

## EXECUTION VERSION

### Funding 1 Swap Confirmation

From: Santander UK plc (to which the assets and liabilities of Alliance & Leicester plc were transferred pursuant to the Part VII Scheme) ("**Party A**")  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

To: Langton Funding (No. 1) Limited ("**Party B**")  
35 Great St. Helen's  
London  
EC3A 6AP

Copy: Citicorp Trustee Company Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Attention: Agency and Trust

23 March 2011

Dear Sirs,

#### Swap Confirmation – Funding 1 Swap

This letter constitutes a "**Confirmation**" as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of 25 January 2008 entered into between you and us on the date hereof as amended and supplemented from time to time (the "**Agreement**"). This Confirmation amends and restates the Confirmation entered into between Party A and Party B dated 25 January 2008, as amended and restated on 5 March 2008, 17 June 2008, 1 October 2010, 12 October 2010 and 17 December 2010. The purpose of this Confirmation is to amend and restate the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below. The amendments constituted by this Confirmation shall become effective on the date first given above.

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "**Definitions**") are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the Master Definitions Schedule; and (iii) the Definitions. The following expressions shall, for the purpose of this confirmation, have the following meanings:

The term "**Transaction**" as used herein shall, for the purposes of the Definitions, have the same meaning as "**Swap Transaction**".

**Base Rate Loan Balance** means, in respect of a Calculation Period, the aggregate Outstanding Principal Balance of the Base Rate Loans at the close of business on the last calendar day of the month immediately preceding the Calculation Date corresponding to such Calculation Period, as notified by the Cash Manager in accordance with the Cash Management Agreement.

**Base Rate Loans** means Loans to the extent that and for such period that their Mortgage Terms provide that they are subject to a rate of interest which is linked to the Bank of England base rate.

**Base Rate Ratio** means, in respect of a Calculation Period, the Base Rate Loan Balance divided by the Loan Balance.

**Base Rate Spread** means 0.75 per cent. per annum.

**Basket Swap Rate** means, in respect of a Calculation Period, the rate of interest equal to the average of the standard variable rate or its equivalent charged to existing borrowers on residential mortgage loans as published from time to time after excluding the highest and lowest rate, of the Reference Lenders, as determined by the Cash Manager in good faith and notified to the Calculation Agent from time to time in accordance with the Cash Management Agreement.

**Blended Rate** means, in respect of a Calculation Period, a rate of interest equal to the sum of (i) the Weighted Average Fixed Rate for such Calculation Period multiplied by the Fixed Rate Ratio for such Calculation Period; (ii) the Basket Swap Rate for such Calculation Period multiplied by the Variable Rate Ratio for such Calculation Period and (iii) the Weighted Average Base Rate for such Calculation Period multiplied by the Base Rate Ratio for such Calculation Period.

**Blended Spread** means, in respect of a Calculation Period, a percentage equal to the sum of (i) the Fixed Rate Spread multiplied by the Fixed Rate Ratio for such Calculation Period; (ii) the Variable Rate Spread multiplied by the Variable Rate Ratio for such Calculation Period; and (iii) the Base Rate Spread multiplied by the Base Rate Ratio for such Calculation Period.

**Calculation Date** means the first day of each month (or if such day is not a London Business Day, the next following London Business Day) and any other day on which Funding 1 acquires a further interest in the Trust Property from and including the Calculation Date immediately preceding the Effective Date.

**Calculation Period** means each period from, and including, each Loan Calculation Date to, but excluding, the next Loan Calculation Date except that (i) the initial Calculation Period will commence on, and include, the Effective Date and end on, but exclude, the first Loan Calculation Date and (ii) the final Calculation Period shall end on, but exclude, the Termination Date.

**Calculation Period Funding 1 Amount** means, in respect of a Calculation Period, an amount in Sterling equal to the amount produced by applying the Blended Rate for such Calculation Period to the Notional Amount, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Calculation Period, divided by 365.

**Calculation Period Swap Provider Amount** means, in respect of a Calculation Period, an amount in Sterling equal to the amount produced by applying Three Month LIBOR plus the Blended Spread to the Notional Amount for such Calculation Period, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Calculation Period, divided by 365.

**Fixed Rate Loan Balance** means, in respect of a Calculation Period, the aggregate Outstanding Principal Balance of the Fixed Rate Loans at the close of business on the last calendar day of the month immediately preceding the Calculation Date corresponding to such Calculation Period, as notified by the Cash Manager in accordance with the Cash Management Agreement.

**Fixed Rate Loans** means Loans to the extent that and for such period that their Mortgage Terms provide that they are subject to a rate of interest which is fixed.

**Fixed Rate Ratio** means, in respect of a Calculation Period, the Fixed Rate Loan Balance divided by the Loan Balance.

**Fixed Rate Spread** means 1.25 per cent. per annum.

**Funding 1 Amount** means, in respect of an Interest Period, the lowest of (i) an amount equal to the sum of each of the Calculation Period Funding 1 Amounts calculated in respect of the Calculation Periods which end on a date falling within such Interest Period and (ii) the Funding 1 Available Amount for that Interest Period.

**Funding 1 Available Amount** means, in respect of an Interest Period, an amount, subject to a minimum of zero, equal to (i) the Funding 1 Revenue Receipts that are available to be applied on the corresponding Funding 1 Interest Payment Date minus (ii) an amount equal to the aggregate of the amounts required to be paid on such Funding 1 Interest Payment Date pursuant to items (a) to (b) (both inclusive) of the Funding 1 Pre-Acceleration Revenue Priority of Payments, each as notified by the Cash Manager in accordance with the terms of the Cash Management Agreement.

**Intercompany Loans** means the Intercompany Loan and any New Intercompany Loans, in each case made to Funding 1.

**Interest Payment Date** means each Funding 1 Interest Payment Date.

**Interest Period** means the period from (and including) the Effective Date to (but excluding) the first Interest Payment Date and thereafter from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

**Loan Balance** means, in respect of a Calculation Period, the sum of the Fixed Rate Loan Balance, the Variable Rate Loan Balance and the Base Rate Loan Balance.

**Loan Calculation Date** means with respect to any Calculation Period and any Calculation Date, the first London Business Day of the month in which that Calculation Date falls.

**Notional Amount** means, in respect of a Calculation Period an amount in Sterling equal to (a) the Outstanding Principal Amount of all Intercompany Loans at the close of business on the day immediately preceding the Calculation Date corresponding to such Calculation Period; less (b) the sum of (i) the balance of the Principal Deficiency Ledger attributable to all Intercompany Loans on the first day of the relevant Calculation Period, and (ii) the amount of the Principal Receipts in the Funding 1 GIC Account attributable to all Intercompany Loans on the first day of the relevant Calculation Period. The Notional Amount shall be determined in respect of the close of business on the last calendar day of the month immediately preceding the Calculation Date corresponding to the relevant Calculation Period, after any adjustments made on such date to the Outstanding Principal Amount of the Intercompany Loans, the balance of the Principal Deficiency Ledger attributable to the Intercompany Loans and the amount of Principal Receipts in the Funding 1 GIC Account have become effective.

**Reference Lenders** means Barclays Bank PLC, Halifax plc, Lloyds TSB Bank plc, National Westminster Bank Plc, Nationwide Building Society and Northern Rock plc (or their respective successors) and such additional or replacement residential mortgage lenders as shall be determined by the Calculation Agent and **Reference Lender** means any one of them.

**Revenue Shortfall Ratio** means, in respect of an Interest Period, a ratio equal to (i) the Funding 1 Amount corresponding to such Interest Period divided by (ii) the Funding 1 Amount corresponding to such Interest Period, assuming for the purposes of this subparagraph (ii) only that subparagraph (ii) of the definition of Funding 1 Amount did not apply.

**Swap Provider Amount** means, in respect of an Interest Period, an amount equal to the product of (i) the sum of each of the Calculation Period Swap Provider Amounts calculated in respect of the Calculation Periods which end on a date falling within such Interest Period and (ii) the Revenue Shortfall Ratio for that Interest Period.

**Three Month LIBOR** means in respect of a Calculation Period, the weighted average of the rates of interest (excluding spreads) applicable to any outstanding Intercompany Loan on the 18th day of the calendar month in which the first day of such Calculation Period falls (or, if such 18th day is not a Business Day (as defined in the Master Definitions Schedule), the next following Business Day).

**Variable Rate Loan Balance** means, in respect of a Calculation Period, the aggregate Outstanding Principal Balance of the Variable Rate Loans at the close of business on the last calendar day of the month immediately preceding the Calculation Date corresponding to such Calculation Period, as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

**Variable Rate Loans** means those Loans, other than Base Rate Loans, to the extent that and for such period that their Mortgage Terms provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Terms, including those Loans which their Mortgage Terms provide that they are subject to a rate of interest at a specified discount to the seller of the Loan's standard variable rate for a specified period of time (and shall, for the avoidance of doubt, exclude Loans during the period that they are Fixed Rate Loans).

**Variable Rate Ratio** means, in respect of a Calculation Period, the Variable Rate Loan Balance divided by the Loan Balance.

**Variable Rate Spread** means 2.95 per cent. per annum, or such other percentage as determined by Party A and agreed with the Rating Agencies from time to time.

**Weighted Average Base Rate** means, in respect of a Calculation Period, the weighted average (by Outstanding Principal Balance) of the rates of interest charged to borrowers of Base Rate Loans during the relevant Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

**Weighted Average Fixed Rate** means, in respect of a Calculation Period, the weighted average (by Outstanding Principal Balance) of the fixed rates of interest charged to borrowers of Fixed Rate Loans during the relevant Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

1. This Confirmation supplements, forms part of, and is subject to, the Agreement. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Confirmation relates are as follows:

Party A: Santander UK plc (to which the assets and liabilities of Alliance & Leicester plc were transferred pursuant to the Part VII Scheme)

Party B: Langton Funding (No. 1) Limited

Trade Date: 25 January 2008

Effective Date: 25 January 2008

Termination Date: The date on which the amount outstanding under the Intercompany Loans is reduced to zero.

Business Day centres for all Payments: London, New York and TARGET Settlement Day

#### **Interim Exchanges**

Interim Exchange Amount: Each amount specified as such in the Appendix (which shall constitute a Party A Interim Exchange Amount and a Party B Interim Exchange Amount).

Party B Interim Exchange Date: In respect of an Interim Exchange Amount, the date set out opposite such amount in the Appendix.

Party A Interim Exchange Date: In respect of an Interim Exchange Amount, the date set out opposite such amount in the Appendix.

Calculation of Amounts: On each Interest Payment Date, the Calculation Agent shall calculate the Swap Provider Amount and the Funding 1 Amount for the then current Interest Period, and forthwith notify Party A, Party B and the Cash Manager of the amounts so determined and of the net amount determined as set out below.

Payments: In relation to any Interest Payment Date:

- (i) the Swap Provider Amount for the relevant Interest Period exceeds the Funding 1 Amount for the relevant Interest Period, Party A shall pay the amount of such excess to Party B on such Interest Payment Date;
- (ii) the Funding 1 Amount for the relevant Interest Period exceeds the Swap Provider Amount for the relevant Interest Period, Party B shall pay the amount of such excess to Party A on such Interest Payment Date;
- (iii) the Swap Provider Amount for the relevant Interest Period is equal to the Funding 1 Amount for the relevant Interest Period, no amount shall be due and payable by either party hereunder in relation to such Interest Payment Date.

Calculation Agent: Santander UK plc acting in its capacity as Servicer pursuant to the Servicing Agreement or as Cash Manager pursuant to the Cash Management Agreement, as the case may be.

3. Account Details:

Payments to Party A: Direct via CHAPS

Sort Code: 72-01-00

Payments to Party B: Santander UK plc Direct via CHAPS

Sort Code: 72-01-00

Ref.: Langton Funding (No.1) Ltd (Transaction Account)

4. Notice Details:

Party A: Santander UK plc

Address: 2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Mortgage Backed Funding

Facsimile No.: +44 (0)20 7756 5862

Party B: Langton Funding (No. 1) Limited

Address: 35 Great St. Helen's  
London  
EC3A 6AP

Attention: The Directors

Facsimile No.: 020 7398 6325

With a copy to:- Citicorp Trustee Company Limited (the **Funding 1  
Security Trustee**)

Address: Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Facsimile No: 020 7500 5877

Attention: Agency and Trust

Yours faithfully,

**SANTANDER UK PLC**

By: .....

**Name:**

**Title:**

**Date:**

**LANGTON FUNDING (NO. 1) LIMITED**

By: .....

**Name:**

**Title:**

**Date:**

## Appendix

### Interim Exchange Amounts

<b>Party B Interim Exchange Date</b>	<b>Party A Interim Exchange Date</b>	<b>Interim Exchange Amount</b>
25/01/2008	18/06/2008	£14,000,000
05/03/2008	18/06/2008	£10,000,000
17/06/2008	18/09/2008	£17,000,000
01/10/2010	18/03/2011	£42,000,000
12/10/2010	18/03/2011	£77,000,000
23/03/2011	18/06/2011	£18,100,000