

FINAL TERMS dated 26 July 2010

FOSSE MASTER ISSUER PLC

(incorporated with limited liability in England and Wales with registered number 5925693)

Residential Mortgage Backed Note Programme

Issue of Series 2010-3 Notes

Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	Maturity date
Class A1.....	Three-month Sterling LIBOR + 1.52 per cent. per annum	£1,250,000,000	100%	April 2012 to October 2013	October 2054
Class A2.....	Floating rate Three-month Sterling LIBOR + 1.63 per cent. per annum	£1,250,000,000	100%	October 2013 to April 2015	October 2054
Class A3.....	Floating rate Three-month Sterling LIBOR + 1.68 per cent. per annum	£1,000,000,000	100%	January 2015 to July 2016	October 2054
Class Z.....	Floating rate Three-month Sterling LIBOR + 0.90 per cent. per annum	£500,000,000	100%	Not Applicable	October 2054

Terms used herein shall be deemed to be defined as such in accordance with the conditions set forth in the prospectus dated 8 March 2010 as supplemented by a supplementary prospectus dated 26 May 2010 (the **prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the final terms (the **final terms**) of the notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the prospectus. Full information on the issuer and the offer of the notes is only available on the basis of the combination of these final terms and the prospectus. The prospectus is available for viewing at 35 Great St. Helen's, London EC3A 6AP and copies may be obtained from the registered office of the issuer at 35 Great St. Helen's, London EC3A 6AP.

Arranger for the programme

BARCLAYS CAPITAL

Arranger for the Series 2010-3 Notes

BARCLAYS CAPITAL

Sole Lead Manager for the Series 2010-3 Notes

J.P. MORGAN

1. Class:	Class A1	Class A2	Class A3	Class Z
2. Series Number:	2010-3	2010-3	2010-3	2010-3
3. Issuer:	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc
4. Specified Currency or Currencies:	GBP	GBP	GBP	GBP
5. Initial Principal Amount:	£1,250,000,000	£1,250,000,000	£1,000,000,000	£500,000,000
6. (a) Issue Price:	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount
(b) Net proceeds:	£1,250,000,000	£1,250,000,000	£1,000,000,000	£500,000,000
7. Required Subordinated Percentage:	9.25%	9.25%	9.25%	Not Applicable
8. (a) General Reserve Required Amount:	£211,000,000	£211,000,000	£211,000,000	£211,000,000
(b) Arrears or Step-up Trigger Event:				
item (i) of General Reserve Fund increased amount:	£52,750,000	£52,750,000	£52,750,000	£52,750,000
item (ii) of General Reserve Fund increased amount:	£52,750,000	£52,750,000	£52,750,000	£52,750,000
items (i) and (ii) General Reserve Fund increased amount:	£105,500,000	£105,500,000	£105,500,000	£105,500,000
9. Interest-Only Mortgage Level Test:	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%
10. Ratings (Standard & Poor's/ Moody's/ Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	Not Applicable
11. Specified Denominations:	£50,000 and integral multiples of £1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof
12. (a) Closing Date:	27 July 2010	27 July 2010	27 July 2010	27 July 2010
(b) Interest Commencement Date:	27 July 2010	27 July 2010	27 July 2010	27 July 2010
13. Final Maturity Date:	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054
14. Interest Basis:	Three-Month Sterling LIBOR Floating Rate	Three-Month Sterling LIBOR Floating Rate	Three-Month Sterling LIBOR Floating Rate	Three-Month Sterling LIBOR Floating Rate
15. Redemption/ Payment Basis:	Scheduled Redemption	Scheduled Redemption	Scheduled Redemption	Pass-Through
16. Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
17. (a) Listing:	London Stock Exchange's regulated market	London Stock Exchange's regulated market	London Stock Exchange's regulated market	London Stock Exchange's regulated market
(b) Estimate of total expenses related to admission to trading for all classes of Notes:			£5,900	

1. Class:	Class A1	Class A2	Class A3	Class Z
18. Method of distribution:	Non-syndicated	Non-syndicated	Non-syndicated	Non-syndicated
	An affiliate of J.P. Morgan Securities Ltd. intends to purchase up to £1,000,000,000 of the Series 2010-3 Class A1 Notes on the Closing Date	An affiliate of J.P. Morgan Securities Ltd. intends to purchase up to £1,000,000,000 of the Series 2010-3 Class A2 Notes on the Closing Date	An affiliate of J.P. Morgan Securities Ltd. intends to purchase all of the Series 2010-3 Class A3 Notes on the Closing Date	

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19. Fixed Rate Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (a) Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (b) Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (c) Fixed Coupon Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (d) Broken Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (e) Day Count Fraction:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (f) Determination Date(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. (g) Other:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. Floating Rate Note Provisions:	Applicable	Applicable	Applicable	Applicable
20. (a) Specified Period(s)/ Specified Interest Payment Dates:	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18th October 2010
20. (b) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
20. (c) Additional Business Centre(s):	None - London, New York and TARGET in accordance with the conditions	None - London, New York and TARGET in accordance with the conditions	None - London, New York and TARGET in accordance with the conditions	None - London, New York and TARGET in accordance with the conditions
20. (d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination
20. (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. (f) Screen Rate Determination:				

1. Class:	Class A1	Class A2	Class A3	Class Z
• Reference Rate:	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of two-month and three-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of two-month and three-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of two-month and three-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of two-month and three-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR
• Interest Determination Date(s):	First Business Day of each Floating Interest Period	First Business Day of each Floating Interest Period	First Business Day of each Floating Interest Period	First Business Day of each Floating Interest Period
• Relevant Screen Page:	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01
20. (g) ISDA Determination				
• Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
• Designated Maturity:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
• Reset Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. (h) Margin(s):	+1.52% per annum	+1.63% per annum	+1.68% per annum	+0.90% per annum
20. (i) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. (j) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. (k) Step-Up Date:	The Interest Payment Date occurring in October 2013, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in April 2015, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in July 2016, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in July 2016, on which date the Margin shall be replaced with the Step-Up Margin
• Step-Up Margin(s):	+3.04% per annum	+3.26% per annum	+ 3.36% per annum	+0.90% per annum
• Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
• Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. (l) Day Count Fraction:	Actual/365	Actual/365	Actual/365	Actual/365
20. (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes if different from those set out in the Conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
21. Zero Coupon Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
PROVISIONS RELATING TO REDEMPTION				
22. Details relating to Bullet Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
23. Details relating to Scheduled Redemption Notes:	Applicable	Applicable	Applicable	Not Applicable

1. Class:	Class A1	Class A2	Class A3	Class Z
(a) Scheduled Redemption Dates:	Interest Payment Dates occurring in April 2012, July 2012, October 2012, January 2013, April 2013, July 2013 and October 2013	Interest Payment Dates occurring in October 2013, January 2014, April 2014, July 2014, October 2014, January 2015 and April 2015	Interest Payment Dates occurring in January 2015, April 2015, July 2015, October 2015, January 2016, April 2016 and July 2016	Not Applicable
(b) Scheduled Redemption Instalments:	April 2012 – £62,780,916 July 2012 – £62,503,929 October 2012 – £62,130,569 January 2013 – £61,681,123 April 2013 – £61,202,880 July 2013 – £60,718,404 October 2013 – £60,233,431	October 2013 – £63,210,094 January 2014 – £62,699,421 April 2014 – £62,188,038 July 2014 – £61,648,851 October 2014 – £61,082,689 January 2015 – £60,500,649 April 2015 – £59,921,509	January 2015 – £50,775,249 April 2015 – £50,289,205 July 2015 – £49,794,071 October 2015 – £49,290,819 January 2016 – £48,786,053 April 2016 – £48,284,794 July 2016 – £47,779,809	Not Applicable
24. Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Applicable – the Class Z Notes will become due and payable on the Interest Payment Date occurring in July 2016 and each applicable Interest Payment Date thereafter
25. Redemption Amount:	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies
GENERAL PROVISIONS APPLICABLE TO THE NOTES				
26. Form of Notes:	Registered Notes – Reg S Global Note registered in the name of a nominee for the common depository for Euroclear and Clearstream Luxembourg	Registered Notes – Reg S Global Note registered in the name of a nominee for the common depository for Euroclear and Clearstream Luxembourg	Registered Notes – Reg S Global Note registered in the name of a nominee for the common depository for Euroclear and Clearstream Luxembourg	Registered Notes – Reg S Global Note registered in the name of a nominee for the common depository for Euroclear and Clearstream Luxembourg
27. Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28. Issuer Swap Provider(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29. Specified currency exchange rate (Sterling/ specified currency):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30. Redenomination applicable:	Applicable	Applicable	Applicable	Applicable
31. ERISA Eligibility:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32. US Taxation:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33. Money Market Notes:	No	No	No	No
34. Do the Notes have the benefit of remarketing arrangements:	No	No	No	No
35. Other final terms:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
DISTRIBUTION				
36. (a) If syndicated, names of Dealers and Managers:	Not applicable	Not applicable	Not applicable	Not Applicable

1. Class: (b) Stabilising Manager (if any):	Class A1 Not Applicable	Class A2 Not Applicable	Class A3 Not Applicable	Class Z Not Applicable
37. If non-syndicated, name of relevant Dealer and Manager:	J.P. Morgan Securities Ltd.	J.P. Morgan Securities Ltd.	J.P. Morgan Securities Ltd.	Not Applicable The Series 2010-3 Class Z Notes will be purchased directly by Santander UK plc
38. Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
OPERATIONAL INFORMATION				
39. Any clearing system(s) other than DTC, Euroclear or Clearstream Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
40. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery free of payment
41. Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
42. ISIN:	XS0525763420	XS0525763859	XS0525764071	XS0525764154
43. Common Code:	052576342	052576385	052576407	052576415
44. CUSIP:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
LOAN TRANCHE INFORMATION				
45. Borrower:	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited
46. Lender:	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc
47. Tier of Loan Tranche:	AAA Loan Tranche	AAA Loan Tranche	AAA Loan Tranche	NR Loan Tranche
48. Series Number:	Series 2010-3	Series 2010-3	Series 2010-3	Series 2010-3
49. Redemption/Payment Basis:	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche	Pass-Through Loan Tranche
50. Change of Redemption/Payment Basis:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
51. Initial Principal Amount:	£1,250,000,000	£1,250,000,000	£1,000,000,000	£500,000,000
(a) Closing Date:	27 July 2010	27 July 2010	27 July 2010	27 July 2010
(b) Loan Tranche Interest Commencement Date:	27 July 2010	27 July 2010	27 July 2010	27 July 2010
(c) Loan Tranche Interest Reset Dates:	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in October 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in October 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in October 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in October 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date

1. Class:	Class A1	Class A2	Class A3	Class Z
52. Funding 1 Interest Payment Dates:	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18th October 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18th October 2010
53. Initial Loan Tranche Margin:	+1.52% per annum	+1.63% per annum	+1.68% per annum	+0.90% per annum
54. Step-Up Date (if any):	The Funding 1 Interest Payment Date occurring in October 2013, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin	The Funding 1 Interest Payment Date occurring in April 2015, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin	The Funding 1 Interest Payment Date occurring in July 2016, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin	The Funding 1 Interest Payment Date occurring in July 2016, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin
55. Stepped-up Loan Tranche Margin:	+3.04% per annum	+3.26% per annum	+3.36% per annum	+0.90% per annum
56. Details relating to Bullet Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
57. Details relating to Scheduled Amortisation Loan Tranches:	Applicable	Applicable	Applicable	Not Applicable
(a) Scheduled Repayment Dates:	The Funding 1 Interest Payment Dates occurring in April 2012, July 2012, October 2012, January 2013, April 2013, July 2013 and October 2013	The Funding 1 Interest Payment Dates occurring in October 2013, January 2014, April 2014, July 2014, October 2014, January 2015 and April 2015	The Funding 1 Interest Payment Dates occurring in January 2015, April 2015, July 2015, October 2015, January 2016, April 2016 and July 2016	Not Applicable
(b) Repayment Amounts:	April 2012 – £62,780,916 July 2012 – £62,503,929 October 2012 – £62,130,569 January 2013 – £61,681,123 April 2013 – £61,202,880 July 2013 – £60,718,404 October 2013 – £60,233,431	October 2013 – £63,210,094 January 2014 – £62,699,421 April 2014 – £62,188,038 July 2014 – £61,648,851 October 2014 – £61,082,689 January 2015 – £60,500,649 April 2015 – £59,921,509	January 2015 – £50,775,249 April 2015 – £50,289,205 July 2015 – £49,794,071 October 2015 – £49,290,819 January 2016 – £48,786,053 April 2016 – £48,284,794 July 2016 – £47,779,809	Not Applicable
(c) Relevant Accumulation Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
58. Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Applicable; the NR Loan Tranche shall be due and payable on the Loan Tranche Payment Date occurring in July 2016 and on each applicable Loan Tranche Payment Date thereafter
59. Final Repayment Date:	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054

1. Class:	Class A1	Class A2	Class A3	Class Z
60. Loan Tranche Payment Dates:	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date and following the occurrence of the Step-Up Date, each Funding 1 Interest Payment Date thereafter	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date and following the occurrence of the Step-Up Date, each Funding 1 Interest Payment Date thereafter	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date and following the occurrence of the Step-Up Date, each Funding 1 Interest Payment Date thereafter	Each Funding 1 Interest Payment Date corresponding to an Interest Payment Date occurring on or after the Interest Payment Date occurring in July 2016
61. Other terms and special conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Other Information

Interests of natural and legal persons involved in the issue:

An affiliate of J.P. Morgan Securities Ltd. intends to purchase up to £3,000,000,000 in total of the series 2010-3 class A1 notes, series 2010-3 class A2 notes and series 2010-3 class A3 notes and may exercise voting rights in respect of such notes held by it in a manner that may be prejudicial to other noteholders.

Save as discussed in these final terms, so far as the issuer is aware, no person involved in the offer of the notes has an interest material to the offer.

Funding 1 start-up loan

The Funding 1 start-up loan to be made available to Funding 1 on the closing date in connection with the series 2010-3 notes will have the following terms:

Funding 1 start-up loan provider: Santander UK
Initial outstanding principal balance: £89,000,000
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 3 June 2010 in connection with the series 2010-2 notes had the following terms:

Funding 1 start-up loan provider: Santander UK
Initial outstanding principal balance: £63,000,000
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 12 March 2010 in connection with the series 2010-1 notes had the following terms:

Funding 1 start-up loan provider: Originally Alliance & Leicester (now Santander UK)
Initial outstanding principal balance: £9,500,000
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 20 August 2008 in connection with the series 2008-1 notes had the following terms:

Funding 1 start-up loan provider: Originally Alliance & Leicester (now Santander UK)
Initial outstanding principal balance: £4,400,000
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 1 August 2007 in connection with the series 2007-1 notes had the following terms:

Funding 1 start-up loan provider: Originally Alliance & Leicester (now Santander UK)
Initial outstanding principal balance: £45,976,000
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 28 November 2006 in connection with the series 2006-1 notes had the following terms:

Funding 1 start-up loan provider: Originally Alliance & Leicester (now Santander UK)
Initial outstanding principal balance: £53,242,500
Interest rate: Three-Month Sterling LIBOR + 0.90% per annum

Other series issued

As of the closing date, the aggregate principal amount outstanding of all notes issued by the issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the notes described herein, will be:

Class A Notes.....	£9,489,997,445
Class B Notes.....	£65,161,725
Class M Notes.....	£50,282,827
Class C Notes.....	£42,557,607
Class D Notes.....	£0
Class Z Notes.....	£1,140,000,000

Other loan tranches

As of the closing date, the aggregate outstanding principal balance of all loan tranches advanced by the issuer to Funding 1 under the intercompany loan agreement, including the loan tranches described herein, will be:

AAA.....	£9,489,997,445
AA.....	£65,161,725
A.....	£50,282,827
BBB.....	£42,557,607
BB.....	£0
NR.....	£1,140,000,000
Total.....	£10,787,999,604

Mortgages trust and the portfolio

As at the closing date the minimum seller share will be approximately £852,358,109.

For the purposes of paragraph (d) of the definition of **non-asset trigger event**, the aggregate outstanding balance of loans comprising the trust property must be at least £0. See “**The mortgages trust – Cash management of trust property – Principal receipts**” in the prospectus.

Use of proceeds

The gross proceeds from the issue of the series 2010-3 notes equal approximately £4,000,000,000 and will be used by the issuer to make available loan tranches to Funding 1 pursuant to the terms of the intercompany loan agreement. Funding 1 will use the gross proceeds of each loan tranche partly to make an initial contribution to the mortgages trustee and partly to make a further contribution to the mortgages trustee.

Maturity and prepayment considerations

The average lives of each class of the series 2010-3 notes cannot be stated, as the actual rate of repayment of the loans and redemption of the mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of each class of the series 2010-3 notes can be made based on certain assumptions. For example, based on the assumptions that:

- (1) neither the issuer security nor the Funding 1 security has been enforced;
- (2) each class of series 2010-3 notes is repaid in full by its final maturity date;
- (3) the seller is not in breach of the terms of the mortgage sale agreement;
- (4) the seller sells to the mortgages trustee sufficient new loans and their related security, such that the aggregate principal amount outstanding of the loans in the portfolio will not fall below an amount equal to 1.15 times the Funding 1 share or such higher amount as may be required to be maintained as a result of the issuer advancing loan tranches to Funding 1 and/or any new issuer advancing new loan tranches to Funding 1 or any further Funding company (as the case may be) which Funding 1 and/or any further Funding company (as the case may be) uses as consideration for an increase in its share of the trust property or for the sale of new loans to the mortgages trustee;
- (5) neither an asset trigger event nor a non-asset trigger event occurs;
- (6) no event occurs that would cause payments on any series of notes to be deferred;
- (7) the annualised CPR as at the cut-off date for the portfolio is the same as the various assumed rates in the table below;
- (8) the issuer exercises its option to redeem each series of notes on the step-up date relating to such notes;
- (9) the closing date is 27 July 2010;
- (10) the mortgage loans are not subject to any defaults or losses and no mortgage loan falls into arrears;
- (11) no interest or fees are paid from principal receipts;
- (12) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "Aa3" by Moody's and "AA" by S&P and the long term issuer default rating of the seller continues to be at least "AA-" by Fitch; and
- (13) the Funding 1 principal ledger balance at close is assumed to be zero,

the approximate average life in years of each class of the series 2010-3 notes, at various assumed rates of repayment of the loans (which, when specified to be a constant prepayment rate will assume both scheduled and unscheduled repayment of the loans), would be as follows:

Estimated average lives of each class of series 2010-3 notes (in years)

Constant prepayment rate (per annum)	series 2010-3 class A1 notes	series 2010-3 class A2 notes	series 2010-3 class A3 notes	series 2010-3 class Z notes
5 per cent.	3.03	4.50	5.72	5.98
10 per cent.	2.98	4.49	5.72	5.98
15 per cent.	2.97	4.47	5.72	5.98
20 per cent.	2.97	4.47	5.71	5.98
25 per cent.	2.97	4.47	5.71	5.98
30 per cent.	2.97	4.47	5.71	5.98
35 per cent.	2.97	4.47	5.71	5.98

Assumptions (1), (3), (4), (5), (6), (7), (10), (11), (12) and (13) relate to circumstances which are not predictable. Assumptions (2), (8) and (9) reflect the issuer's current expectations, although no assurance can be given that the issuer will be in a position to redeem the notes on the step-up date. If the issuer does not so exercise its option to redeem, then the average lives of the then outstanding notes would be extended.

The average lives of the notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that these assumptions and estimates will prove in any way to be realistic and they must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of these estimated average lives, see **“Risk factors – The yield to maturity of the notes may be adversely affected by prepayments or redemptions on the loans”** in the prospectus above.

Statistical information on the expected portfolio

The statistical and other information contained in these final terms has been compiled by reference to the loans expected to comprise the portfolio (the **expected portfolio**) as at 10 June 2010 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and excludes accrued interest for the loans in the expected portfolio.

The expected portfolio as at the cut-off date consisted of 153,545 mortgage accounts, comprising mortgage loans originated by Alliance & Leicester and secured over properties located in England, Wales, Scotland and Northern Ireland, and having an aggregate outstanding principal balance of £13,970,841,717 as at that date. The loans in the expected portfolio at the cut-off date were originated by Alliance & Leicester between 14 July 1965 and 31 December 2009.

As at 10 June 2010, Alliance & Leicester's Standard Variable Rate was 4.24%. As at the closing date:

- Funding 1's share of the trust property will be approximately £10,787,999,604, representing approximately 78.85% of the trust property; and
- the seller's share of the trust property will be approximately £2,893,510,969, representing approximately 21.15% of the trust property.

The actual amounts of the Funding 1 share of the trust property and the seller share of the trust property as at the closing date will not be determined until the day before the closing date which will be after the date of these final terms.

Outstanding balances as at the cut-off date

The following table shows the range of outstanding mortgage account balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date.

Range of outstanding balances as at the cut-off date £	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <=50,000	1,288,005,570.93	9.22%	44,965	29.28%
>50,000 to <=100,000	4,113,341,777.73	29.44%	55,900	36.41%
>100,000 to <=150,000	3,714,003,117.17	26.58%	30,514	19.87%
>150,000 to <=200,000	2,103,836,596.88	15.06%	12,304	8.01%
>200,000 to <=250,000	1,107,613,711.59	7.93%	5,014	3.27%
>250,000 to <=300,000	588,612,285.87	4.21%	2,169	1.41%
>300,000 to <=350,000	361,919,802.37	2.59%	1,124	0.73%
>350,000 to <=400,000	228,627,621.09	1.64%	616	0.40%
>400,000 to <=450,000	142,083,057.37	1.02%	337	0.22%
>450,000 to <=500,000	115,718,577.34	0.83%	245	0.16%
>500,000 to <=550,000	82,827,294.01	0.59%	159	0.10%
>550,000 to <=600,000	44,179,796.89	0.32%	77	0.05%
>600,000 to <=650,000	32,193,546.10	0.23%	52	0.03%
>650,000 to <=700,000	26,226,548.79	0.19%	39	0.03%
>700,000 to <=750,000	21,652,412.52	0.15%	30	0.02%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

The maximum and average outstanding balances of the mortgage accounts as at the cut-off date were £749,439.28 and £90,988.58, respectively.

Cut-off date LTV ratios

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the value of the property securing the loans in that mortgage account as at the date of the initial loan origination or the most recent valuation thereof. No revaluation of the property securing the loans has been done for the purposes of the issuance of the notes by the issuer.

Range of LTV ratios at the cut-off date	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% to <=25%	699,052,796.97	5.00%	23,527	15.32%
>25% to <=50%	3,096,945,494.75	22.17%	44,128	28.74%
>50% to <=75%	6,514,038,214.66	46.63%	58,223	37.92%
>75% to <=80%	1,284,369,219.38	9.19%	9,659	6.29%
>80% to <=85%	1,263,412,526.65	9.04%	9,458	6.16%
>85% to <=90%	786,628,969.85	5.63%	5,847	3.81%
>90% to <=95%	225,122,067.79	1.61%	1,805	1.18%
>95%	101,272,426.60	0.72%	898	0.58%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

The maximum and weighted average LTV ratio of the mortgage accounts (including capitalised interest, high LTV fees, insurance fees, capitalised booking fees and valuation fees) at the cut-off date were 112.15% and 61.18%, respectively.

Cut-off date indexed LTV ratios

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (including capitalised interest, capitalised high LTV fees,

insurance fees, booking fees and valuation fees) as at the cut-off date divided by the most recent indexed valuation of the property securing the loans in that mortgage account.

Range of LTV ratios as at the cut-off date	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% to <=25%	987,132,114.61	7.07%	31,037	20.21%
>25% to <=50%	3,370,996,253.75	24.13%	45,852	29.86%
>50% to <=75%	5,799,238,291.92	41.51%	48,597	31.65%
>75% to <=80%	989,277,774.22	7.08%	7,293	4.75%
>80% to <=85%	1,184,423,349.13	8.48%	8,718	5.68%
>85% to <=90%	753,798,128.55	5.40%	5,475	3.57%
>90% to <=95%	510,315,276.45	3.65%	3,774	2.46%
≥95%	375,660,528.02	2.69%	2,799	1.82%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

The maximum and weighted average LTV ratio as at the cut-off date of the mortgage accounts (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) were 170.80% and 60.38%, respectively.

Geographical distribution

The following table shows the distribution of properties securing the loans throughout England, Wales, Scotland and Northern Ireland as at the cut-off date. No such properties are situated outside England, Wales, Scotland and Northern Ireland.

Regions	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
East Anglia	490,163,903.09	3.51%	5,726	3.73%
East Midlands	940,233,916.21	6.73%	12,464	8.12%
Greater London	1,151,030,245.43	8.24%	6,998	4.56%
Northern Ireland	479,018,935.09	3.43%	7,583	4.94%
Northern England	552,741,785.95	3.96%	7,004	4.56%
North West	1,196,377,834.71	8.56%	14,846	9.67%
Scotland	1,873,714,027.35	13.41%	25,387	16.53%
South East	3,638,439,954.62	26.04%	29,983	19.53%
South West	1,148,038,618.97	8.22%	12,265	7.99%
Wales	553,824,950.64	3.96%	7,363	4.80%
West Midlands	944,588,750.30	6.76%	11,005	7.17%
Yorkshire & Humberside	1,002,668,794.29	7.18%	12,921	8.42%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

* Where the postal code for the relevant property has not yet been allocated or is not shown in the seller's records.

House prices and incomes vary throughout England, Scotland, Wales and Northern Ireland. The table below summarises the average house price in 2009 and the average household income over the period from 2006 to 2007 for each region in order to produce a house price to earnings ratio for each region.

Regions	Average Price (£)	Average earnings (£ per annum)	Price/earnings ratio
East Anglia	233,491	37,180	6.28
East Midlands	172,415	31,824	5.42
Greater London.....	338,120	47,060	7.18
Northern Ireland.....	184,867	31,928	5.79
North East	156,825	28,132	5.57
North West	174,305	30,680	5.68
Scotland	174,433	31,980	5.45
South East.....	273,968	40,664	6.74
South West.....	220,404	33,540	6.57
Wales.....	165,659	29,640	5.59
West Midlands	184,900	32,448	5.70
Yorkshire & Humberside.....	176,040	29,952	5.88

Source: Department for Communities and Local Government
Office for National Statistics

Seasoning of loans

The following table shows the number of months since the date of origination of the initial loan in a mortgage account.

Age of loans in months as at the cut-off date	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <6.....	938,634,796.41	6.72%	7,059	4.60%
>=6 to <12.....	2,763,234,835.27	19.78%	23,495	15.30%
>=12 to <18.....	945,618,584.68	6.77%	9,634	6.27%
>=18 to <24.....	337,880,215.31	2.42%	2,963	1.93%
>=24 to <30.....	498,651,591.11	3.57%	4,730	3.08%
>=30 to <36.....	665,691,943.11	4.76%	5,788	3.77%
>=36 to <42.....	625,350,044.98	4.48%	5,447	3.55%
>=42 to <48.....	901,786,966.87	6.45%	8,085	5.27%
>=48 to <54.....	1,049,797,554.64	7.51%	9,881	6.44%
>=54 to <60.....	1,332,370,545.38	9.54%	13,837	9.01%
>=60 to <66.....	552,738,976.46	3.96%	6,707	4.37%
>=66 to <72.....	379,492,602.17	2.72%	5,078	3.31%
>=72 to <78.....	501,700,306.00	3.59%	7,259	4.73%
>=78 to <84.....	581,436,549.02	4.16%	8,876	5.78%
>=84 to <90.....	303,165,631.95	2.17%	4,594	2.99%
>=90 to <96.....	265,045,415.34	1.90%	3,969	2.58%
>=96 to <102.....	140,269,922.84	1.00%	2,308	1.50%
>=102 to <108.....	207,596,163.65	1.49%	3,367	2.19%
>=108 to <114.....	134,818,247.38	0.96%	2,583	1.68%
>=114 to <120.....	59,661,694.89	0.43%	1,150	0.75%
>=120 to <126.....	69,643,807.81	0.50%	1,235	0.80%
>=126 to <132.....	148,724,111.31	1.06%	2,589	1.69%
>=132 to <150.....	215,129,749.85	1.54%	4,100	2.67%
>=150 to <200.....	339,988,400.16	2.43%	8,314	5.41%
>=200 to <250.....	2,522,428.29	0.02%	99	0.06%
>=250.....	9,890,631.77	0.07%	398	0.26%
Totals.....	13,970,841,716.65	100.00%	153,545	100.00%

The maximum, minimum and weighted average seasoning of loans in mortgage accounts as at the cut-off date was 555.42, 3.32 and 46.62 months, respectively.

Years to maturity of loans

The following table shows the number of remaining years of the term of the initial loan in a mortgage account as at the cut-off date.

Years to maturity	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <5	428,350,605.94	3.07%	12,446	8.11%
>=5 to <10	1,272,808,782.41	9.11%	23,116	15.05%
>=10 to <15	2,280,958,919.41	16.33%	30,374	19.78%
>=15 to <20	3,671,170,697.93	26.28%	37,498	24.42%
>=20 to <25	4,489,093,821.46	32.13%	35,443	23.08%
>=25 to <30	1,184,219,325.17	8.48%	9,438	6.15%
>=30 to <35	492,456,872.01	3.52%	4,009	2.61%
>=35 to <40	151,782,692.32	1.09%	1,221	0.80%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

The maximum and weighted average remaining term of the loans in mortgage accounts in the expected portfolio as at the cut-off date was 39.92 and 18.65 years, respectively.

Purpose of loan

The following table shows whether the purpose of the initial loan on origination was to finance the purchase of a new property or to remortgage a property already owned by the borrower. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Use of proceeds	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of product holdings	% of total
Purchase	8,303,442,905.01	59.43%	97,571	45.28%
Remortgage (existing loan)	2,655,337,075.56	19.01%	39,719	18.43%
Remortgage (capital raising)	3,011,853,947.41	21.56%	78,172	36.28%
Other	207,788.67	0.00%	3	0.00%
Totals	13,970,841,716.65	100.00%	215,465	100.00%

As at the cut-off date, the average balance of loans used to finance the purchase of a new property was £85,101.55 and the average balance of loans used to remortgage a property already owned by the borrower was £48,071.45.

Property type

The following table shows the types of properties to which the mortgage accounts relate.

Property type	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Converted Flat	462,603,608.41	3.31%	3,829	2.49%
Council Bungalow	2,525,019.02	0.02%	72	0.05%
Council Flat	33,891,531.59	0.24%	846	0.55%
Council House	154,929,735.24	1.11%	4,043	2.63%
Council Maisonette	6,039,143.17	0.04%	100	0.07%
Detached Bungalow	624,578,083.54	4.47%	7,653	4.98%
Detached House	4,014,247,605.38	28.73%	35,792	23.31%
Maisonette	206,090,335.32	1.48%	1,941	1.26%
Other Residential Property	3,794,924.22	0.03%	109	0.07%
Purpose Built Flat	940,129,130.06	6.73%	10,848	7.07%
Semi-Detached Bungalow	231,150,113.11	1.65%	3,299	2.15%
Semi-Detached House	3,961,418,346.13	28.35%	45,948	29.92%
Terraced Bungalow	22,940,693.57	0.16%	358	0.23%
Terraced House	3,306,503,447.89	23.67%	38,707	25.21%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

* Primarily flats or maisonettes.

Repayment terms

The following table shows the repayment terms for the loans in the expected portfolio mortgage accounts as at the cut-off date. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Repayment terms	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of product holdings	% of total
Repayment	8,588,321,204.75	61.47%	151,099	70.13%
Interest-only	2,210,155.90	0.02%	61	0.03%
Combination repayment and interest-only	5,380,310,356.00	38.51%	64,305	29.84%
Totals	13,970,841,716.65	100.00%	215,465	100.00%

Rate type

The following table shows the distribution of rate types as at the cut-off date. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Type of rate	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of product holdings	% of total
Base rate loans	5,281,495,918.61	37.80%	74,440	34.55%
Discount loans	613,045,463.51	4.39%	12,534	5.82%
Fixed rate loans	6,410,922,342.14	45.89%	80,382	37.31%
Variable rate loans	1,665,377,992.39	11.92%	48,109	22.33%
Totals	13,970,841,716.65	100.00%	215,465	100.00%

Payment methods

The following table shows the payment methods for the mortgage accounts as at the cut-off date.

Payment method	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Direct debit	13,903,676,009.24	99.52%	152,091	99.05%
Cheque/Cash.....	67,165,707.41	0.48%	1,454	0.95%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

Distribution of fixed rate loans

As at the cut-off date, approximately 52.35% of the loans in the expected portfolio were fixed rate loans. The following tables show the distribution of fixed rate loans by their fixed rate of interest as at such date, and the year in which the loans cease to bear a fixed rate of interest and instead bear a floating rate of interest. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Fixed rate loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to a variable rate or some other rate as specified in the offer conditions.

Fixed rate	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of fixed rate product holdings	% of total
0% to =<4%.....	1,720,989,323.05	26.84%	19,825	24.66%
>4% to =<5%.....	2,729,364,935.40	42.57%	34,815	43.31%
>5% to =<6%.....	1,555,837,687.43	24.27%	18,638	23.19%
>6%	404,730,396.26	6.31%	7,104	8.84%
Totals	6,410,922,342.14	100.00%	80,382	100.00%

Year in which current fixed rate period ends	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of fixed rate product holdings	% of total
2010.....	885,527,985.28	13.81%	12,292	15.29%
2011.....	2,919,041,658.47	45.53%	36,100	44.91%
2012.....	1,213,186,998.52	18.92%	17,318	21.54%
2013.....	685,506,048.21	10.69%	7,210	8.97%
2014.....	669,500,945.22	10.44%	6,952	8.65%
2015.....	34,269,055.35	0.53%	413	0.51%
2016.....	3,835,066.46	0.06%	84	0.10%
Fixed for life.....	54,584.63	0.00%	13	0.02%
Totals	6,410,922,342.14	100.00%	80,382	100.00%

Employment status

The following table shows the employment status of the borrowers of the loans in the expected portfolio as at the cut-off date.

Status	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Employed	12,725,677,071.88	91.09%	141,839	92.38%
Self employed	1,245,164,644.77	8.91%	11,706	7.62%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

First time buyer

The following table shows the split between the borrowers of the loans in the expected portfolio who are first time buyers and non-first time buyers as at the cut-off date.

Status	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
First time buyer	2,155,712,191.75	15.43%	21,254	13.84%
Non-first time buyer	11,815,129,524.90	84.57%	132,291	86.16%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

Payment rate analysis

The following table shows the annualised payment rate for the most recent one-, three- and 12-month period for the loans in the expected portfolio between 1 May 2009 and 30 April 2010.

As of month-end	one-month annualised	three-month annualised	12-month annualised
April 2010	14.49%	14.05%	14.67%

In the table above:

- one-month annualised CPR is calculated as $1 - ((1 - R) ^ 12)$;
- three-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent three months; and
- 12-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent 12 months,

where in each case R is (i) total principal receipts received plus the principal balance of loans repurchased by the seller (primarily due to further advances) during the relevant period, divided by (ii) the aggregate outstanding principal balance of the loans in the portfolio as at the start of that period.

Delinquency and loss experience of the portfolio

As at the cut-off date, the total outstanding balance of loans in the expected portfolio that were greater than 30 days in arrears was £42,344,774, representing 0.30% of the outstanding balance of loans in the expected portfolio as at such date.

Arrears

Status	Aggregate outstanding balance as at the cut-off date (£)	% Arrears by Balance	Number of mortgage accounts	% Arrears by Number
<=1 month in arrears.....	13,928,496,943.09	99.70%	153,143	99.74%
>1<=3 months in arrears	15,231,738.48	0.11%	166	0.11%
>3<=6 months in arrears	9,187,857.66	0.07%	86	0.06%
>6<=9 months in arrears	6,441,447.59	0.05%	56	0.04%
>9<=12 months in arrears	4,815,950.48	0.03%	40	0.03%
More than 12 months in arrears.....	6,667,779.35	0.05%	54	0.04%
Totals	13,970,841,716.65	100.00%	153,545	100.00%

Characteristics of the United Kingdom residential mortgage market

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. The issuer confirms that all the information contained in the tables below has been accurately reproduced and, as far as it is aware and able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate and misleading.

Note, however, that the issuer has neither participated in the preparation of the information set out in the tables below nor made any enquiry with respect to such information. Neither the issuer, Halifax (a trading name of Bank of Scotland plc), Nationwide Building Society nor the Council of Mortgage Lenders makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with such information. Anyone relying on the information does so at their own risk.

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by Monetary and Financial Institutions (banks and building societies) (**MFIs**) in a quarter by the quarterly balance of mortgages outstanding for MFIs in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR rate for the quarter (%)	4 quarter Rolling Average (%)	Quarter	Industry CPR rate for the quarter (%)	4 quarter Rolling Average (%)
March 1999	12.32%		June 1999	15.96%	
September 1999	17.55%		December 1999	16.47%	15.57%
March 2000	13.62%	15.90%	June 2000	15.31%	15.73%
September 2000	15.97%	15.34%	December 2000	15.67%	15.14%
March 2001	15.38%	15.58%	June 2001	18.23%	16.31%
September 2001	20.25%	17.39%	December 2001	20.06%	18.48%
March 2002	18.75%	19.32%	June 2002	21.10%	20.04%
September 2002	23.63%	20.89%	December 2002	22.89%	21.59%
March 2003	21.24%	22.22%	June 2003	22.43%	22.55%
September 2003	24.03%	22.65%	December 2003	24.87%	23.14%
March 2004	21.22%	23.14%	June 2004	22.93%	23.26%
September 2004	24.27%	23.32%	December 2004	20.85%	22.32%
March 2005	17.96%	21.50%	June 2005	21.32%	21.10%
September 2005	24.29%	21.10%	December 2005	24.61%	22.04%
March 2006	22.27%	23.12%	June 2006	23.37%	23.64%
September 2006	24.95%	23.80%	December 2006	24.87%	23.87%
March 2007	23.80%	24.25%	June 2007	24.84%	24.61%
September 2007	25.48%	24.74%	December 2007	23.55%	24.42%
March 2008	19.56%	23.36%	June 2008	20.88%	22.37%
September 2008	20.15%	21.03%	December 2008	15.33%	18.98%
March 2009	12.91%	17.32%	June 2009	11.39%	14.95%
September 2009	12.77%	13.10%	December 2009	11.99%	12.27%
March 2010	9.60%	11.44%			

Source: Bank of England, CML Research

Repossession rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985.....	0.25	1994.....	0.47	2003.....	0.07
1986.....	0.30	1995.....	0.47	2004.....	0.07
1987.....	0.32	1996.....	0.40	2005.....	0.12
1988.....	0.22	1997.....	0.31	2006.....	0.18
1989.....	0.17	1998.....	0.31	2007.....	0.22
1990.....	0.47	1999.....	0.27	2008.....	0.34
1991.....	0.77	2000.....	0.20	2009.....	0.42
1992.....	0.69	2001.....	0.16		
1993.....	0.58	2002.....	0.11		

Source: CML Research

House price to earnings ratio

The following table shows the ratio for each year of the average annual value of houses compared with the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the CML's new earnings survey figures referring to weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994.....	4.53	2002.....	6.73
1995.....	4.46	2003.....	7.40
1996.....	4.49	2004.....	7.88
1997.....	4.75	2005.....	8.05
1998.....	5.09	2006.....	8.11
1999.....	5.35	2007.....	8.69
2000.....	5.82	2008.....	8.32
2001.....	5.97	2009.....	7.56

Source: CML Research

House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax House Price Index (collectively the **Housing Indices**), have generally followed the UK Retail Price Index over an extended period. (Nationwide is a UK building society and Halifax is a trading name of Bank of Scotland plc, a UK bank.)

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and large decreases occurring in the early 1990s.

Time in Quarters	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
March 1985	92.80	5.91	66.23	11.23	112.20	8.65
June 1985	95.41	6.73	68.17	10.29	115.90	8.46
September 1985	95.44	5.74	69.22	10.46	117.60	7.41
December 1985	96.05	5.53	70.69	8.52	120.70	8.38
March 1986	96.73	4.15	71.11	7.11	122.50	8.78

Time in Quarters	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
June 1986	97.79	2.47	73.84	7.99	128.60	10.40
September 1986	98.30	2.96	76.31	9.74	133.10	12.38
December 1986	99.62	3.65	78.98	11.09	136.90	12.59
March 1987	100.60	3.92	81.55	13.70	140.60	13.78
June 1987	101.90	4.11	85.75	14.96	147.30	13.58
September 1987	102.40	4.08	88.64	14.98	152.60	13.67
December 1987	103.30	3.63	88.48	11.36	158.20	14.46
March 1988	104.10	3.42	89.95	9.80	164.90	15.94
June 1988	106.60	4.51	97.61	12.95	180.20	20.16
September 1988	108.40	5.69	108.43	20.15	198.90	26.50
December 1988	110.30	6.56	114.20	25.51	212.00	29.27
March 1989	112.30	7.58	118.76	27.79	217.80	27.82
June 1989	115.40	7.93	124.17	24.06	226.80	23.00
September 1989	116.60	7.29	125.24	14.42	227.30	13.35
December 1989	118.80	7.42	122.68	7.16	222.80	4.97
March 1990	121.40	7.79	118.87	0.09	220.70	1.32
June 1990	126.70	9.34	117.66	-5.38	224.30	-1.11
September 1990	129.30	10.34	114.20	-9.23	224.20	-1.37
December 1990	129.90	8.93	109.56	-11.31	222.90	0.04
March 1991	131.40	7.92	108.82	-8.84	220.20	-0.23
June 1991	134.10	5.68	110.55	-6.23	223.20	-0.49
September 1991	134.60	4.02	109.53	-4.18	220.80	-1.53
December 1991	135.70	4.37	107.00	-2.37	217.50	-2.45
March 1992	136.70	3.95	104.11	-4.42	210.60	-4.46
June 1992	139.30	3.80	105.06	-5.10	210.40	-5.91
September 1992	139.40	3.50	104.22	-4.97	208.40	-5.78
December 1992	139.20	2.55	100.08	-6.68	199.30	-8.74
March 1993	139.30	1.88	100.00	-4.02	196.90	-6.73
June 1993	141.00	1.21	103.57	-1.42	203.20	-3.48
September 1993	141.90	1.78	103.23	-0.96	204.20	-2.04
December 1993	141.90	1.92	101.84	1.74	202.50	1.59
March 1994	142.50	2.27	102.39	2.36	202.30	2.71
June 1994	144.70	2.59	102.46	-1.08	204.30	0.54
September 1994	145.00	2.16	103.20	-0.03	204.30	0.05
December 1994	146.00	2.85	103.96	2.06	200.90	-0.79
March 1995	147.50	3.45	101.91	-0.47	200.30	-0.99
June 1995	149.80	3.46	103.00	0.53	201.00	-1.63
September 1995	150.60	3.79	102.41	-0.77	199.00	-2.63
December 1995	150.70	3.17	101.60	-2.30	197.80	-1.56
March 1996	151.50	2.68	102.47	0.55	200.90	0.30
June 1996	153.00	2.11	105.79	2.67	208.60	3.71
September 1996	153.80	2.10	107.74	5.08	209.80	5.28
December 1996	154.40	2.43	110.06	8.00	212.60	7.22
March 1997	155.40	2.54	111.33	8.30	215.30	6.92
June 1997	157.50	2.90	116.51	9.65	222.60	6.50
September 1997	159.30	3.51	121.20	11.77	223.60	6.37
December 1997	160.00	3.56	123.34	11.40	224.00	5.22
March 1998	160.80	3.42	125.48	11.96	226.40	5.03
June 1998	163.40	3.68	130.11	11.04	234.90	5.38
September 1998	164.40	3.15	132.39	8.84	236.10	5.44
December 1998	164.40	2.71	132.29	7.00	236.30	5.35
March 1999	164.10	2.03	134.61	7.02	236.30	4.28
June 1999	165.60	1.34	139.66	7.09	247.70	5.31
September 1999	166.20	1.09	144.35	8.65	256.70	8.37
December 1999	167.30	1.75	148.89	11.83	263.40	10.86
March 2000	168.40	2.59	155.00	14.10	270.50	13.52

Time in Quarters	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
June 2000	171.10	3.27	161.99	14.83	275.60	10.67
September 2000	171.70	3.26	161.46	11.20	277.60	7.83
December 2000	172.20	2.89	162.84	8.95	278.30	5.50
March 2001	172.20	2.23	167.52	7.77	279.00	3.09
June 2001	174.40	1.91	174.83	7.63	297.00	7.48
September 2001	174.60	1.67	181.63	11.77	305.00	9.41
December 2001	173.40	0.69	184.59	12.54	310.90	11.08
March 2002	174.50	1.33	190.22	12.71	324.30	15.05
June 2002	176.20	1.03	206.47	16.64	346.60	15.44
September 2002	177.60	1.70	221.09	19.66	369.10	19.08
December 2002	178.50	2.90	231.29	22.55	393.00	23.43
March 2003	179.90	3.05	239.26	22.94	400.10	21.00
June 2003	181.30	2.85	250.12	19.18	422.50	19.80
September 2003	182.50	2.72	258.86	15.77	437.60	17.02
December 2003	183.50	2.76	267.12	14.40	453.50	14.32
March 2004	184.60	2.58	277.34	14.77	474.00	16.95
June 2004	186.80	2.99	296.16	16.90	513.20	19.45
September 2004	188.10	3.02	306.18	16.79	527.20	18.63
December 2004	189.90	3.43	304.15	12.98	522.00	14.07
March 2005	190.50	3.15	304.80	9.44	520.20	9.30
June 2005	192.20	2.85	314.18	5.91	532.10	3.62
September 2005	193.10	2.62	314.45	2.67	543.10	2.97
December 2005	194.10	2.19	313.97	3.18	548.40	4.93
March 2006	195.00	2.33	319.82	4.81	552.60	6.04
June 2006	198.50	3.23	329.22	4.68	582.10	8.98
September 2006	200.10	3.56	336.06	6.65	586.70	7.72
December 2006	202.70	4.34	343.25	8.92	602.80	9.46
March 2007	204.40	4.71	350.21	9.08	613.90	10.52
June 2007	207.30	4.34	362.69	9.68	644.10	10.12
September 2007	208.00	3.87	367.32	8.89	649.30	10.14
December 2007	210.90	3.97	366.98	6.68	634.40	5.11
March 2008	212.10	3.70	357.81	2.15	620.90	1.13
June 2008	216.80	4.48	348.14	-4.10	605.10	-6.25
September 2008	218.40	4.88	329.53	-10.86	568.90	-13.22
December 2008	212.90	0.94	312.85	-15.96	531.50	-17.70
March 2009	211.30	-0.38	298.65	-18.07	512.50	-19.19
June 2009	213.40	-1.58	307.34	-12.46	514.30	-16.26
September 2009	215.30	-1.43	319.50	-3.09	526.50	-7.75
December 2009	218.00	2.37	323.40	3.32	537.30	1.09
March 2010	220.70	4.35	324.94	8.44	539.00	5.04

Source: HBOS plc and Nationwide Building Society

Source: National Statistics

The percentage annual change in the table above is calculated in accordance with the following formula:

$LN(x/y)$ where x is equal to the current quarter's index value and y is equal to the index value of the previous year's corresponding quarter.

Alliance & Leicester residential mortgage loans

The following table summarises loans in arrears and repossession experience for loans serviced by Alliance & Leicester prior to 28 May 2010 (the **Part VII effective date**) and since the Part VII effective date, Santander UK, including the loans that were contained in the expected portfolio as at the cut-off date (with the exception of any loans originated before 1991). All of the loans in the table were originated by Alliance & Leicester, but not all of the loans form part of the portfolio. On the Part VII effective date, all of the loans in the portfolio were transferred to Santander UK pursuant to a banking business transfer scheme under Part VII of the FSMA and Santander UK became the servicer of all of the loans in the portfolio.

Santander UK identifies, and prior to the Part VII effective date Alliance & Leicester identified, a loan as being in arrears where an amount equal to or greater than a full month's contractual payment is past its due date. Santander UK does not, and prior to the Part VII effective date Alliance & Leicester did not, define a loan as defaulted at any particular delinquency level, but rather at the time it takes the related property into possession. Santander UK does not, and prior to the Part VII effective date Alliance & Leicester did not, charge off a loan as uncollectible until it disposes of the property relating to that loan following default. The percentage of loans originated by Alliance & Leicester by total outstanding loan balance which were in arrears by more than 90 days was: 1.04% of the book as at 31 December 2009 (compared with 31 December 2008: 0.78% and 31 December 2007: 0.37%).

	31-Dec-07	31-Dec-08	31-Dec-09
Outstanding balance (£ millions).....	£42,788.4	£37,751.6	£37,799.2
Number of loans outstanding (thousands).....	478.7	428.5	425.6
Outstanding balance of loans in arrears (£ millions)			
1-2 payments in arrears	£261.4	£350.5	£263.5
3-11 payments in arrears.....	£131.0	£253.5	£273.1
12 or more payments in arrears.....	£25.3	£42.2	£119.7
Total outstanding balance of loans in arrears (£ millions).....	<u>£417.7</u>	<u>£646.2</u>	<u>£656.3</u>
Total outstanding balance of loans in arrears as % of the outstanding balance	<u>0.98%</u>	<u>1.71%</u>	<u>1.74%</u>
Outstanding balance of loans relating to properties in possession (£ millions)	<u>£12.4</u>	<u>£16.4</u>	<u>£12.9</u>
Outstanding balance at sale of loans relating to properties sold during the year (£ millions) ⁽¹⁾	<u>£13.55</u>	<u>£32.74</u>	<u>£49.25</u>
Net loss on sales of all repossessed properties (£ millions) ⁽²⁾	<u>£2.23</u>	<u>£9.82</u>	<u>£15.92</u>
Ratio of aggregate net losses to average aggregate outstanding balance of loans ⁽³⁾	<u>0.01%</u>	<u>0.03%</u>	<u>0.04%</u>
Average net loss on all properties sold (£ thousands).....	<u>£18.30</u>	<u>£48.35</u>	<u>£44.85</u>
Number of loans outstanding in arrears (thousands)			
1-2 payments in arrears	4.5	4.9	3.5
3-11 payments in arrears.....	2.0	3.1	3.1
12+ payments in arrears.....	0.3	0.5	1.2
Total number of loans outstanding in arrears.....	6.8	8.5	7.8
Total number of loans outstanding in arrears as % of the number of loans outstanding.....	1.4%	2.0%	1.8%
Number of properties in possession.....	80	109	90
Number of properties sold during the year	122	203	355

(1) Properties sold may relate to properties taken into possession in prior periods.

- (2) Net loss is net of recoveries in the current period on properties sold in prior periods.
- (3) Average of opening and closing balances for the period.

There can be no assurance that the arrears experience with respect to the loans comprising the portfolio will correspond to the experience of Alliance & Leicester's originated loan portfolio as set forth in the foregoing table. The statistics in the preceding table represent only the arrears experience for the periods presented, whereas the arrears experience on the loans in the portfolio depends on results obtained over the life of the loans in the portfolio. The foregoing statistics include loans with a variety of payment and other characteristics that may not correspond to those of the loans in the portfolio. Moreover, if the property market experiences an overall decline in property values so that the value of the properties in the portfolio falls below the principal balances of the loans comprising the overall pool, the actual rates of arrears could be significantly higher than those previously experienced by the servicer. In addition, other adverse economic conditions, whether or not they affect property values, may nonetheless affect the timely payment by borrowers of principal and interest and, accordingly, the rates of arrears and losses with respect to the loans in the portfolio. Noteholders should observe that the United Kingdom experienced relatively low and stable interest rates during the periods covered in the preceding table. If interest rates were to rise, it is likely that the rate of arrears would rise.

Alliance & Leicester's level of mortgage arrears has reduced since the recession in the United Kingdom in the early 1990s.

House price inflation has indirectly contributed to the improved arrears situation by enabling borrowers to sell at a profit if they encounter financial hardship. In the late 1980s house prices rose substantially faster than inflation as housing turnover increased to record levels. This was at a time when the economy grew rapidly, which led to falling unemployment and relatively high rates of real income growth. These fed into higher demand for housing, and house prices rose rapidly. Demand was further increased by changes in taxation legislation with regard to tax relief on mortgage payments in 1988. When monetary policy was subsequently tightened (in terms of both "locking in" sterling to the European Exchange Rate Mechanism and higher interest rates), the pace of economic activity first slowed and then turned into recession. Rising unemployment combined with high interest rates led to a fall in housing demand and increased default rates and repossessions. The ability of borrowers to refinance was limited as house prices began to fall and many were in a position of negative equity (borrowings greater than the resale value of the property) in relation to their mortgages.

Santander UK regularly reviews, and prior to the Part VII effective date Alliance & Leicester regularly reviewed, its lending policies in the light of prevailing market conditions and respectively reviews and reviewed actions so as to mitigate possible problems. The performance of Santander UK's new business and arrears profiles are, and prior to the Part VII effective date the performance of Alliance & Leicester's new business and arrears profiles were, continuously monitored in monthly reports.

ANNEX A

Static Pool Data

The tables on the following pages set out static pool information with respect to all the mortgage loans on the Alliance & Leicester system. These tables show, for each of the last five years of origination, the distribution of such loans originated in that year by origination characteristics.

One of the characteristics of the mortgages trust is that the seller is able to sell more loans to the mortgages trustee over time, whether in connection with an issuance of notes by the issuer or a new issuer or in order to maintain the minimum seller share. To aid in understanding changes to the mortgages trust over time, the following table sets out information relating to each sale of loans by the seller to the mortgages trustee pursuant to the mortgage sale agreement.

Date	Balance of loans substituted or sold	Number of loans substituted or sold
28 November 2006	£3,399,995,370	42,395
1 August 2007	£4,888,705,280	53,212
26 November 2007	£1,517,929,823	15,860
12 March 2010	£1,199,785,144	14,470
3 June 2010	£4,626,468,851	46,313
27 July 2010	£3,063,345,353*	28,012**

* Balance of loans expected to be substituted or sold on 27 July 2010 as at the cut-off date

** Number of loans expected to be substituted or sold on 27 July 2010 as at the cut-off date

The sale of new loans by the seller to the mortgages trustee is subject to conditions, including ones required by the rating agencies, designed to maintain certain credit-related and other characteristics of the mortgages trust. These include limits on loans in arrears in the mortgages trust at the time of sale, limits on the aggregate balance of loans sold, limits on changes in the weighted average repossession frequency (**WAFF**) and the weighted average loss severity (**WALS**), minimum yield for the loans in the mortgages trust after the sale and maximum LTV for the loans in the mortgages trust after the sale. See a description of these conditions in “**Summary of the transaction documents – The mortgage sale agreement – Sale of the loans and their related security**” in the prospectus.

Origination Characteristics by Year

	2005	2006	2007	2008	2009	January 2010
Number of accounts opened (thousands)	97.1	94.7	88.9	23.7	41.5	2.5
Aggregate original balance (£) (millions).....	10,397.2	11,884.9	11,872.4	2,929.0	4,753.6	350.1
Average original balance (£) (thousands)	107.1	125.5	133.5	123.7	114.7	138.3
Weighted average original loan-to-value ratio.....	66.5	73.6	73.4	71.9	64.6	65.3
Weighted average original term (years).....	21.9	24.6	24.7	23.6	21.4	21.5

(1) Data are based on all business written in the period 2001-2010.

(2) Weighted averages are weighed by the original balance.

Listing and admission to trading application

These final terms comprise the final terms required for the notes described herein to be admitted to the official list and admitted to trading on the London Stock Exchange's regulated market pursuant to the residential mortgage backed note programme of Fosse Master Issuer plc.

Responsibility

The issuer accepts responsibility for the information contained in these final terms.

Signed on behalf of the issuer:

By: *[Signature]* per pro SFM Directors Limited, as Director
Duly authorised