfactory customer lending asset quality and arrears rates running better than market averages. The performance of its customer-facing businesses remains robust, but its financial results will and continue to be affected by treasury losses, funding costs and the other matters referred to above against which Abbey National is injecting additional capital. Neither Santander nor Abbey National has yet calculated the goodwill that will be generated by the acquisition of A&L by Santander or of the proposed transfer of A&L to Abbey National.

A&L Risk Factors

A&L’s principal inherent risks are described in the Risk Management Policy and Control Framework section on pages 54 to 72 of the A&L 2007 Financial Statements. A description of the principal risks and uncertainties in the A&L Group for the 6 months to 31 December 2008 is contained in note 22 to the A&L 2008 Interim Financial Report.

As a consequence of its acquisition by Santander, A&L is expected to cease to participate directly in The Bank of England’s sterling money market operations and special liquidity scheme in early 2009. Against the background of the continued loss of market liquidity, in particular in relation to issuances in the wholesale markets and to the availability of liquid resources in the inter-bank market, A&L will need to rely on Abbey National to access the source of liquidity represented by such operations and schemes. Following the acquisition of A&L and the integration of the businesses of the A&L Group and the Abbey National Group, A&L is likely to seek greater support for its funding and liquidity requirements from the Abbey National Group. There can be no assurance that The Bank of England will permit a proportionate increase in Abbey National’s own participation in such operations and schemes to reflect A&L’s former participation.

The assessment of the integration of A&L is based on limited and potentially inexact information and on assumptions with respect to operations, profitability, asset quality and other matters that may prove to be incorrect. A&L has been adversely affected by the current financial crisis and has portfolios of securities that have suffered losses and could decline meaningfully in value. There can be no assurances that A&L will not incur substantial further losses or that Abbey National will not be exposed to currently unknown liabilities resulting from this transaction. Any such losses or liabilities could have a material adverse effect on the Abbey National Group’s business, financial condition and results of operations.

The success of the acquisition of A&L by Santander will depend, in part, on the ability to realise the anticipated benefits from combining the businesses of the A&L Group and the Abbey National Group. It is possible that the integration process could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each group’s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company to maintain relationships with clients, customers

and employees. In addition, the management and employees of the A&L Group have not been previously exposed to Abbey National's business culture or philosophy. The effort to integrate A&L is also likely to divert management attention and resources. If it takes longer than anticipated or there are difficulties in integration of A&L businesses, the anticipated benefits of the A&L acquisition may not be realised fully or at all, or may take longer to realise than expected.

Completion of Sale of Porterbrook Leasing Company

On 8 December 2008, Abbey National completed the disposal of Porterbrook, its rolling stock leasing business, by the sale of 100% of Porterbrook Leasing Company Limited and its subsidiaries to a consortium of investors including Antin Infrastructure Partners (the BNP Paribas sponsored infrastructure fund), Deutsche Bank and Lloyds TSB, for a cash consideration of approximately £1.6bn.

This Supplemental Prospectus will be published on the website of the London Stock Exchange.

The date of this Supplemental Prospectus is 18 December 2008.