

EXECUTION COPY

2011-2 SUBSCRIPTION AGREEMENT

FOSSE MASTER ISSUER PLC

RESIDENTIAL MORTGAGE BACKED NOTE PROGRAMME

ISSUE OF SERIES 2011-2 NOTES

5 December 2011

To: Barclays Bank PLC
(as the **Arranger** in respect of the Series 2011-2 Notes and a **Manager** in respect of the Series 2011-2 Notes other than the Class A5 Notes)

Banco Santander, S.A.
(as a **Manager** in respect of the Series 2011-2 Notes other than the Class A5 Notes)

J.P. Morgan Securities Ltd.
(as a **Manager** in respect of the Series 2011-2 Notes other than the Class A5 Notes)

Deutsche Bank Securities Inc.
(as a **Manager** in respect of the Class A5 Notes)

and

Deutsche Bank AG, London Branch
(as a **Manager** in respect of the Class A5 Notes)

cc: Law Debenture Trust Company of New York
(as the **Issuer Security Trustee**)

Dear Sirs,

Fosse Master Issuer plc (the **Issuer**) proposes to issue \$350,000,000 Class A1 Asset Backed Floating Rate Notes due October 2012 (the **Class A1 Notes**), \$700,000,000 Class A2 Asset Backed Floating Rate Notes due October 2054 (the **Class A2 Notes**), €100,000,000 Class A3 Asset Backed Floating Rate Notes due October 2054 (the **Class A3 Notes**), \$300,000,000 Class A4 Asset Backed Floating Rate Notes due October 2054 (the **Class A4 Notes**), \$250,000,000 Class A5 Asset Backed Fixed Rate Notes due October 2054 (the **Class A5 Notes** and, together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes, the **Class A Notes**) and £233,965,000 Class Z Asset Backed Floating Rate Notes due October 2054 (the **Class Z Notes** and, together with the Class A Notes, the **Notes**) pursuant to the Residential Mortgage Backed Note Programme established by it. The terms of the issue shall be as set out in the Final Terms attached to this Subscription Agreement (the **Agreement**) as Annex 1.

This Agreement is supplemental to the Programme Agreement (the **Programme Agreement**) dated 21 November 2006, as amended and restated on 30 July 2007 and further amended and restated on 20 December 2007, made among the Issuer, Alliance & Leicester plc, Fosse Funding (No. 1) Limited, Fosse Trustee Limited and the Dealers and the Arranger party thereto (and to which Santander UK became a party in place of Alliance & Leicester plc on 28 May 2010 by virtue of a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000), a copy of which is attached as Annex 2. Unless otherwise defined herein, all terms with initial capitals used herein without definition have the meanings

given to them in the Programme Agreement. For the purposes of this Agreement and the Programme Agreement, references in this Agreement to the “Arranger” shall be deemed to be references to the “Lead Manager” as that term is used in the Programme Agreement.

In this Agreement:

Final Terms means the final terms dated 5 December 2011 relating to the Notes, supplementing the Prospectus.

Marketing Materials means, for the purposes of Clause 4.1(j) of the Programme Agreement, the Base Prospectus dated 21 April 2011, the Preliminary Final Terms, the Final Terms and the Pricing Supplement.

Payment Instruction Date means the Closing Date.

Preliminary Final Terms means the preliminary final terms dated 24 November 2011 relating to the Notes.

Pricing Supplement means the pricing supplement dated 29 November 2011 relating to the Notes, supplementing the Final Terms.

Prospectus means the base prospectus of the Issuer dated 21 April 2011.

Time of Sale means 4p.m. (London time) on 29 November 2011, which is deemed to be the time when sales of the Notes were first made in the United States for purposes of Rule 159 under the Securities Act.

We wish to record the arrangements agreed between us in relation to the issue of the Class A Notes:

- (a) This Agreement appoints each Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of Clause 11 of the Programme Agreement for the purposes of the issue of the relevant Class A Notes. Each Manager and each New Dealer accepts such appointment. Each Manager and each such New Dealer confirms that it is in receipt of:
 - (i) a copy of the Programme Agreement; and
 - (ii) a copy of such of the documents referred to in Part 1 of Appendix 1 of the Programme Agreement as it has requested (and that it finds the same to be satisfactory) or has waived delivery of such documents.

For the purposes of the Programme Agreement, the details of the Managers for service of notices are as follows:

Banco Santander, S.A.

Ciudad Grupo Santander,

Avda Cantabria S/N,

Edificio Encinar,

Planta Baja, 28660

Boadilla del Monte, Madrid

Attention: Head of Debt Capital Markets/ Head of FI Syndicate Europe

Facsimile number: +34 91 257 1409

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
Attention: Head of Fin Solutions - Secured Financing
Facsimile number: +44 207 773 1930

J.P. Morgan Securities Ltd.

125 London Wall
London EC2Y 5AJ
Attention: Head of Securitised Products Group / Head of EMEA Debt Capital Markets Group, Legal Department
Facsimile number: + 44 207 325 8240

Deutsche Bank Securities Inc.

60 Wall Street
New York
New York 10005
USA
Attention: Debt Capital Markets Syndicate Desk with a copy to
General Counsel (fax: +1 212 797 4561)
Facsimile number: +1 212 469 7875

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
Attention: ABS Syndicate Desk
Facsimile number: +44 113 336 1426

- (b) In consideration of the Issuer appointing each New Dealer as a Dealer in respect of the relevant Class A Notes under the Programme Agreement as more particularly described in sub-paragraphs (c)(i) to (iv) (inclusive) of this Agreement, each New Dealer hereby undertakes, for the benefit of the Issuer and the other New Dealers, that, in relation to the issue of the relevant Class A Notes in respect of which it has been appointed, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received. The Issuer hereby confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the relevant Class A Notes as if originally named as a Dealer under the Programme Agreement provided that following the Closing Date of the Class A Notes each New Dealer shall have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with, the issue of the Class A Notes.
- (c) Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer hereby agrees to issue the Notes and:
- (i) with respect to any Class A Notes that are Reg S Notes, other than Class A5 Notes, Barclays Bank PLC, Banco Santander, S.A. and J.P. Morgan Securities Ltd. jointly and severally agree to subscribe or procure subscribers for such Class A Notes at a price of 100 per cent. of the principal amount of such Class A Notes;
 - (ii) with respect to any Class A Notes that are Rule 144A Notes, other than Class A5 Notes, each of Barclays Bank PLC, Banco Santander, S.A. and J.P. Morgan Securities Ltd.

severally agree to subscribe or procure subscribers for the principal amount of such Class A Notes set out against its name as its underwriting commitment in Annex 3 hereto at a price of 100 per cent. of the principal amount of such Class A Notes;

- (iii) with respect to any Class A5 Notes that are Reg S Notes, Deutsche Bank AG, London Branch agrees to subscribe or procure subscribers for such Class A5 Notes at a price of 100 per cent. of the principal amount of such Class A5 Notes; and
- (iv) with respect to any Class A5 Notes that are Rule 144A Notes, Deutsche Bank Securities Inc. agrees to subscribe or procure subscribers for the principal amount of such Class A5 Notes set out against its name as its underwriting commitment in Annex 3 hereto at a price of 100 per cent. of the principal amount of such Class A5 Notes.

In connection with the subscription for the Class A Notes that are Reg S Notes pursuant to this Agreement, the relevant Managers accept and agree to be bound by the ICMA Agreement Among Managers Version 1 (the **ICMA Agreement Among Managers**), amended so that references to "Commitment Notification" shall be construed to be references to this Agreement, and subject to any amendment notified to the Managers in writing at any time prior to the earlier of the receipt by the Arranger of the document appointing each Manager's authorised signatory (where applicable) and the execution of this Agreement. For the purposes of the ICMA Agreement Among Managers only and without prejudice to the joint and several underwriting obligation provided in Clause (c)(i) above, each Manager's underwriting commitment in relation to the Class A Notes that are Reg S Notes is as set out in Annex 4 to this Agreement. ICMA recommendation 1.20 will apply and, accordingly, ICMA recommendations 1.3, 1.4 and 1.17 will not apply.

- (d) No Manager shall be under any obligation to subscribe or procure subscribers for the Class Z Notes or any Class A Notes other than those Class A Notes in respect of which it has been appointed as Manager.
- (e) The Issuer undertakes that on the Closing Date it will pay to each Manager a management and underwriting commission which has been agreed separately between the Issuer and each Manager.
- (f) The Issuer confirms that it has approved the Prospectus, the Preliminary Final Terms, the Pricing Supplement and the Final Terms in connection with the issue of the Notes and confirms that each such document is an authorised document for the purposes of Clause 7 (Authority to Distribute Documents) of the Programme Agreement. For the purposes of this Agreement only, the reference in Clause 4.1(j)(iii) of the Programme Agreement to "Dealer Information" shall mean the name and address of each Dealer.
- (g) For the purposes of this Agreement, Clause 3.2 of the Programme Agreement is deemed deleted in its entirety. The obligation of the relevant Managers to purchase the relevant Class A Notes is conditional upon:
 - (i) the conditions set out in Annex 5 being satisfied as of the Payment Instruction Date and without prejudice to the aforesaid, the Prospectus containing all material information relating to the assets and liabilities, financial position and profits and losses of the Issuer and nothing having happened or being expected to happen which would require the Prospectus to be supplemented or updated; and
 - (ii) the delivery to the Managers on the Payment Instruction Date of:
 - (A) legal opinions addressed to the Managers (in such form and with such contents as the Managers may reasonably require) dated the Payment Instruction Date from Allen & Overy LLP, the legal advisers to the Managers as to English law and United States

federal securities law (including a 10b-5 negative assurance letter), from Cleary Gottlieb Steen & Hamilton LLP, the legal advisers to the Issuer, Funding 1 and the Seller as to United States federal securities law (including a 10b-5 negative assurance letter) and United States taxation law, from Slaughter and May, the legal advisers to the Issuer, Funding 1 and the Seller as to English law, from Tods Murray LLP, the legal advisers to the Issuer, Funding 1 and the Seller as to Scots law, from McGrigors Belfast LLP, the legal advisers to the Issuer, Funding 1 and the Seller as to Northern Irish law and from Mourant Ozannes, the legal advisers to the Mortgages Trustee as to Jersey law;

- (B) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer giving confirmation to the effect stated in paragraph (i) of this Clause (g);
- (C) the following comfort letters/reports from Deloitte LLP (in such form and with such contents as the Managers may reasonably require) dated the date hereof:
 - I. UK AUP Report;
 - II. US AUP Report;
 - III. ICMA Comfort Letter; and
 - IV. SSAE10 Comfort Letter;
- (D) receipt of written notification from Fitch, Moody's and Standard & Poor's that the ratings for the Class A Notes described in the Final Terms have been assigned either without conditions or subject only to the execution and delivery on or before the Closing Date of the agreements and legal opinions contemplated herein; and
- (E) such other conditions precedent as the Managers may require.

If any of the foregoing conditions is not satisfied as at the Payment Instruction Date, this Agreement shall terminate on such date and the parties hereto shall be under no further obligation or liability arising out of this Agreement (except for any obligation or liability of the Issuer in relation to expenses as provided in the arrangements referred to in Clause 9 of the Programme Agreement and except for any liability arising before or in relation to such termination), provided that, in respect of the obligation to purchase the Class A Notes other than the Class A5 Notes and/or in respect of the obligation to purchase the Class A5 Notes, the Arranger, on behalf of relevant Managers, may, with the agreement of the relevant Managers, waive any of the aforesaid conditions or any part of them.

- (h) For the purposes of this Agreement, in Clause 4.1(r) of the Programme Agreement the words "subject to the matters expressed in the legal opinions relating to the Notes of the relevant Series of Allen & Overy LLP, Tods Murray LLP, L'Estrange & Brett and Mourant du Feu & Jeune" shall be deemed replaced by the words "subject to the matters expressed in the legal opinions relating to the Notes of the relevant Series of Allen & Overy LLP, Tods Murray LLP, Slaughter and May, Cleary Gottlieb Steen & Hamilton LLP, McGrigors Belfast LLP and Mourant Ozannes".
- (i) For the purposes of this Agreement and in addition to the representations and warranties made by it under Clause 4.1 of the Programme Agreement, the Issuer represents and warrants to, and agrees with, the Managers and each of them that, as at the date hereof and as at the Closing Date:

- (i) **(No integration)** it has not offered or sold within the six months preceding the issue of the Class A Notes any security of the same or similar class of the Class A Notes under circumstances that would require registration of such notes under the Securities Act;
 - (ii) **(OFAC)** the Class A Notes are not being issued for the purpose of funding any operations in, financing any investment or activities in or making any payments to any country or to any person targeted by any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury;
 - (iii) **(FCPA)** neither it nor, to its knowledge, any of its directors or officers or any other person associated with or acting on its behalf, has taken any action, directly or indirectly, that could result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any similar law or regulation of any other jurisdiction, in each case to the extent applicable; and
 - (iv) **(United States Income Tax)** it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles, and will not hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States income tax principles.
- (j) For the purposes of this Agreement and in addition to the representations and warranties made by it under Clause 4.2 of the Programme Agreement, each of Funding 1 and the Mortgages Trustee represents and warrants to, and agrees with, the Managers and each of them that, as at the date hereof and as at the Closing Date:
- (i) **(OFAC)** the Class A Notes are not being issued for the purpose of funding any operations in, financing any investment or activities in or making any payments to any country or to any person targeted by any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury;
 - (ii) **(FCPA)** neither it nor, to its knowledge, any of its directors or officers or any other person associated with or acting on its behalf, has taken any action, directly or indirectly, that could result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any similar law or regulation of any other jurisdiction, in each case to the extent applicable;
 - (iii) **(United States Income Tax)** it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles, and will not hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States income tax principles; and
 - (iv) **(Investment Company Act)** it is not, and upon the issuance and sale of the Class A Notes and the application of the net proceeds therefrom, as described in the Prospectus, will not be, required to register as an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended.
- (k) For the purposes of this Agreement and in addition to the representations and warranties made by it under clause 4.3 of the Programme Agreement, Santander UK represents and warrants to, and agrees with, the Managers and each of them that, as at the date hereof and as at the Closing Date:
- (i) **(OFAC)** the Class A Notes are not being issued for the purpose of funding any operations in, financing any investment or activities in or making any payments to any country or to

any person targeted by any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury;

- (ii) **(FCPA)** neither it nor, to its knowledge, any of its directors or officers or any other person associated with or acting on its behalf, has taken any action, directly or indirectly, that could result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any similar law or regulation of any other jurisdiction, in each case to the extent applicable;

- (iii) **(17g-5 representation)**

- (A) it has executed and delivered a written representation (the **17g-5 Representation**) (a copy of which has been delivered to each Manager) to each nationally recognized statistical rating agency hired by it to rate the Class A Notes (collectively, the **Hired NRSROs**) that it will take the actions specified in paragraphs (a)(3)(iii)(A)-(D) of Rule 17g-5 of the Exchange Act. Santander UK has complied and in the future shall comply in all respects with the 17g-5 Representation and the requirements specified in Rule 17g-5(a)(3)(iii)(A)-(D), as interpreted by the Securities Exchange Commission and its staff from time to time;
- (B) the website services contracted by Santander UK in order to comply with Rule 17g-5 (the **Arranger Website**) have been available and accessible by each nationally recognized statistical rating agency (collectively, the **NRSROs**), during the preparation, negotiation and execution of this agreement and the transactions contemplated hereby, and Santander UK has provided access to the Arranger Website to each NRSRO who has requested such access in accordance with Rule 17g-5; and
- (C) it has limited access to the Arranger Website to NRSROs, subject to their agreement that they will keep the information confidential in accordance with the written policies and procedures of such NRSROs established, maintained and enforced pursuant to section 15E(g)(1) of the U.S. Securities Exchange Act of 1934 and 17 CFR 240.17g-4.

- (l) Santander UK covenants to and agrees with the Managers and each of them that:

- (i) if it sells one or more new loans and their related security to the Mortgages Trustee on or after 1 January 2015, then on or immediately following the relevant Sale Date, the Seller will ensure that it (i) retains a material net economic interest in the securitisation of not less than 5 per cent. as contemplated by Article 122a of Directive 2006/48/EC (as amended) (as such Article is at the time implemented by the rules and guidance of the Financial Services Authority or any successor regulatory authority (the "**relevant rules**")) and (ii) discloses via an RNS announcement (or in such other manner as the Seller may determine) such retained interest and the manner in which it is held as contemplated by the relevant rules, provided that the Seller would only be required to do so to the extent that the retention and disclosure requirements under the relevant rules remain in effect as at the relevant Sale Date;
- (ii) it shall comply in all respects with all of the requirements applicable to sponsors contained in paragraphs (a)(3)(iii)(A)-(D) of Rule 17g-5 and shall provide the Managers with prompt notice if Santander UK receives notice from, or has knowledge of, any Hired NRSRO determining that it cannot reasonably rely on the written representations related to Rule 17g-5 of Santander UK;

- (iii) it shall maintain the Arranger Website so that the Arranger Website shall be available and accessible by NRSROs while the Notes remain outstanding, and Santander UK shall provide access to the Arranger Website to each NRSRO who requests such access in accordance with Rule 17g-5; and
- (iv) it shall limit the access to the Arranger Website to NRSROs subject to their agreement that they will keep the information confidential in accordance with the written policies and procedures of such NRSROs established, maintained and enforced pursuant to section 15E(g)(1) of the U.S. Securities Exchange Act of 1934 and 17 CFR 240.17g-4.
- (m) For the purposes of this Agreement, Appendix 2 to the Programme Agreement is deleted and replaced in its entirety by Annex 6 hereto.
- (n) Contribution
 - (i) For the purposes of this Agreement, in the event that the indemnity provided in Clause 6.1 of the Programme Agreement is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Issuer, Funding 1, the Mortgages Trustee and the Seller severally agree to contribute to the Loss to which one or more of the Managers may be subject in such proportion as is appropriate to reflect the relative benefits received by the Issuer, Funding 1, the Mortgages Trustee and the Seller from the offering of the Notes. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Issuer, Funding 1, the Mortgages Trustee and the Seller severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuer, Funding 1, the Mortgages Trustee and the Seller in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations.
 - (ii) Benefits received by the Issuer, Funding 1, the Mortgages Trustee and the Seller shall be deemed to be equal to the purchase price of the Notes (before deducting expenses), as set forth in this Subscription Agreement.
 - (iii) Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Issuer, Funding 1, the Mortgages Trustee or the Seller, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission.
 - (iv) The Issuer, Funding 1, the Mortgages Trustee and the Seller agree that it would not be just and equitable if contribution were determined by *pro rata* allocation or any other method of allocation which does not take account of the equitable considerations referred to above.
 - (v) Notwithstanding the provisions of this clause (n), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this clause (n), each person who controls a Manager within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of a Manager shall have the same rights to contribution as such Manager, subject to the applicable terms and conditions of this clause.
- (o) The Arranger, on behalf of the Managers, may, by notice to the Issuer, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if, in the opinion of the Arranger, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to

prejudice materially the success of the offering and distribution of the Class A Notes or dealings in the Class A Notes in the secondary market and, upon such notice being given, the parties to this Agreement shall (except for any liability of the Issuer in relation to expenses as provided in the arrangements referred to in Clause 9 of the Programme Agreement and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

- (p) This Agreement may be signed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement, and any party may enter into this Agreement by executing a counterpart.
- (q) A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
- (r) This Agreement (including any non-contractual claims or disputes arising out of or in connection with this Agreement) shall be governed by, and construed in accordance with, the laws of England.
- (s) The courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement (**Proceedings**) may be brought in such courts. Each of the parties hereto irrevocably submit to the jurisdiction of such courts and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For: **FOSSE MASTER ISSUER PLC**

By:



per pro SFM Directors Limited, as Director

For: **FOSSE FUNDING (NO. 1) LIMITED**

By:



per pro SFM Directors Limited, as Director

For: **FOSSE TRUSTEE LIMITED**

By:

For: **SANTANDER UK PLC**

By:



Yours faithfully,

For: **FOSSE MASTER ISSUER PLC**

By:

per pro SFM Directors Limited, as Director

For: **FOSSE FUNDING (NO. 1) LIMITED**

By:

per pro SFM Directors Limited, as Director

For: **FOSSE TRUSTEE LIMITED**

By:



Helen Grant
Director

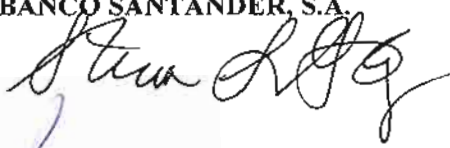
For: **SANTANDER UK PLC**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **BANCO SANTANDER, S.A.**

By:



and

By:



For: **BARCLAYS BANK PLC**

By:

For: **J.P. MORGAN SECURITIES LTD.**

By:

For: **DEUTSCHE BANK AG, LONDON BRANCH**

By:

For: **DEUTSCHE BANK SECURITIES INC.**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **BANCO SANTANDER, S.A.**

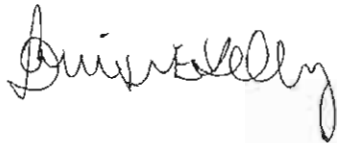
By:

and

By:

For: **BARCLAYS BANK PLC**

By:



Louise Kelly
Authorised Attorney

For: **J.P. MORGAN SECURITIES LTD.**

By:

For: **DEUTSCHE BANK AG, LONDON BRANCH**

By:

For: **DEUTSCHE BANK SECURITIES INC.**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **BANCO SANTANDER, S.A.**

By:

and

By:



For: **BARCLAYS BANK PLC**

By:

For: **J.P. MORGAN SECURITIES LTD.**

By:

A handwritten signature in black ink, appearing to read "David Peret", written over a light blue rectangular background. The signature is stylized and cursive.

For: **DEUTSCHE BANK AG, LONDON BRANCH**

By:

For: **DEUTSCHE BANK SECURITIES INC.**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **BANCO SANTANDER, S.A.**

By:

and

By:

For: **BARCLAYS BANK PLC**

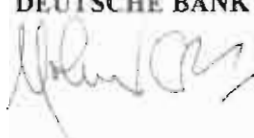
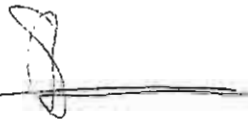
By:

For: **J.P. MORGAN SECURITIES LTD.**

By:

For: **DEUTSCHE BANK AG, LONDON BRANCH**

By:

 **Suleman Baig**
Vice President 

Simon Jones
Director

For: **DEUTSCHE BANK SECURITIES INC.**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **BANCO SANTANDER, S.A.**

By:

and

By:

For: **BARCLAYS BANK PLC**

By:

For: **J.P. MORGAN SECURITIES LTD.**

By:

For: **DEUTSCHE BANK AG, LONDON BRANCH**

By:

For: **DEUTSCHE BANK SECURITIES INC.**

By:


JAY STEINER
MANAGING DIRECTOR


COLIN BENNETT
DIRECTOR

ANNEX 1
FINAL TERMS

FINAL TERMS dated 5 December 2011

FOSSE MASTER ISSUER PLC

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

Residential Mortgage Backed Note Programme

Issue of Series 2011-2 Notes

Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	Maturity date
Class A1	One-Month USD LIBOR + 0.20 per cent. Floating rate	\$350,000,000	100%	July 2012 and October 2012	October 2012
Class A2	Three month USD LIBOR + 1.60 per cent. Floating rate	\$700,000,000	100%	January 2014 to January 2015	October 2054
Class A3	Three month EURIBOR + 1.50 per cent. Floating rate	€100,000,000	100%	January 2014 to January 2015	October 2054
Class A4	Three month USD LIBOR + 1.65 per cent. Floating rate	\$300,000,000	100%	April 2015 to January 2016	October 2054
Class A5	4.25 per cent. Fixed rate	\$250,000,000	100%	January 2022	October 2054
Class Z	Three month Sterling LIBOR + 0.70 per cent. Floating rate	£233,965,000	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 21 April 2011 (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 Series 2011-2 Notes

BARCLAYS CAPITAL

**Lead Managers for the Series 2011-2 Class A1 Notes, Class A2 Notes,
Class A3 Notes and Class A4 Notes**

BARCLAYS CAPITAL

J.P. MORGAN

**SANTANDER
GLOBAL BANKING &
MARKETS**

Lead Manager for the Series 2011-2 Class A5 Notes

DEUTSCHE BANK

1.	Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
2.	Series Number:	2011-2	2011-2	2011-2	2011-2	2011-2	2011-2
3.	Issuer:	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc
4.	Specified Currency or Currencies:	USD	USD	EUR	USD	USD	GBP
5.	Initial Principal Amount:	\$350,000,000	\$700,000,000	€100,000,000	\$300,000,000	\$250,000,000	£233,965,000
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	100% of the Initial Principal Amount	100% of the Initial Principal Amount
(b)	Net proceeds:	\$350,000,000	\$700,000,000	€100,000,000	\$300,000,000	\$250,000,000	£233,965,000
7.	Required Subordinated Percentage:	9.25%	9.25%	9.25%	9.25%	9.25%	Not Applicable
8.							
(a)	General Reserve Required Amount:	£635,000,000	£635,000,000	£635,000,000	£635,000,000	£635,000,000	£635,000,000
(b)	Arrears or Step-up Trigger Event:						
	▪ item (i) of General Reserve Fund increased amount:	£158,750,000	£158,750,000	£158,750,000	£158,750,000	£158,750,000	£158,750,000
	▪ item (ii) of General Reserve Fund increased amount:	£158,750,000	£158,750,000	£158,750,000	£158,750,000	£158,750,000	£158,750,000
	▪ items (i) and (ii) General Reserve Fund increased amount:	£317,500,000	£317,500,000	£317,500,000	£317,500,000	£317,500,000	£317,500,000
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%	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%
10.	Ratings (Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited (Standard & Poor's) / Moody's Investors Service Limited (Moody's) / Fitch Ratings Ltd. (Fitch)):	A1+ (sf) / P-1(sf) / F1+sf	AAA (sf) / Aaa(sf) / AAAsf	AAA (sf) / Aaa(sf) / AAAsf	AAA (sf) / Aaa(sf) / AAAsf	AAA (sf) / Aaa(sf) / AAAsf	Not Applicable
		Fitch Ratings Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Moody's Investors Service Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Standard & Poor's Credit Market Services Europe Limited operates under its trading name Standard & Poor's Ratings Services.					
11.	Specified Denominations:	\$200,000 and integral multiples of \$1,000 in excess thereof	\$200,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	\$200,000 and integral multiples of \$1,000 in excess thereof	\$200,000 and integral multiples of \$1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
12.							
(a)	Closing Date:	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011
(b)	Interest Commencement Date:	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011
13.	Final Maturity Date:	Interest Payment Date occurring in October 2012	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	Interest Payment Date occurring in October 2054

Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
14. Interest Basis:	One-Month USD LIBOR Floating Rate	Three-Month USD LIBOR Floating Rate or following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR Floating Rate	Three-Month EURIBOR Floating Rate or following the occurrence of a Pass-Through Trigger Event, one-month EURIBOR Floating Rate	Three-Month USD LIBOR Floating Rate or following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR Floating Rate	Fixed Rate or following the Step-Up Date three-month USD LIBOR Floating Rate and, in each case, following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR Floating Rate	Three-Month Sterling LIBOR Floating Rate or following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR Floating Rate
15. Redemption / Payment Basis:	Scheduled Redemption	Scheduled Redemption	Scheduled Redemption	Scheduled Redemption	Scheduled Redemption	Pass Through
16. Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable	Applicable – See "Interest Basis" above	Applicable – See "Interest Basis" above	Applicable – See "Interest Basis" above	Applicable – See "Interest Basis" above	Applicable – See "Interest Basis" above
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	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:	£8,880					
18. Method of distribution:	Syndicated	Syndicated	Syndicated	Syndicated	Syndicated	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE						
19. Fixed Rate Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable, up to but excluding the earlier to occur of (i) the Step-Up Date and (ii) a Pass-Through Trigger Event (such date being the Conversion Date). For the avoidance of doubt, the final Fixed Interest Period shall end on (but exclude) the Conversion Date	Not Applicable
(a) Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	4.25 per cent. per annum payable semi-annually in arrear	Not Applicable

	Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
(b)	Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	18 July 2012 and thereafter the 18th of January and July in each year up to and including the earlier of (i) the Step-Up Date and (ii) the occurrence of a Pass-Through Trigger Event, and for the avoidance of doubt, the fixed coupon amount in respect of the final Fixed Interest Period shall be payable on the Interest Payment Date following the Conversion Date	Not Applicable
(c)	Fixed Coupon Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	\$21.25 per \$1,000 in nominal amount	Not Applicable
(d)	Broken Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(e)	Day Count Fraction:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	30/360	Not Applicable
(f)	Determination Date(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20.	Floating Rate Note Provisions:	Applicable	Applicable	Applicable	Applicable	Applicable following the earlier to occur of: (i) the Step-Up Date and (ii) a Pass-Through Trigger Event, and for the avoidance of doubt, the Interest Commencement Date in respect of the first Floating Interest Period shall be the Conversion Date	Applicable
(a)	Specified Period(s)/ Specified Interest Payment Dates:	The 18th of each month in each year up to and including the Final Maturity Date, commencing on 18 January 2012	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, up to and including the Final Maturity Date, commencing on 18 January 2012	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, up to and including the Final Maturity Date, commencing on 18 January 2012	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, up to and including the Final Maturity Date, commencing on 18 January 2012	Following the Step-Up Date and prior to a Pass-Through Trigger Event, 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, up to and including the Final Maturity Date	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, up to and including the Final Maturity Date, commencing on 18 January 2012
(b)	Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention

	Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
(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	None - London, New York and TARGET in accordance with the Conditions	None - London, New York and TARGET in accordance with the Conditions
(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	Screen Rate Determination	Screen Rate Determination
(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	Not Applicable	Not Applicable
(f)	Screen Rate Determination:						
	• Reference Rate:	One-Month USD LIBOR (or, in respect of the first interest period, the linear interpolation of one-month and two-month USD LIBOR)	Three-Month USD LIBOR (or, in respect of the first interest period, the linear interpolation of one-month and two-month USD LIBOR) or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR	Three-Month EURIBOR (or, in respect of the first interest period, the linear interpolation of one-month and two-month EURIBOR) or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, one-month EURIBOR	Three-Month USD LIBOR (or, in respect of the first interest period, the linear interpolation of one-month and two-month USD LIBOR) or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR	Three-Month USD LIBOR or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, one-month USD LIBOR	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of one-month and two-month Sterling LIBOR) or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR
	• Interest Determination Date(s):	Two London Business Days prior to the start of each Floating Interest Period	Two London Business Days prior to the start of each Floating Interest Period	Two TARGET Days prior to the start of each Floating Interest Period	Two London Business Days prior to the start of each Floating Interest Period	Two London Business Days prior to the start 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 EURIBOR01	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01
(g)	ISDA Determination	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	• Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	• Designated Maturity:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	• Reset Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(h)	Margin(s):	0.20% per annum	1.60% per annum	1.50% per annum	1.65% per annum	1.89% per annum	0.70% per annum
(i)	Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(j)	Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(k)	Step-Up Date:	Not Applicable	The Interest Payment Date occurring in January 2015, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in January 2015, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in January 2016, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in January 2022, on which date the Margin shall be replaced with the Step-Up Margin	Not Applicable
	• Step-Up Margin(s):	Not Applicable	+3.20% per annum	+3.00% per annum	+3.30% per annum	+3.78% per annum	Not Applicable
	• Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	• Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Class:		Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
(l)	Day Count Fraction:	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/365
(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	Not Applicable	Not Applicable
21.	Zero Coupon Note Provisions:	Not Applicable	Not Applicable	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	Not Applicable	Not Applicable
23.	Details relating to Scheduled Redemption Notes:	Applicable	Applicable	Applicable	Applicable	Applicable	Not Applicable
(a)	Scheduled Redemption Dates:	Interest Payment Dates occurring in July 2012 and October 2012	Interest Payment Dates occurring in January 2014, April 2014, July 2014, October 2014 and January 2015	Interest Payment Dates occurring in January 2014, April 2014, July 2014, October 2014 and January 2015	Interest Payment Dates occurring in April 2015, July 2015, October 2015 and January 2016	Interest Payment Date occurring in January 2022	Not Applicable
(b)	Scheduled Redemption Instalments:	July 2012 \$175,000,000 October 2012 \$175,000,000	January 2014 \$47,424,919 April 2014 \$45,867,875 July 2014 \$44,361,950 October 2014 \$42,905,468 January 2015 \$519,439,788	January 2014 €6,774,988 April 2014 €6,552,554 July 2014 €6,337,421 October 2014 €6,129,353 January 2015 €74,205,684	April 2015 \$30,223,229 July 2015 \$29,230,946 October 2015 \$28,271,242 January 2016 \$212,274,583	January 2022 \$250,000,000	Not Applicable
24.	Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable The Series 2011-2 Class Z Notes will become due and payable in an amount up to £200,067,000 on and following the Interest Payment Date falling in January 2016 and due and payable in full on and following the Interest Payment Date in January 2022
25.							
(a)	Redemption Amount:	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies
(b)	Optional Redemption Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
GENERAL PROVISIONS APPLICABLE TO THE NOTES						
26.						
(a) Form of Notes:	Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg	Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg	Rule 144A Global Note registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg Reg S Global Note registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg	Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg	Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg	Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg
(b) Intended to be held in a manner which would allow Eurosystem eligibility:	No	No	Yes	No	No	No
	Note that the designation "yes" simply means that the Series 2011-2 Class A3 Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS, and does not necessarily mean that the Series 2011-2 Class A3 Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.					
27. Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28. Issuer Swap Provider(s):	Abbey National Treasury Services plc	Abbey National Treasury Services plc	Abbey National Treasury Services plc	Abbey National Treasury Services plc	Abbey National Treasury Services plc	Not Applicable
29. Specified currency exchange rate (Sterling/ specified currency):	£1.00/\$1.560	£1.00/\$1.558	€1.00/£0.8845	£1.00/\$1.560	£1.00/\$1.546	Not Applicable
30. Redenomination applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
31. ERISA Eligibility:	Yes, subject to the considerations in "ERISA considerations" in the prospectus.	Yes, subject to the considerations in "ERISA considerations" in the prospectus.	Yes, subject to the considerations in "ERISA considerations" in the prospectus.	Yes, subject to the considerations in "ERISA considerations" in the prospectus.	Yes, subject to the considerations in "ERISA considerations" in the prospectus.	Not Applicable
32. US Taxation:	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Not Applicable
33. Money Market Notes (2a-7):	Yes	No	No	No	No	No
34. Do the Notes have the benefit of remarketing arrangements:	No	No	No	No	No	No

Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
35. Other final terms:	The seller confirms that, if it sells one or more new loans and their related security to the mortgages trustee on or after 1 January 2015, then on or immediately following the relevant sale date, the seller will ensure that it (i) retains a material net economic interest in the securitisation of not less than 5 per cent. as contemplated by Article 122a of Directive 2006/48/EC (as amended) (as such Article is at the time implemented by the rules and guidance of the Financial Services Authority or any successor regulatory authority (the relevant rules)) and (ii) discloses via an RNS announcement (or in such other manner as the seller may determine) such retained interest and the manner in which it is held as contemplated by the relevant rules, provided that the seller would only be required to do so to the extent that the retention and disclosure requirements under the relevant rules remain in effect at the time of the relevant sale date.					

DISTRIBUTION

36. (a) If syndicated, names of Dealers and Managers:	Banco Santander, S.A., Barclays Bank PLC and J.P. Morgan Securities Ltd.	Banco Santander, S.A., Barclays Bank PLC and J.P. Morgan Securities Ltd.	Banco Santander, S.A., Barclays Bank PLC and J.P. Morgan Securities Ltd.	Banco Santander, S.A., Barclays Bank PLC and J.P. Morgan Securities Ltd.	Reg S: Deutsche Bank AG, London Branch Rule 144A: Deutsche Bank Securities Inc.	Not Applicable
	Rule 144A Notes will be offered and sold in the United States by the respective registered broker-dealer selling agent or affiliate of each Dealer in compliance with the Exchange Act	Rule 144A Notes will be offered and sold in the United States by the respective registered broker-dealer selling agent or affiliate of each Dealer in compliance with the Exchange Act	Rule 144A Notes will be offered and sold in the United States by the respective registered broker-dealer selling agent or affiliate of each Dealer in compliance with the Exchange Act	Rule 144A Notes will be offered and sold in the United States by the respective registered broker-dealer selling agent or affiliate of each Dealer in compliance with the Exchange Act		
(b) Stabilising Manager (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
37. If non-syndicated, name of relevant Dealer and Manager:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable The Series 2011-2 Class Z Notes will be purchased directly by Santander UK plc
38. Additional selling restrictions:	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	Not Applicable	Not Applicable
40. Delivery:	Delivery against payment	Delivery against payment	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	Not Applicable	Not Applicable
42. ISIN:	Reg S: XS0715270855 Rule 144A: US34988MAU09	Reg S: XS0715271150 Rule 144A: US34988MAV81	Reg S: XS0715271234 Rule 144A: XS0715271408	Reg S: XS0715271580 Rule 144A: US34988MAW64	Reg S: XS0715271663 Rule 144A: US34988MAX48	Reg S: XS0715271747
43. Common Code:	Reg S: 71527085 Rule 144A: 71582795	Reg S: 71527115 Rule 144A: 71582744	Reg S: 71527123 Rule 144A: 71527140	Reg S: 71527158 Rule 144A: 71582710	Reg S: 71527166 Rule 144A: 71582698	Reg S: 71527174
44. CUSIP:	34988M AU0	34988M AV8	Not Applicable	34988M AW6	34988M AX4	Not Applicable

Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
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	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	Fosse Master Issuer plc	Fosse Master Issuer plc
47. Tier of Loan Tranche:	AAA Loan Tranche	AAA Loan Tranche	AAA Loan Tranche	AAA Loan Tranche	AAA Loan Tranche	NR Loan Tranche
48. Series Number:	Series 2011-2	Series 2011-2	Series 2011-2	Series 2011-2	Series 2011-2	Series 2011-2
49. Redemption/Payment Basis:	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche	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	Not Applicable	Not Applicable
51. Initial Principal Amount:	£224,358,974	£449,293,967	£88,450,000	£192,307,692	£161,707,633	£233,965,000
(a) Closing Date:	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011
(b) Loan Tranche Interest Commencement Date:	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011	6 December 2011
(c) Loan Tranche Interest Reset Dates:	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in January 2012 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly
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 18 January 2012	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 18 January 2012	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 18 January 2012	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 18 January 2012	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 18 January 2012	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 18 January 2012
53. Initial Loan Tranche Margin:	-0.10% per annum	+1.505% per annum	+1.965% per annum	+1.522% per annum	+1.89% per annum	+0.70% per annum

Class:	Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
54. Step-Up Date (if any):	Not Applicable	The Funding 1 Interest Payment Date occurring in January 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 January 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 January 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 January 2022, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin	Not Applicable
55. Stepped-up Loan Tranche Margin:	Not Applicable	+3.01% per annum	+3.93% per annum	+3.044% per annum	+3.78% per annum	Not Applicable
56. Details relating to Bullet Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
57. Details relating to Scheduled Amortisation Loan Tranches:	Applicable	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
(a) Scheduled Repayment Dates:	The Funding 1 Interest Payment Dates occurring in July 2012 and October 2012	The Funding 1 Interest Payment Dates occurring in January 2014, April 2014, July 2014, October 2014 and January 2015	The Funding 1 Interest Payment Dates occurring in January 2014, April 2014, July 2014, October 2014 and January 2015	The Funding 1 Interest Payment Dates occurring in April 2015, July 2015, October 2015 and January 2016	The Funding 1 Interest Payment Date occurring in January 2022	Not Applicable
(b) Repayment Amounts:	July 2012 £112,179,487 October 2012 £112,179,487	January 2014 £30,439,615 April 2014 £29,440,228 July 2014 £28,473,652 October 2014 £27,538,811 January 2015 £333,401,661	January 2014 £5,992,477 April 2014 £5,795,734 July 2014 £5,605,449 October 2014 £5,421,412 January 2015 £65,634,928	April 2015 £19,373,865 July 2015 £18,737,786 October 2015 £18,122,591 January 2016 £136,073,451	January 2022 £161,707,633	Not Applicable
(c) Relevant Accumulation Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
58. Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable - the NR Loan Tranche relating to the Series 2011-2 Class Z Notes shall be due and payable up to an amount of £200,067,000 on and following the Loan Tranche Payment Date occurring in October 2016 and due and payable in full on and following the Loan Tranche Payment Date in January 2022 and on each applicable Loan Tranche Payment Date thereafter
59. Final Repayment Date:	The Funding 1 Interest Payment Date occurring in October 2012	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	The Funding 1 Interest Payment Date occurring in October 2054

Class:		Class A1	Class A2	Class A3	Class A4	Class A5	Class Z
60.	Loan Tranche Payment Dates:	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date	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 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 (up to an amount of £200,067,000) on and from the Funding 1 Interest Payment Date in October 2016 and each Funding 1 Interest Payment Date on and from the Funding 1 Interest Payment Date in January 2022
61.	Other terms and special conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Issuer Swap Provider

The Issuer Swap Provider in relation to the series 2011-2 class A1 notes, the series 2011-2 class A2 notes, the series 2011-2 class A3 notes, the series 2011-2 class A4 notes and the series 2011-2 class A5 notes is Abbey National Treasury Services plc (**ANTS**).

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

ANTS is a direct wholly-owned subsidiary of Santander UK plc (**Santander UK**) (formerly Abbey National plc) which has given a full and unconditional guarantee in respect of the liabilities of ANTS incurred prior to 31 July 2012. Banco Santander, S.A. (**Banco Santander**) and its subsidiary company Santusa Holding, S.L. own the entire issued ordinary share capital of Santander UK. ANTS has given a reciprocal guarantee in respect of the liabilities of Santander UK. As at 29 November 2011, Santander UK has a long-term credit rating of "AA-" by Standard & Poor's, "A1" by Moody's and "A+" by Fitch and a short-term credit rating of "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1" by Fitch.

We refer you to the description of Santander UK within the section entitled "Santander UK plc and the Santander UK Group" of the prospectus.

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

ANTS contains parts of three divisions of the Santander UK group (the **Santander UK Group**):

- Asset & Liability Management (**ALM**);
- Global Banking & Markets (**GBM**); and
- Corporate Banking.

ALM is responsible for managing the Santander UK Group's capital and funding, and the treasury asset portfolio that is being run down as well as the Santander UK Group structural balance sheet composition and tactical liquidity risk management. This includes short-term and medium term funding, covered bond and securitisation programmes. ALM's responsibilities also include management of Santander UK Group's banking products and structural exposure to interest rates.

GBM is a financial markets business focused on providing value added financial services to large corporates not serviced by Corporate Banking (being, in general, large multinationals) and financial institutions, as well as to the rest of Santander UK Group's business (including the Retail Banking and Corporate Banking divisions). It is structured into five main product areas: Rates, Foreign exchange and money markets, Equity, Credit and Transaction Banking. In addition, large and complex clients are covered by teams organised along industry lines. Rates covers sales and trading activity for fixed income products. Equity covers equity derivatives, property derivatives and commodities. Equity derivatives activities include the manufacture of structured products sold to retail and corporate customers of both the Santander UK Group and of other financial institutions. Foreign exchange offers a range of foreign exchange products, and money markets runs the securities lending/borrowing and repurchase agreement ("repo") businesses. Credit originates loan and bond transactions in primary markets as well as their intermediation in secondary markets. Transaction Banking provides lending and cash management services, including deposit taking and trade finance.

Corporate Banking provides a range of banking services principally to UK companies, with a focus on services for SMEs, providing a broad range of banking products including loans, bank accounts, deposits, treasury services, invoice discounts, cash transmission and asset finance. Small businesses, with a turnover of less than £250,000, are serviced through the Business Banking division of Santander UK, while a network of 25 regionally-based Corporate Business Centres offers services through Santander UK to businesses with a turnover of £250,000 to £150m. The wholesale element of Corporate Banking, operated through Santander UK, is responsible for larger corporate clients, in addition to specialist teams servicing Real Estate, Social Housing and UK infrastructure clients.

The information contained in the preceding paragraphs has been provided by ANTS for use in these final terms. Except for the foregoing paragraphs, ANTS and its respective affiliates have not been involved in the preparation of, and do not accept responsibility for, these final terms or the prospectus to which it relates.

Currency presentation

Unless otherwise stated in these final terms, all conversions of pounds sterling into US dollars have been made at the rate of £1.00 = US\$1.6041 which was the closing buying rate in the City of New York for cable transfers in US dollars per £1.00 as certified for customs purposes by the Federal Reserve Bank of New York on 3 November 2011. Use of this rate does not mean that pound sterling amounts actually represent those US dollar amounts or could be converted into US dollars at that rate at any particular time.

Sterling/US dollar exchange rate history

	Period ending 3 November 2011	Years ended 31 December				
		2010	2009	2008	2007	2006
Last ⁽¹⁾	1.6041	1.5612	1.6170	1.4593	1.9850	1.9588
Average ⁽²⁾	1.6110	1.5458	1.5670	1.8524	2.0019	1.8436
High	1.6707	1.6362	1.6989	2.0335	2.1075	1.9816
Low	1.5343	1.4334	1.3753	1.4392	1.9205	1.7199

Notes:

(1) The closing exchange rate on the last operating business day of each of the periods indicated, years commencing from 1 January or the next operating business day.

(2) Average daily exchange rate during the period.

Source: Bloomberg – Close of Business Mid Price

Unless otherwise stated in these final terms, all conversions of pounds sterling into euro have been made at the rate of €1.00 = £0.8617 which was the closing buying rate in the City of New York for cable transfers in pounds sterling per €1.00 as certified for customs purposes by the Federal Reserve Bank of New York on 3 November 2011. Use of this rate does not mean that pound sterling amounts actually represent those euro amounts or could be converted into euro at that rate at any particular time.

Euro/sterling exchange rate history

	Period ending 3 November 2011	Years ended 31 December				
		2010	2009	2008	2007	2006
Last ⁽¹⁾	0.8617	0.8574	0.8869	0.9548	0.7350	0.6737
Average ⁽²⁾	0.8714	0.8581	0.8909	0.7974	0.6846	0.6818
High	0.9039	0.9118	0.9569	0.9757	0.7378	0.7007
Low	0.8302	0.8091	0.8432	0.7346	0.6553	0.6683

Notes:

(1) The closing exchange rate on the last operating business day of each of the periods indicated, years commencing from 1 January or the next operating business day.

(2) Average daily exchange rate during the period.

Source: Bloomberg – Close of Business Mid Price

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 2011-2 notes will have the following terms:

Funding 1 start-up loan provider:	Santander UK
Initial outstanding principal balance:	£4,288,000
Interest rate:	Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 25 May 2011 in connection with the series 2011-1 notes had the following terms:

Funding 1 start-up loan provider:	Santander UK
Initial outstanding principal balance:	£14,225,000
Interest rate:	Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 9 September 2010 in connection with the series 2010-4 notes had the following terms:

Funding 1 start-up loan provider:	Santander UK
Initial outstanding principal balance:	£430,800,000
Interest rate:	Three-Month Sterling LIBOR + 0.90% per annum

The Funding 1 start-up loan made available to Funding 1 on 27 July 2010 in connection with the series 2010-3 notes had 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	£14,522,803,897
Class B Notes	£41,632,313
Class M Notes	£32,243,611
Class C Notes	£21,381,137
Class D Notes	-
Class Z Notes	£2,338,965,000

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.....	£14,522,803,897
AA.....	£41,632,313
A.....	£32,243,611
BBB.....	£21,381,137
BB.....	-
NR.....	£2,338,965,000
Total.....	£16,957,025,959

Mortgages trust and the portfolio

As at the closing date the minimum seller share will be approximately £1,053,031,312.

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.

For the purposes of the conditions for the sale of New Loans set out in the Mortgage Sale Agreement, the yield of the Loans comprising the Trust Property together with the yield of the New Loans to be sold to the Mortgages Trustee on the relevant Sale Date shall be at least 1.00 per cent. greater than LIBOR for three-month sterling deposits as at the relevant Sale Date, after taking into account the average yield on the Loans which are Variable Rate Loans, Base Rate Loans and Fixed Rate Loans and the margins on the Funding 1 Swap(s) (and the relevant swaps of any Further Funding companies, where applicable), in each case as at the relevant Sale Date.

For the purposes of the conditions for the making of a Product Switch or the making of a Further Advance set out in the Mortgage Sale Agreement, the yield of the loans in the Trust Property on the relevant Trust Calculation Date is at least 1.00 per cent. greater than Sterling-LIBOR for three-month sterling deposits calculated on the immediately preceding Funding 1 Interest Payment Date (in respect of the then current Interest Period), after taking into account the average yield on the Loans which are Variable Rate Loans,

Base Rate Loans and Fixed Rate Loans and the margins on the Funding 1 Swap(s) (and any relevant swap agreements of each further Funding Company, where applicable), in each case as at the relevant Trust Calculation Date.

For the purposes of the definition of Product Switch, a Product Switch will include a variation where the rate of interest payable in respect of the Loan is offered to the Borrowers of more than 10 per cent. by Current Balance of Loans in the Trust Property as calculated on the next Trust Calculation Date as at the end of the immediately preceding Trust Calculation Period but only where such variation would cause the yield of the Loans comprising the Trust Property to be less than 1.00 per cent. greater than LIBOR for three-month sterling deposits (after taking into account the average yield on the Loans which are Variable Rate Loans, Base Rate Loans and Fixed Rate Loans and the margins on the Funding 1 Swap(s) (and the relevant swaps of any Further Funding companies, where applicable)).

Use of proceeds

The gross proceeds from the issue of the series 2011-2 notes will equal approximately £1,350,083,266 (after exchanging, where applicable, the proceeds of the notes for sterling, calculated by reference to the applicable specified currency exchange rate) 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 to make a further contribution to the mortgages trustee.

Maturity and prepayment considerations

The average lives of each class of the series 2011-2 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 2011-2 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 2011-2 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 class of series 2011-2 notes to be deferred;
- (7) the annualised CPR as at the cut-off date for the provisional 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, and on such date principal receipts are used to make payments due to other series of notes in priority to the redeemed notes;
- (9) the closing date is 6 December 2011;
- (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 "A1" by Moody's and "AA-" by Standard & Poor's and the long term issuer default rating of the seller continues to be at least "A+" by Fitch; and
- (13) the Funding 1 principal ledger balance at close is assumed to be £270,000,000,

the approximate average life in years of each class of the series 2011-2 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 2011-2 notes (in years)

Constant prepayment rate (per annum)	series 2011-2 class A1 notes	series 2011-2 class A2 notes	series 2011-2 class A3 notes	series 2011-2 class A4 notes	series 2011-2 class A5 notes
5 per cent.	0.74	3.01	3.01	3.97	10.12
10 per cent.	0.74	2.95	2.95	3.97	10.12
15 per cent.	0.74	2.95	2.95	3.97	10.12
20 per cent.	0.74	2.95	2.95	3.97	10.12
25 per cent.	0.74	2.95	2.95	3.97	10.12
30 per cent.	0.74	2.95	2.95	3.97	10.12
35 per cent.	0.74	2.95	2.95	3.97	10.12

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 your notes may be adversely affected by prepayments or redemptions on the loans”** in the prospectus.

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 3 November 2011 (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.

A loan will be removed from any additional portfolio if, in the period up to (and including) the sale date related to such additional portfolio, the loan is repaid in full or if the loan does not comply with the terms of the mortgage sale agreement on or about the closing date.

The expected portfolio as at the cut-off date consisted of 209,834 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 £19,677,058,292.94 as at that date. The loans in the expected portfolio at the cut-off date were originally originated by Alliance & Leicester between 20 November 1962 and 31 July 2010.

As at 3 November 2011, Alliance & Leicester's Standard Variable Rate was 4.99%. As at the closing date:

- Funding 1's share of the trust property will be approximately £16,957,025,959, representing approximately 88.39% of the trust property; and
- the seller's share of the trust property will be approximately £2,228,105,877, representing approximately 11.61% 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 on or 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	1,721,394,547.51	8.75%	62,087.00	29.59%
>50,000 to <=100,000	5,255,219,362.48	26.71%	71,376.00	34.02%
>100,000 to <=150,000	5,180,656,337.90	26.33%	42,550.00	20.28%
>150,000 to <=200,000	3,154,258,529.28	16.03%	18,438.00	8.79%
>200,000 to <=250,000	1,683,225,986.65	8.55%	7,610.00	3.63%
>250,000 to <=300,000	891,772,734.05	4.53%	3,279.00	1.56%
>300,000 to <=350,000	560,078,386.99	2.85%	1,741.00	0.83%
>350,000 to <=400,000	388,078,875.32	1.97%	1,043.00	0.50%
>400,000 to <=450,000	259,744,779.28	1.32%	616.00	0.29%
>450,000 to <=500,000	214,089,004.39	1.09%	454.00	0.22%
>500,000 to <=550,000	149,354,375.20	0.76%	287.00	0.14%
>550,000 to <=600,000	87,809,465.62	0.45%	154.00	0.07%
>600,000 to <=650,000	57,003,799.01	0.29%	92.00	0.04%
>650,000 to <=700,000	37,545,873.35	0.19%	56.00	0.03%
>700,000 to <=750,000	36,826,235.91	0.19%	51.00	0.02%
Totals	19,677,058,292.94	100.00%	209,834	100.00%

The maximum and average outstanding balances of the mortgage accounts as at the cut-off date were £749,203.47 and £93,774.40, 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. When granting a further advance, the seller may obtain a new valuation, and may in some circumstances, where the relevant loan meets certain criteria, apply movements in the Halifax House Price Index for the relevant region, between the date of the most standard valuation held on file and the date of the further advance application, to the most recent standard valuation to produce an updated indexed valuation. 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%.....	1,083,967,900.06	5.51%	36,861	17.57%
>25% to <=50%.....	4,268,186,949.02	21.69%	58,550	27.90%
>50% to <=75%.....	8,412,016,932.96	42.75%	71,645	34.14%
>75% to <=80%.....	1,868,935,397.46	9.50%	13,459	6.41%
>80% to <=85%.....	1,986,333,649.81	10.09%	14,591	6.95%
>85% to <=90%.....	1,267,724,062.75	6.44%	8,980	4.28%
>90% to <=95%.....	575,556,639.23	2.93%	4,051	1.93%
>95%.....	214,336,761.65	1.09%	1,697	0.81%
Totals	19,677,058,292.94	100.00%	209,834	100.00%

The 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 was 61.75%.

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%.....	1,331,616,215.27	6.77%	43,643	20.80%
>25% to <=50%.....	4,261,658,457.81	21.66%	57,309	27.31%
>50% to <=75%.....	7,195,729,891.37	36.57%	58,871	28.06%
>75% to <=80%.....	1,572,998,793.89	7.99%	11,015	5.25%
>80% to <=85%.....	1,518,227,996.97	7.72%	11,101	5.29%
>85% to <=90%.....	1,226,147,452.39	6.23%	8,983	4.28%
>90% to <=95%.....	847,202,565.77	4.31%	6,169	2.94%
≥95%.....	1,723,476,919.47	8.76%	12,743	6.07%
Totals	19,677,058,292.94	100.00%	209,834	100.00%

The 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) was 63.83%.

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	716,707,646.92	3.64%	8,089	3.85%
East Midlands	1,361,808,409.24	6.92%	17,825	8.49%
Greater London	1,852,814,759.84	9.42%	10,648	5.07%
Northern Ireland	384,248,020.25	1.95%	6,417	3.06%
Northern England	756,502,269.54	3.84%	9,759	4.65%
North West	1,775,077,183.40	9.02%	21,641	10.31%
Scotland	2,201,331,694.57	11.19%	30,359	14.47%
South East	5,406,194,675.95	27.47%	43,300	20.64%
South West	1,679,519,674.10	8.54%	17,538	8.36%
Wales	772,244,385.85	3.92%	10,299	4.91%
West Midlands	1,337,028,995.78	6.79%	15,544	7.41%
Yorkshire & Humberside	1,433,580,577.50	7.29%	18,415	8.78%
Totals	19,677,058,292.94	100.00%	209,834	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 vary throughout England, Scotland, Wales and Northern Ireland. The table below summarises the average house price in 2010 and the average household income in 2010 for each region in order to produce a house price to earnings ratio for each region. The issuer confirms that the information in the table below has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Office for National Statistics, no facts have been omitted which would render the reproduced information inaccurate or misleading. Note, however, that the issuer has not participated in the preparation of the information set out in the table below nor made any enquiry with respect to such information. Neither the issuer nor the Office for National Statistics 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.

Regions	Average Price (£)	Average earnings (£ per annum)	Price/earnings ratio
East Anglia	261,906	30,030	8.72
East Midlands	184,958	28,527	6.48
Greater London	385,180	41,621	9.25
Northern Ireland	168,033	26,603	6.32
North East	161,785	27,050	5.98
North West	183,573	28,704	6.40
Scotland	185,715	29,645	6.26
South East	309,715	32,490	9.53
South West	240,245	28,298	8.49
Wales	171,784	26,832	6.40
West Midlands	201,498	28,454	7.08
Yorkshire & Humberside	182,383	27,872	6.54

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	57,957,655.75	0.29%	360	0.17%
>=6 to <12	335,691,537.00	1.71%	2,214	1.06%
>=12 to <18	1,864,632,094.02	9.48%	14,056	6.70%
>=18 to <24	2,041,152,579.07	10.37%	16,080	7.66%
>=24 to <30	1,609,605,079.48	8.18%	15,042	7.17%
>=30 to <36	495,929,315.57	2.52%	5,196	2.48%
>=36 to <42	572,993,124.32	2.91%	5,163	2.46%
>=42 to <48	969,258,064.53	4.93%	8,300	3.96%
>=48 to <54	1,242,295,787.54	6.31%	9,970	4.75%
>=54 to <60	1,651,440,394.67	8.39%	14,670	6.99%
>=60 to <66	1,388,421,469.73	7.06%	12,946	6.17%
>=66 to <72	1,724,822,371.30	8.77%	17,038	8.12%
>=72 to <78	1,381,794,457.63	7.02%	15,572	7.42%
>=78 to <84	498,580,004.98	2.53%	6,421	3.06%
>=84 to <90	509,682,536.40	2.59%	7,320	3.49%
>=90 to <96	648,997,470.20	3.30%	9,830	4.68%
>=96 to <102	617,759,063.35	3.14%	9,822	4.68%
>=102 to <108	298,472,939.99	1.52%	4,807	2.29%
>=108 to <114	258,880,868.33	1.32%	4,119	1.96%
>=114 to <120	191,653,800.87	0.97%	3,117	1.49%
>=120 to <126	241,893,195.61	1.23%	4,117	1.96%
>=126 to <132	155,158,031.60	0.79%	3,164	1.51%
>=132 to <150	297,789,160.37	1.51%	5,645	2.69%
>=150 to <200	549,266,012.88	2.79%	12,561	5.99%
>=200 to <250	57,601,040.51	0.29%	1,599	0.76%
>=250	15,330,237.24	0.08%	705	0.34%
Totals	19,677,058,292.94	100.00%	209,834	100.00%

The maximum, minimum and weighted average seasoning of loans in mortgage accounts as at the cut-off date was 587.84, 4.11 and 58.89 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	680,227,823.08	3.46%	19,328	9.21%
>=5 to <10	1,835,696,288.61	9.33%	32,911	15.68%
>=10 to <15	3,316,298,934.95	16.85%	42,434	20.22%
>=15 to <20	5,991,948,503.60	30.45%	56,125	26.75%
>=20 to <25	5,107,206,765.18	25.96%	38,000	18.11%
>=25 to <30	1,685,028,501.86	8.56%	12,826	6.11%
>=30 to <35	846,598,567.57	4.30%	6,555	3.12%
>=35 to <40	214,052,908.09	1.09%	1,655	0.79%
Totals	19,677,058,292.94	100.00%	209,834	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 39.94 and 18.33 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	12,279,807,523.57	62.41%	138,384	46.80%
Remortgage (existing loan) ...	3,171,165,206.27	16.12%	49,202	16.64%
Remortgage (capital raising) .	4,225,690,998.72	21.48%	108,100	36.56%
Other	394,564.38	0.00%	5	0.00%
Totals	19,677,058,292.94	100.00%	295,691	100.00%

As at the cut-off date, the average balance of loans used to finance the purchase of a new property was £88,737.19 and the average balance of loans used to remortgage a property already owned by the borrower was £47,023.28.

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.....	743,191,828.15	3.78%	5,851	2.79%
Council Bungalow	3,207,367.83	0.02%	65	0.03%
Council Flat	30,609,152.65	0.16%	743	0.35%
Council House.....	143,444,506.93	0.73%	3,675	1.75%
Council Maisonette.....	5,713,185.06	0.03%	96	0.05%
Detached Bungalow	791,225,950.34	4.02%	9,533	4.54%
Detached House	5,479,762,560.06	27.85%	48,453	23.09%
Maisonette.....	325,023,410.58	1.65%	2,955	1.41%
Other Residential Property	4,861,883.71	0.02%	172	0.08%
Purpose Built Flat.....	1,457,744,640.74	7.41%	15,668	7.47%
Semi-Detached Bungalow.....	288,238,870.83	1.46%	4,112	1.96%
Semi-Detached House	5,524,218,192.40	28.07%	63,012	30.03%
Terraced Bungalow	33,549,576.31	0.17%	502	0.24%
Terraced House	4,846,267,167.35	24.63%	54,997	26.21%
Totals	19,677,058,292.94	100.00%	209,834	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.....	11,730,077,450.08	59.61%	208,078	70.37%
Interest-only	3,165,498.52	0.02%	76	0.03%
Combination repayment and interest-only.....	7,943,815,344.34	40.37%	87,537	29.60%
Totals	19,677,058,292.94	100.00%	295,691	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	10,498,660,855.04	53.35%	144,228	48.78%
Discount loans.....	505,831,298.60	2.57%	10,278	3.48%
Fixed rate loans.....	5,179,540,946.74	26.32%	67,099	22.69%
Variable rate loans	3,493,025,192.56	17.75%	74,086	25.06%
Totals	19,677,058,292.94	100.00%	295,691	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	19,563,805,001.50	99.42%	207,767	99.01%
Cheque/Cash	113,253,291.44	0.58%	2,067	0.99%
Totals	19,677,058,292.94	100.00%	209,834	100.00%

Distribution of fixed rate loans

As at the cut-off date, approximately 26.32% 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%	1,409,178,202.87	27.21%	19,704	29.37%
>4% to =<5%	2,007,283,666.36	38.75%	26,133	38.95%
>5% to =<6%	1,599,342,755.74	30.88%	17,440	25.99%
>6%	163,736,321.77	3.16%	3,822	5.70%
Totals	5,179,540,946.74	100.00%	67,099	100.00%

Year and month 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
Dec-2011.....	314,264,028.01	6.07%	3,661.00	5.46%
Jan-2012	208,022,468.24	4.02%	2,768.00	4.13%
Feb-2012	158,916,127.80	3.07%	2,241.00	3.34%
Mar-2012	146,444,850.00	2.83%	2,050.00	3.06%
Apr-2012	166,045,043.56	3.21%	2,387.00	3.56%
May-2012	323,354,783.19	6.24%	4,584.00	6.83%
Jun-2012	159,788,681.38	3.08%	1,818.00	2.71%
Jul-2012	234,642,448.73	4.53%	3,259.00	4.86%
Aug-2012	151,232,002.35	2.92%	1,833.00	2.73%
Sep-2012	240,586,751.02	4.64%	3,255.00	4.85%
Oct-2012	149,852,123.86	2.89%	2,163.00	3.22%
Nov-2012	114,195,493.38	2.20%	1,316.00	1.96%
Dec-2012	137,465,491.64	2.65%	1,896.00	2.83%
2013	1,328,227,424.12	25.64%	17,050.00	25.41%
2014	972,416,678.65	18.77%	11,335.00	16.89%
2015	119,290,360.56	2.30%	2,012.00	3.00%
2016	31,704,312.02	0.61%	656.00	0.98%
Fixed for life.....	223,091,878.23	4.31%	2,815.00	4.20%
Totals	5,179,540,946.74	100.00%	67,099	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	17,897,740,186.26	90.96%	193,763	92.34%
Self employed	1,779,318,106.68	9.04%	16,071	7.66%
Totals	19,677,058,292.94	100.00%	209,834	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	3,629,456,756.92	18.45%	34,320	16.36%
Non-first time buyer	16,047,601,536.02	81.55%	175,514	83.64%
Totals	19,677,058,292.94	100.00%	209,834	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 October 2010 and 30 September 2011.

As of month-end	one-month annualised	three-month annualised	12-month annualised
September 2011	34.95%	30.57%	20.35%

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 £61,439,661.08, representing 0.31% 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	19,615,618,631.86	99.69%	209,175	99.69%
>1<=3 months in arrears	30,509,687.44	0.16%	351	0.17%
>3<=6 months in arrears	14,363,080.42	0.07%	139	0.07%
>6<=9 months in arrears	6,245,137.07	0.03%	66	0.03%
>9<=12 months in arrears	3,680,211.47	0.02%	34	0.02%
More than 12 months in arrears	6,641,544.68	0.03%	69	0.03%
Totals	19,677,058,292.94	100.00%	209,834	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.

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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%	June 2010.....	10.60%	11.24%
September 2010.....	11.30%	10.87%	December 2010.....	10.98%	10.62%
March 2011	10.03%	10.73%	June 2011.....	10.59%	10.73%
September 2011.....	11.91%	10.88%			

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	2010	0.32
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	4.55	2003	7.30
1995	4.47	2004	7.78
1996	4.51	2005	7.92
1997	4.77	2006	7.86
1998	5.11	2007	8.42
1999	5.37	2008	8.14
2000	5.86	2009	7.43
2001	5.98	2010	7.88
2002	6.78		

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 who publishes the Halifax House Price Index.)

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 1987	100.30	0.00	81.55	13.70	140.60	13.78
June 1987	101.90	0.00	85.75	14.96	147.30	13.58
September 1987	102.10	0.00	88.64	14.98	152.60	13.67
December 1987	103.20	0.00	88.48	11.36	158.20	14.46
March 1988	103.70	3.33	89.95	9.80	164.90	15.94

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 1988	106.20	4.13	97.61	12.95	180.20	20.16
September 1988	107.70	5.34	108.43	20.15	198.90	26.50
December 1988	109.90	6.29	114.20	25.51	212.00	29.27
March 1989	111.70	7.43	118.76	27.79	217.80	27.82
June 1989	114.90	7.87	124.17	24.06	226.80	23.00
September 1989	116.00	7.42	125.24	14.42	227.30	13.35
December 1989	118.30	7.37	122.68	7.16	222.80	4.97
March 1990	120.40	7.50	118.87	0.09	220.70	1.32
June 1990	126.00	9.22	117.66	-5.38	224.30	-1.11
September 1990	128.10	9.92	114.20	-9.23	224.20	-1.37
December 1990	130.10	9.51	109.56	-11.31	222.90	0.04
March 1991	130.80	8.28	108.82	-8.84	220.20	-0.23
June 1991	133.60	5.86	110.55	-6.23	223.20	-0.49
September 1991	134.20	4.65	109.53	-4.18	220.80	-1.53
December 1991	135.50	4.07	107.00	-2.37	217.50	-2.45
March 1992	136.20	4.05	104.11	-4.42	210.60	-4.46
June 1992	139.10	4.03	105.06	-5.10	210.40	-5.91
September 1992	139.00	3.51	104.22	-4.97	208.40	-5.78
December 1992	139.60	2.98	100.08	-6.68	199.30	-8.74
March 1993	138.70	1.82	100.00	-4.02	196.90	-6.73
June 1993	140.90	1.29	103.57	-1.42	203.20	-3.48
September 1993	141.30	1.64	103.23	-0.96	204.20	-2.04
December 1993	141.80	1.56	101.84	1.74	202.50	1.59
March 1994	142.00	2.35	102.39	2.36	202.30	2.71
June 1994	144.50	2.52	102.46	-1.08	204.30	0.54
September 1994	144.60	2.31	103.20	-0.03	204.30	0.05
December 1994	145.50	2.58	103.96	2.06	200.90	-0.79
March 1995	146.80	3.32	101.91	-0.47	200.30	-0.99
June 1995	149.50	3.40	103.00	0.53	201.00	-1.63
September 1995	149.90	3.60	102.41	-0.77	199.00	-2.63
December 1995	150.10	3.11	101.60	-2.30	197.80	-1.56
March 1996	150.90	2.75	102.47	0.55	200.90	0.30
June 1996	152.80	2.18	105.79	2.67	208.60	3.71
September 1996	153.10	2.11	107.74	5.08	209.80	5.28
December 1996	154.00	2.57	110.06	8.00	212.60	7.22
March 1997	154.90	2.62	111.33	8.30	215.30	6.92
June 1997	156.90	2.65	116.51	9.65	222.60	6.50
September 1997	158.40	3.40	121.20	11.77	223.60	6.37
December 1997	159.70	3.63	123.34	11.40	224.00	5.22
March 1998	160.20	3.36	125.48	11.96	226.40	5.03
June 1998	163.20	3.94	130.11	11.04	234.90	5.38
September 1998	163.70	3.29	132.39	8.84	236.10	5.44
December 1998	164.40	2.90	132.29	7.00	236.30	5.35
March 1999	163.70	2.16	134.61	7.02	236.30	4.28
June 1999	165.50	1.40	139.66	7.09	247.70	5.31
September 1999	165.60	1.15	144.35	8.65	256.70	8.37
December 1999	166.80	1.45	148.89	11.83	263.40	10.86
March 2000	167.50	2.29	155.00	14.10	270.50	13.52
June 2000	170.60	3.04	161.99	14.83	275.60	10.67
September 2000	170.90	3.15	161.46	11.20	277.60	7.83
December 2000	172.00	3.07	162.84	8.95	278.30	5.50
March 2001	171.80	2.53	167.52	7.77	279.00	3.09
June 2001	173.90	1.92	174.83	7.63	297.00	7.48
September 2001	174.00	1.80	181.63	11.77	305.00	9.41
December 2001	173.80	1.04	184.59	12.54	310.90	11.08
March 2002	173.90	1.21	190.22	12.71	324.30	15.05

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 2002	176.00	1.20	206.47	16.64	346.60	15.44
September 2002	176.60	1.48	221.09	19.66	369.10	19.08
December 2002	178.20	2.50	231.29	22.55	393.00	23.43
March 2003	179.20	3.00	239.26	22.94	400.10	21.00
June 2003	181.30	2.97	250.12	19.18	422.50	19.80
September 2003	181.80	2.90	258.86	15.77	437.60	17.02
December 2003	182.90	2.60	267.12	14.40	453.50	14.32
March 2004	183.80	2.53	277.34	14.77	474.00	16.95
June 2004	186.30	2.72	296.16	16.90	513.20	19.45
September 2004	187.40	3.03	306.18	16.79	527.20	18.63
December 2004	189.20	3.39	304.15	12.98	522.00	14.07
March 2005	189.70	3.16	304.80	9.44	520.20	9.30
June 2005	191.90	2.96	314.18	5.91	532.10	3.62
September 2005	192.60	2.74	314.45	2.67	543.10	2.97
December 2005	193.70	2.35	313.97	3.18	548.40	4.93
March 2006	194.20	2.34	319.82	4.81	552.60	6.04
June 2006	197.60	2.93	329.22	4.68	582.10	8.98
September 2006	199.30	3.42	336.06	6.65	586.70	7.72
December 2006	201.40	3.90	343.25	8.92	602.80	9.46
March 2007	203.00	4.43	350.21	9.08	613.90	10.52
June 2007	206.30	4.31	362.69	9.68	644.10	10.12
September 2007	207.10	3.84	367.32	8.89	649.30	10.14
December 2007	209.80	4.09	366.98	6.68	634.40	5.11
March 2008	211.10	3.91	357.81	2.15	620.90	1.13
June 2008	215.30	4.27	348.14	-4.10	605.10	-6.25
September 2008	217.40	4.85	329.53	-10.86	568.90	-13.22
December 2008	215.50	2.68	312.85	-15.96	531.50	-17.70
March 2009	210.90	-0.09	298.65	-18.07	512.50	-19.19
June 2009	212.60	-1.26	307.34	-12.46	514.30	-16.26
September 2009	214.40	-1.39	319.50	-3.09	526.50	-7.75
December 2009	216.90	0.65	323.40	3.32	537.30	1.09
March 2010	219.30	3.91	324.94	8.44	539.00	5.04
June 2010	223.50	5.00	336.57	9.09	546.60	6.09
September 2010	224.50	4.60	333.85	4.39	540.40	2.61
December 2010	227.00	4.55	325.11	0.53	528.80	-1.59
March 2011	230.90	5.15	323.93	-0.31	523.20	-2.98
June 2011	234.90	4.97	332.67	-1.17	527.20	-3.61
September 2011	237.90	5.80	332.34	-0.45	528.00	-2.32

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:

$\text{LN}(x/y)$ 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 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. Santander UK services 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.

	31-Dec-2008	31-Dec-2009	31-Dec-2010	30-Jun-2011
Outstanding balance (£ millions)	£37,751.6	£37,799.2	£38,010.9	£35,727.5
Number of loans outstanding (thousands)	428.5	425.6	420.6	398.6
Outstanding balance of loans in arrears (£ millions)				
1-2 payments in arrears	£350.5	£263.5	£263.5	£271.3
3-11 payments in arrears	£253.5	£273.1	£262.2	£256.7
12 or more payments in arrears	£42.2	£119.7	£109.3	£103.1
Total outstanding balance of loans in arrears (£ millions)	£646.2	£656.3	£634.9	£631.1
Total outstanding balance of loans in arrears as % of the outstanding balance ..	1.71%	1.74%	1.67%	1.77%
Outstanding balance of loans relating to properties in possession (£ millions)	£16.4	£12.9	£20.7	£22.1
Outstanding balance at sale of loans relating to properties sold during the year (£ millions) ⁽¹⁾	£32.74	£49.25	£59.75	£31.51
Net loss on sales of all repossessed properties (£ millions) ⁽²⁾	£9.82	£15.92	£16.05	£11.53
Ratio of aggregate net losses to average aggregate outstanding balance of loans ⁽³⁾	0.03%	0.04%	0.04%	0.03%
Average net loss on all properties sold (£ thousands)	£48.35	£44.85	£34.59	£46.67
Number of loans outstanding in arrears (thousands)				
1-2 payments in arrears	4.9	3.5	3.5	3.6
3-11 payments in arrears	3.1	3.1	3.1	2.9
12+ payments in arrears	0.5	1.2	1.1	1.3
Total number of loans outstanding in arrears	8.5	7.8	7.7	7.9
Total number of loans outstanding in arrears as % of the number of loans outstanding	2.0%	1.8%	1.8%	2.0%
Number of properties in possession	109	90	156	176
Number of properties sold during the year	203	355	464	247

(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.

The level of mortgage arrears with respect to Alliance & Leicester's originated loan portfolio 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 its lending policies in the light of prevailing market conditions and reviews actions so as to mitigate possible problems. The performance of Santander UK's new business and the arrears profiles are continuously monitored in monthly reports.

ANNEX A

Static Pool Data

The tables below 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.

Origination Characteristics by Year

	2006	2007	2008	2009	2010	2011 H1
Number of accounts opened (thousands)	94.7	88.9	23.7	41.5	31.4	1.6
Aggregate original balance (£) (millions)	11,884.9	11,872.4	2,929.0	4,753.6	4,377.6	258.1
Average original balance (£) (thousands)	125.5	133.5	123.7	114.7	139.6	165.1
Weighted average original loan-to-value ratio	73.6	73.4	71.9	64.6	64.5	66.3
Weighted average original term (years)	24.6	24.7	23.6	21.4	21.4	22.5

(1) Data are based on all business written in the period 2001-2011.

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

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 any new notes by 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
25 May 2011	£4,779,314,240	53,767
15 July 2011	£1,200,835,714	10,662
28 November 2011	£3,343,203,162	24,830

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 “**Description of the transaction documents – The mortgage sale agreement – Sale of the loans and their related security**” in the prospectus.

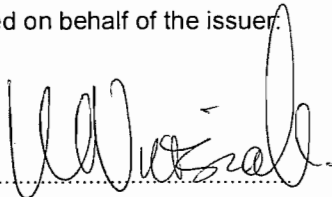
Listing and admission to trading application

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: 

Duly authorised

per pro SFM Directors Limited
as Director

ANNEX 2

PROGRAMME AGREEMENT

**SECOND AMENDED AND RESTATED PROGRAMME
AGREEMENT**

DATED 21 NOVEMBER 2006 AND AMENDED AND RESTATED ON 30 JULY 2007 AND 20
DECEMBER 2007

FOSSE MASTER ISSUER PLC
as Issuer

ALLIANCE & LEICESTER PLC
as Seller

FOSSE FUNDING (NO. 1) LIMITED
as Funding 1

FOSSE TRUSTEE LIMITED
as Mortgages Trustee

BARCLAYS BANK PLC
as Dealer and Arranger

CITIGROUP GLOBAL MARKETS LIMITED
as Dealer and Arranger
and

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
as Dealer

ALLEN & OVERY

Allen & Overy LLP

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THIS SECOND AMENDED AND RESTATED PROGRAMME AGREEMENT (this Agreement) is made on 21 November 2006 and amended and restated on 30 July 2007 and 20 December 2007

BETWEEN:

- (A) **FOSSE MASTER ISSUER PLC** (registered number 5925693), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (B) **ALLIANCE & LEICESTER PLC** (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (the **Seller**);
- (C) **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (D) **FOSSE TRUSTEE LIMITED** (registered number 94410), whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (the **Mortgages Trustee**);
- (E) **BARCLAYS BANK PLC** (registered number 01026167), whose registered office is at 5 The North Colonnade, Canary Wharf, London E14 4BB (**Barclays**, a **Dealer** and an **Arranger**);
- (F) **CITIGROUP GLOBAL MARKETS LIMITED** (registered number 01763297), whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (**Citi**, a **Dealer** and an **Arranger**); and
- (G) **LEHMAN BROTHERS INTERNATIONAL (EUROPE)** (registered number 02538254), whose registered office is at 25 Bank Street, London E14 5LE (**Lehman** and a **Dealer**).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Unless otherwise defined in this Agreement or the context requires otherwise, words and expressions used in this Agreement shall have the meanings and constructions ascribed to them in the Issuer Master Definitions and Construction Schedule dated 28 November 2006 (as amended, varied or supplemented from time to time) originally signed by, inter alios, the parties hereto other than Lehman (the **Issuer Master Definitions and Construction Schedule**). This Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Issuer Master Definitions and Construction Schedule.

- 1.1 (a) As used herein, in relation to any Notes which are to have a "listing" or to be "listed" (i) on the London Stock Exchange, **listing** and **listed** shall be construed to mean that such Notes have been admitted to the Official List and admitted to trading on the London Stock Exchange's Gilt and Fixed Interest Market and (ii) on any other Stock Exchange in a jurisdiction within the European Economic Area which has implemented the Prospectus Directive, **listing** and **listed** shall be construed to mean that the Notes have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).
- (b) All references in this Agreement to **Stock Exchange** and **relevant Stock Exchange** shall:
 - (i) where the Notes of the relevant Series are, or are to be, admitted to trading on the London Stock Exchange, be references to the London Stock Exchange; and

- (ii) where the Notes of the relevant Series are, or are to be, listed on any other stock exchange in a jurisdiction where admission to listing is approved and announced by a regulatory authority other than that stock exchange itself, such stock exchange and the relevant listing authority.
 - (c) In this Agreement, **Prospectus** means the prospectus prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as revised, supplemented or amended from time to time by the Issuer in accordance with Clause 5.2 (for the avoidance of doubt, as at the date hereof, being the base prospectus dated 20 December 2007) including any documents which are from time to time incorporated therein by reference, provided that:
 - (i) in relation to each Series of Notes the applicable Final Terms shall be deemed to be included in the Prospectus; and
 - (ii) for the purpose of Clause 4.5 in respect of the Agreement Date and the Closing Date, the Prospectus means the Prospectus as at the Agreement Date, but without prejudice to Clause 4.5 not including any subsequent revision, supplement or amendment to it or incorporation of information in it.
 - (d) In this Agreement, **Arrangers** means Barclays Bank PLC and Citigroup Global Markets Limited and **Arranger** means any one of them.
 - (e) **Lead Manager(s)** means, in relation to any Series of Notes, the Dealer(s) named as such in the applicable Subscription Agreement.
 - (f) In this Agreement, **Dealers** means Barclays Bank PLC, Citigroup Global Markets Limited, Lehman Brothers International (Europe) and any New Dealer which the Issuer may appoint as a Dealer in accordance with Clause 11, but excluding any entity whose appointment has been terminated in accordance with Clause 10, and references to a **relevant Dealer** or the **relevant Dealer(s)** means, in relation to any Series and Class of Notes, the Dealer or Dealers with whom the Issuer has agreed the issue and sale of the Notes of such Series and Class and **Dealer** means any one of them.
 - (g) In this Agreement, **Time of Sale** means the Time of Sale as defined in the relevant Subscription Agreement.
 - (h) For the avoidance of doubt, the **Agreement Date** in respect of any such issue shall be the date on which the Subscription Agreement is signed by or on behalf of all the parties to it.
- 1.2 The Issuer, the Seller, Funding 1, the Mortgages Trustee, Barclays and Citi entered into the programme agreement dated 21 November 2006 (the **Original Programme Agreement**) as amended and restated by a further programme agreement dated 30 July 2007 (the **Restated Programme Agreement**). The parties hereto have agreed to amend and restate the terms of the Restated Programme Agreement as set out herein. As at the date of this Agreement (the **Effective Date**), any future rights or obligations (excluding such obligations accrued to the Effective Date) of a party under the Restated Programme Agreement shall be extinguished and shall instead be governed by this Agreement.
- 2. AGREEMENTS TO ISSUE AND PURCHASE NOTES**
- 2.1 Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to purchase, all or any part of a Series of Notes or any Class or Classes thereof.

2.2 Unless otherwise agreed between the parties hereto, on each occasion upon which the Issuer and any Dealer agree on the terms of the issue by the Issuer and purchase by such Dealer of all or any part of a Series of Notes or any Class or Classes thereof:

- (a) the Issuer shall cause the Notes of the relevant Series that shall be initially represented by a Reg S Global Note or a Rule 144A Global Note, as indicated in the applicable Final Terms, to be issued and delivered on the agreed Closing Date:
 - (i) in the case of a Reg S Global Note, to a common depositary for Euroclear and Clearstream, Luxembourg, as applicable, as specified in the applicable Final Terms; and
 - (ii) in the case of a Rule 144A Global Note, to a custodian for DTC, as specified in the applicable Final Terms;
- (b) the securities account of the relevant Dealer with Euroclear and/or Clearstream, Luxembourg and/or DTC (as specified by the relevant Dealer) will be credited with such Notes of the relevant Series as the relevant Dealer has agreed to purchase on the agreed Closing Date; and
- (c) the relevant Dealer or, as the case may be, the Lead Manager(s) shall, subject to such Notes of the relevant Series being so credited, cause the net purchase moneys for such Notes of the relevant Series to be paid in the relevant currency by transfer of funds to the designated account of the relevant Principal Paying Agent or (in the case of Reg S Global Notes in syndicated issues) the designated account of the Issuer with Euroclear and/or Clearstream, Luxembourg so that such payment is credited to such account for value on such Closing Date.

2.3 Unless otherwise agreed between the Issuer and the relevant Dealer in respect of a Series where more than one Dealer has agreed with the Issuer to purchase a particular Class of Notes of the relevant Series pursuant to this Clause 2, the obligations of such Dealers so to purchase such Notes of the relevant Series shall be joint and several and the Issuer shall enter into a Subscription Agreement in the form of Appendix 4 hereto with such Dealers. The Issuer may also enter into a Subscription Agreement with one Dealer only.

2.4 Each of the Issuer and the relevant Dealer acknowledges that any issue of Notes of the relevant Series in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply may only be issued in circumstances which, to the best of their knowledge and belief, comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.

3. CONDITIONS OF ISSUE

3.1 First issue

Before the Issuer reaches its first agreement with any Dealer for the issue and purchase of the first Series of Notes under the Programme, the relevant Dealer shall have received, and the obligations of the Dealers under this Agreement shall be conditional upon each Dealer's receipt of, all of the documents and confirmations described in Part 1 of the Initial Documentation List set out as Appendix 1.

3.2 Each issue

The obligations of a Dealer under any agreement for the issue and purchase of Notes of a Series made pursuant to Clause 2 are conditional upon compliance with Clause 3.1 and:

- (a) in respect of any Dealer which has not been a Dealer on a previous Series, delivery by the Issuer of copies of the executed Issuer Transaction Documents and (in the case of each Dealer to that Series) delivery by the Issuer of copies of the executed amendments to any Issuer Transaction Documents that have been amended since such Dealer was previously a Dealer on a Series;
- (b) the Issuer, Funding 1, the Mortgages Trustee and the Seller having performed all of their obligations under this Agreement to be performed on or before the proposed Closing Date and upon the accuracy, on the Closing Date, of the representations and warranties of the Issuer, Funding 1, the Mortgages Trustee and the Seller given on the related Agreement Date;
- (c) there having been, as at the proposed Closing Date, no change or any development involving a prospective change from that set forth in the Prospectus as at the relevant Agreement Date in the condition (financial or otherwise), results of operations, prospects or business affairs of the Issuer, Funding 1 or the Mortgages Trustee nor the occurrence of any event making untrue or incorrect any of the representations and warranties contained in Clause 4 that, in the reasonable judgment of the relevant Dealer, is or could reasonably be expected to be material and adverse in the context of the issue of the Notes of the relevant Series or the performance of their obligations under the Issuer Transaction Documents on the terms and in the manner contemplated in the Prospectus;
- (d) there not having occurred since the relevant Agreement Date, in the reasonable opinion of the relevant Dealer or, if more than one, the Lead Manager(s) (after consultation with the Issuer and the Seller), any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the view of the relevant Dealer or the Lead Manager(s) (as the case may be), be likely to prejudice materially the success of the issue, offering, sale or distribution of any of the relevant Series of Notes, whether in the primary market or in respect of dealings in the secondary market;
- (e) (i) the execution and delivery (on or before the Closing Date) of the Funding 1 Transaction Documents and each other document listed in the relevant Signing and Closing Agenda (each in approved form) by the respective parties; (ii) due satisfaction of all Conditions Precedent to the Issuer Transaction Documents and the Funding 1 Transaction Documents other than the issue of the Notes; and (iii) irrevocable instructions to the Cash Manager to procure payment on behalf of the Issuer in accordance with a payment instruction letter agreed between the Issuer and the relevant Dealer or, if more than one, the Lead Managers (the **Payment Instruction Letter**);
- (f) the Notes of the relevant Series having been listed and the relevant Stock Exchange having admitted the Notes of the relevant Series to trading subject only to the issue of the Notes of the relevant Series;
- (g) on or before the relevant Closing Date, there having been delivered by the respective legal advisers below to the Lead Manager(s) on behalf of the relevant Dealers opinions, in form and substance satisfactory to the Lead Manager(s), dated the relevant Closing Date, of:
 - (i) Allen & Overy LLP, legal advisers to the Issuer, Funding 1 and the Seller as to English and U.S. federal securities law;

- (ii) Linklaters LLP, legal advisers to the relevant Dealers and Lead Manager(s) as to English and U.S. federal securities law;
- (iii) Tods Murray LLP, legal advisers to the Issuer, Funding 1 and the Seller as to Scots law;
- (iv) L'Estrange & Brett, legal advisers to the Issuer, Funding 1 and the Seller as to Northern Irish law; and
- (v) Mourant du Feu & Jeune, legal advisers to the Mortgages Trustee as to Jersey law;
- (h) there having been delivered by the Issuer, Funding 1, the Mortgages Trustee and the Seller, as applicable, to the Lead Manager(s) on behalf of the relevant Dealers a solvency certificate (in approved form) of each of the Issuer, Funding 1, the Mortgages Trustee and the Seller dated the relevant Closing Date and signed by a duly authorised officer;
- (i) the matters that the Prospectus state will be done as at the relevant Closing Date having been done;
- (j) the delivery by the Issuer, Funding 1, the Mortgages Trustee and the Seller, as applicable, to the Lead Manager(s) on behalf of the relevant Dealers of:
 - (i) a copy certified by a duly authorised signatory of the Issuer, Funding 1, the Mortgages Trustee and the Seller, respectively, of the Memorandum and Articles of Association of the Issuer, Funding 1, the Mortgages Trustee and the Seller and their respective Certificates of Incorporation and any relevant Certificate of Incorporation on change of name or Certificates of Incorporation on re-registration as a public limited company;
 - (ii) a copy, certified by a duly authorised signatory of the Issuer, Funding 1, the Mortgages Trustee and the Seller, respectively, of the resolutions of the respective Board of Directors of the Issuer, Funding 1, the Mortgages Trustee and Seller authorising the execution of this Agreement and the other Transaction Documents to which it is a party (to the extent that such documents have not been executed and delivered prior to the date hereof) and the entry into and performance of the transactions contemplated hereby and thereby;
- (k) there having been delivered to the relevant Dealers comfort letters in connection with such Notes in form and substance satisfactory to the Lead Manager(s) from Deloitte & Touche LLP or such other independent auditors of the Issuer as may be approved by the Lead Manager(s);
- (l) the share capital of each of the Issuer, Funding 1 and the Mortgages Trustee having been issued and paid up as described in the Prospectus;
- (m) there being no outstanding breach of any of the obligations of the Issuer, Funding 1, the Mortgages Trustee or the Seller under this Agreement, any of the Transaction Documents or any Notes of the relevant Series that has not been expressly waived by the relevant Dealer on or prior to the proposed Closing Date;
- (n) there being in full force and effect all governmental or regulatory resolutions, approvals or consents required for the Issuer to issue the Notes of the relevant Series on the proposed Closing Date and for the Issuer to fulfil its obligations under such Notes and the Issuer

having delivered to the relevant Dealer certified copies of such resolutions, approvals or consents and, where applicable, certified English translations thereof;

- (o) the form of the Final Terms of the relevant Series, the applicable Global Notes of the relevant Series, Notes of the relevant Series in definitive form in relation to the relevant Class and the relevant settlement procedures having been agreed by the Issuer, the relevant Dealer, the Principal Paying Agent and the Registrar;
- (p) the relevant currency being accepted for settlement by Euroclear and/or Clearstream, Luxembourg and, where relevant, DTC;
- (q) in the case of Notes being sold pursuant to and in reliance on Rule 144A, the Notes being eligible for clearance and settlement through DTC and, if specified in the relevant Final Terms, being designated PORTAL-eligible securities in accordance with the rules and regulations of the National Association of Securities Dealers, Inc.;
- (r) the delivery by the Issuer to the Registrar as custodian of the Rule 144A Global Note representing the relevant Notes of the relevant Series or the delivery to the common depositary of the Reg S Global Note representing the relevant Notes of the relevant Series; and
- (s) any calculations or determinations which are required by the relevant Conditions to have been made prior to the Closing Date having been duly made.

In the event that any of the foregoing conditions is not satisfied, each relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.

3.3 Waiver

Subject to the discretion of the Lead Manager(s) as provided in a Subscription Agreement (where applicable), any Dealer, on behalf of itself only, may by notice in writing to the Issuer waive any of the conditions precedent contained in Clause 3.2 (save for the conditions precedent contained in Clause 3.2(a) and (q) in so far as they relate to an issue of Notes of the relevant Series to that Dealer).

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

4.1 As at the date of this Agreement, the Issuer hereby represents, warrants and undertakes to the Dealers as follows:

- (a) neither it nor any person (other than the Dealers) acting on its behalf has engaged or will engage in any directed selling efforts in the United States (as defined in Rule 903(a)(2) under the Securities Act) with respect to the Notes of the relevant Series being sold in reliance on Reg S; and it and any person (other than the Dealers) acting on its behalf has complied and will comply with the offering restrictions requirement of Reg S with respect to such Notes;
- (b) neither it nor any person acting on its behalf (other than the Dealers) will make offers or sales of securities under circumstances that would require the registration of the Notes of the relevant Series under the Securities Act including by means of any general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) with respect to the offering of the Notes in the United States;

- (c) for so long as any Rule 144A Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and the Issuer is not subject to Sections 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer will provide or cause to be provided to any holder of such restricted securities and any prospective purchaser of such restricted securities designated by such a holder, upon the request of such holder or prospective purchaser, the information required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act;
- (d) the execution and delivery of this Agreement has been duly authorised by the Issuer and constitutes, and the execution and delivery of the other Issuer Transaction Documents to which the Issuer is a party have been or will be on or before the relevant Closing Date duly authorised by the Issuer and on the relevant Closing Date will constitute, legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (e) the issue of the Notes of the relevant Series have been or will be on or before the relevant Closing Date duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered in accordance with the Trust Deed, will constitute, legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (f) the Issuer has been duly incorporated and is validly existing under the law of its jurisdiction of incorporation with full power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to execute and perform its obligations under the Issuer Transaction Documents to which it is a party and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (g) no action or steps are required to be taken or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) for the issue and offering of, and compliance with the terms of, the Notes of the relevant Series and the execution and compliance with the terms of the Issuer Transaction Documents to which it is a party, except for registration of the Issuer Deed of Charge under Section 395 Companies Act 1985 or those which have been, or will prior to the Closing Date be, taken or done and are, or will on the relevant Closing Date be, in full force and effect;
- (h) the execution and delivery of this Agreement and the other Issuer Transaction Documents to which the Issuer is a party, the issue and offering of the Notes of the relevant Series and the Issuer's performance of the terms of the Notes of the relevant Series and of the Issuer Transaction Documents to which the Issuer is a party do not and will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Issuer or any indenture, trust deed, mortgage or other agreement or instrument to which the Issuer is a party or by which it or any of its properties is bound or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government body or court or regulatory body, domestic or foreign, having jurisdiction over the Issuer or any of its properties;
- (i) (i) the Prospectus contains all information with respect to the Issuer, to the Notes of the relevant Series and to the transactions contemplated by the Transaction Documents that is material in the context of the issue and offering of the Notes of the relevant Series including, without limitation, all information required by English law and the information that, according to the particular nature of the Issuer and of the Notes of the relevant Series, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching

to the Notes of the relevant Series; (ii) the statements of fact contained in the Prospectus are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in the Prospectus with regard to the Issuer are honestly and reasonably held; (iv) there are no other facts the omission of which would in the context of the issue of the Notes of the relevant Series make any statement in the Prospectus misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in the Prospectus;

- (j)
 - (i) as of the Time of Sale, the Prospectus, including the Final Terms, in each case in preliminary or, as applicable, final form (being the latest version available as of the Time of Sale), the investor presentation in respect of any Series of Notes prepared for purposes of investor meetings by the Seller in consultation with the Dealers, and the pricing annex (if any) attached to the Subscription Agreement (together the **Marketing Materials**) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the omission of terms of the transaction not determined as of the date of the Marketing Materials);
 - (ii) as of the date of the Final Terms and as of the Closing Date, the Prospectus, including the Final Terms, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
 - (iii) the representation and warranties in this subsection (j) shall not apply with respect to any Dealer to statements in or omissions from the Marketing Materials or the Prospectus, including the Final Terms, made in reliance upon and in conformity with written information furnished to the Issuer by such Dealer expressly for use therein (the **Dealers Information**) (for the avoidance of doubt, the application of this subsection (j) with respect to a particular Dealer will not affect the application of such representations and warranties to any other Dealer);
- (k) the Prospectus has been approved as a prospectus by the UK Listing Authority (the **UKLA**) and has been published in accordance with EU Directive 2003/71/EC (the **Prospectus Directive**) and, where required, any relevant implementing measure in the United Kingdom or any other relevant jurisdiction;
- (l) subject as described in the Prospectus under the heading "United Kingdom Taxation", all payments of principal and interest in respect of the Notes of the relevant Series will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the U.K. government or any political subdivision or authority thereof or therein having power to tax;
- (m) the Issuer is not engaged (whether as defendant or otherwise) in, nor has the Issuer knowledge of the existence of or any threat of, any legal, arbitration, administrative, governmental or other proceedings the result of which might relate to claims or amounts that might be material in the context of the Programme and/or the issue and offering of Notes under the Programme or that might have or have had a material adverse effect on the consolidated financial condition, results of operations, profitability or business of the Issuer;
- (n) no Event of Default or event that with the giving of notice or lapse of time or other condition might constitute an Event of Default is subsisting in relation to any outstanding Note and no

event has occurred that might constitute (after an issue of Notes) an Event of Default thereunder or that with the giving of notice or lapse of time or other condition might (after an issue of Notes) constitute such an Event of Default;

- (o) the Issuer has not engaged in any activities since its incorporation other than:
 - (i) matters related to its registration and incorporation under the Companies Act 1985 and 1989;
 - (ii) making various changes to its share capital, directors, secretary, registered office, constitutional documents and other appropriate corporate steps;
 - (iii) the authorisation and execution of this Agreement and the other Transaction Documents;
 - (iv) the issue of the Prospectus;
 - (v) the activities referred to or contemplated in this Agreement, the other Transaction Documents and the Prospectus;
 - (vi) the authorisation and issue by it of the Notes of each relevant Series, and
 - (vii) matters ancillary to any of the foregoing;
- (p) save as set out in any of the Issuer Transaction Documents, there exists no mortgage, lien, pledge or other charge on or over the assets of the Issuer that would rank in priority to or *pari passu* with the security for the Notes of the relevant Series;
- (q) the Issuer has no subsidiaries within the meaning of the Companies Act 1985 and no employees other than its board of directors;
- (r) the Notes of the relevant Series and the obligations of the Issuer under the Trust Terms will (subject to the matters expressed in the legal opinions relating to the Notes of the relevant Series of Allen & Overy LLP, Tods Murray LLP, L'Estrange & Brett and Mourant du Feu & Jeune) be secured in the manner provided by Clause 3 of the Issuer Deed of Charge and with the benefit of the charges, covenants and other security provided for therein;
- (s) the authorised share capital of the Issuer is as set out in the Prospectus;
- (t) since the date of the Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer;
- (u) the representations and warranties given by it in each Transaction Document to which it is expressed to be a party are true and accurate;
- (v) the Issuer is not, and upon the issuance and sale of the Notes of the relevant Series as herein contemplated and the application of the net proceeds there from as described in the Prospectus will not be, required to register as an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;
- (w) the Notes of the relevant Series will not be, at the Closing Date, of the same class (within the meaning of Rule 144A(d)(3)(i) under the Securities Act) as securities listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted on a U.S. automated inter-dealer quotation system; and

- (x) the Issuer is a foreign issuer (as defined in Regulation S under the Securities Act).

4.2 As at the date of this Agreement, each of Funding 1 and the Mortgages Trustee hereby represents, warrants and undertakes to the Dealers as follows:

- (a) (i) the Prospectus contains all information with respect to it that is material in the context of the issue and offering of the Notes of the relevant Series including, without limitation, all information required by English law and the information that, according to the particular nature of Funding 1 or the Mortgages Trustee (as applicable) and of the Notes of the relevant Series, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of Funding 1 or the Mortgages Trustee (as applicable) and of the rights attaching to the Notes of the relevant Series; (ii) the statements contained in the Prospectus with respect to Funding 1 or the Mortgages Trustee (as applicable) are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in the Prospectus with regard to Funding 1 or the Mortgages Trustee (as applicable) are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts the omission of which would make any statement in the Prospectus with respect to Funding 1 or the Mortgages Trustee (as applicable) misleading or deceptive in any material respect; and (v) all reasonable enquiries have been made by Funding 1 or the Mortgages Trustee (as applicable) to ascertain such facts and to verify the accuracy of all such information and statements in the Prospectus;
- (b) the execution and delivery of this Agreement has been duly authorised by it and constitutes, and the execution and delivery of the other Transaction Documents to which it is a party have been or will be on or before the relevant Closing Date, duly authorised by it and on the relevant Closing Date will constitute, its legal, valid and binding obligations enforceable in accordance with their respective terms, subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (c) the execution and delivery of this Agreement and the other Transaction Documents to which it is a party and its performance of the terms of the Transaction Documents to which it is a party do not and will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting Funding 1 or the Mortgages Trustee (as applicable) or any indenture, trust deed, mortgage or other agreement or instrument to which it is a party or by which it or any of its property is bound or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government body or court or regulatory body, domestic or foreign, having jurisdiction over it or any of its property;
- (d) it is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the Programme or the issue of the Notes of the relevant Series nor, so far as it is aware, is any such litigation or arbitration pending or threatened;
- (e) all consents and approvals of any court, government department or other regulatory body in the United Kingdom or Jersey required for the execution and delivery by it of this Agreement and the other Transaction Documents to which it is a party and the performance of the terms of this Agreement and such other Transaction Documents have been obtained prior to the relevant Closing Date and are or will be in full force and effect prior to the relevant Closing Date;
- (f) it has been duly incorporated and is validly existing under the law of its jurisdiction of incorporation with full power and authority to conduct its business as described in the Prospectus and to execute and perform its obligations under the Transaction Documents to

which it is a party and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;

- (g) it has not taken any corporate action nor (to the best of its knowledge and belief) have any other steps been taken or legal proceedings been started or threatened against it for its winding-up, dissolution or reorganisation (other than any solvent reorganisation) or for the appointment of a receiver, administrator, administrative receiver or similar officer of it or of any or all of its assets or revenues;
- (h) it has not engaged in any activities since its incorporation other than:
 - (i) matters related to its registration and incorporation under the Companies Act 1985 and 1989 (or, in relation to the Mortgages Trustee, under the Companies (Jersey) Law, 1991 (as amended));
 - (ii) making various changes to its share capital, directors, secretary, registered office, constitutional documents and other appropriate corporate steps;
 - (iii) the authorisation and execution of this Agreement and the other Transaction Documents;
 - (iv) the issue of the Prospectus;
 - (v) the activities referred to or contemplated in this Agreement, the other Transaction Documents and the Prospectus; and
 - (vi) matters ancillary to any of the foregoing;
- (i) Funding 1 only represents and warrants to the Dealers that, save as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge or other charge on or over its assets that would rank in priority to or *pari passu* with the security for its obligations under the Intercompany Loan Facility;
- (j) neither Funding 1 nor Mortgages Trustee has any subsidiaries within the meaning of the Companies Act 1985 (or, in relation to the Mortgages Trustee, under the Companies (Jersey) Law, 1991 (as amended)) and no employees other than its board of directors; and
- (k)
 - (i) as of the Time of Sale, the Marketing Materials did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the omission of financial terms of the transaction not determined as of the date of the Marketing Materials);
 - (ii) as of the date of the Final Terms and as of the Closing Date, the Prospectus, including the Final Terms, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and
 - (iii) the representation and warranties in this subsection (k) shall not apply with respect to any Dealer to statements in or omissions from the Marketing Materials or the Prospectus, including the Final Terms, made in reliance upon and in conformity with the Dealers Information provided by that Dealer (for the avoidance of doubt, the application of this subsection (k) with respect to a particular Dealer will not affect the application of such representations and warranties to any other dealer).

4.3 As at the date of this Agreement, the Seller hereby represents, warrants and undertakes to the Dealers as follows:

- (a) the Prospectus contains all information with respect to the Seller and its affiliates (as defined in Rule 405 under the Securities Act) (**Affiliates**) (the Seller and its Affiliates together, the **Seller Group**), to the Notes of the relevant Series and to the transactions contemplated by the Transaction Documents that is material in the context of the issue and offering of the Notes of the relevant Series including, without limitation, all information required by English law and the information that, according to the particular nature of the Seller and of the Notes of the relevant Series, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Seller and of the rights attaching to the Notes of the relevant Series; (ii) the statements contained in the Prospectus with respect to the Seller Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in the Prospectus with regard to the Seller and to the Seller Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts the omission of which would make any statement in the Prospectus misleading or deceptive in any material respect; and (v) all reasonable enquiries have been made by the Seller to ascertain such facts and to verify the accuracy of all such information and statements in the Prospectus;
- (b) the execution and delivery of this Agreement has been duly authorised by the Seller and constitutes, and the execution and delivery of the other Transaction Documents to which it is a party have been or will be on or before the relevant Closing Date, duly authorised by the Seller and on the relevant Closing Date will constitute, legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (c) the execution and delivery of this Agreement and the other Transaction Documents to which the Seller is a party and the Seller's performance of the terms of the Transaction Documents to which the Seller is a party do not and will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting it or any indenture, trust deed, mortgage or other agreement or instrument to which the Seller is a party or by which it or any of its property is bound or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government body or court or regulatory body, domestic or foreign, having jurisdiction over the Seller or any of its property;
- (d) it is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the Programme or the issue of the Notes of the relevant Series nor, so far as it is aware, is any such litigation or arbitration pending or threatened;
- (e) all consents and approvals of any court, government department or other regulatory body in the United Kingdom required for the execution and delivery by it of this Agreement and the other Transaction Documents to which it is a party and the performance of the terms of this Agreement and such other Transaction Documents have been obtained prior to the relevant Closing Date and are or will be in full force and effect prior to the relevant Closing Date including, without limiting the generality of the foregoing, authorisation under FSMA, the receipt of a standard licence under the Consumer Credit Act 1974 and registration under the DPA;
- (f) it has been duly incorporated and is validly existing under the law of its jurisdiction of incorporation with full power and authority to conduct its business as described in the Prospectus (except where the failure to have such power or authority would not, individually or in the aggregate, have a material adverse effect on the transactions contemplated herein or

in the Transaction Documents) and to execute and perform its obligations under the Transaction Documents to which it is a party and is lawfully qualified to do business in those jurisdictions in which business is conducted by it (except where the failure to have such qualification would not, individually or in the aggregate, have a material adverse impact on the transactions contemplated herein or in the Transaction Documents). The Seller has not taken any corporate action nor (to the best of its knowledge and belief) have any other steps been taken or legal proceedings been started or threatened against it for its winding-up, dissolution or reorganisation (other than any solvent reorganisation, including that arising from the unification of the banking licences held by members of the Seller Group) or for the appointment of a receiver, administrator, administrative receiver or similar officer of it or of any or all of its assets or revenues;

- (g) the representations and warranties given by it in the Mortgage Sale Agreement are true and accurate;
- (h)
 - (i) as of the Time of Sale, the Marketing Materials did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the omission of terms of the transaction not determined as of the date of the Marketing Materials);
 - (ii) as of the date of the Final Terms and as of the Closing Date, the Prospectus, including the Final Terms, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and
 - (iii) the representation and warranties in this subsection (h) shall not apply with respect to any Dealer to statements in or omissions from the Marketing Materials or the Prospectus, including the Final Terms, made in reliance upon and in conformity with the Dealers Information provided by that Dealer (for the avoidance of doubt, the application of this subsection (h) with respect to a particular Dealer will not affect the application of such representations and warranties to any other Dealer); and
- (i) the representations and warranties given by the Seller above are true as of the date hereof and as of the date of the Prospectus and in relation to paragraph (h)(i) above at the Time of Sale.

4.4 Notifications; copies of reports; public announcements

- (a) Each of the Issuer, Funding 1, the Mortgages Trustee and the Seller severally undertake to each of the Dealers that, at any time prior to payment being made to the Issuer on the relevant Closing Date, unless the same is capable of remedy and is forthwith remedied, forthwith notify the Dealers of anything which has or would have rendered or will or would render untrue or incorrect in any material respect any of the representations and warranties in Clause 4.1 (in the case of the Issuer), Clause 4.2 (in the case of Funding 1 or the Mortgages Trustee) or Clause 4.3 (in the case of the Seller).
- (b) So long as any of the Notes of the relevant Series are outstanding, the Issuer will furnish to the Dealers of the relevant Series at the request of the Lead Manager(s) a copy of each and every report furnished to holders of Notes of the relevant Series.
- (c) Without prejudice to the generality of Clause 5.1(a), the Issuer shall from time to time, and subject to Clause 8.3, promptly furnish to an agreed representative of each Dealer the

information referred to in Clause 5.1(a) relating to the Issuer as such Dealer may reasonably request.

- (d) Within 21 days after the relevant Closing Date, the Issuer shall deliver to the Registrar of Companies particulars of the registerable charges constituted by the Issuer Deed of Charge for registration in accordance with Section 395 of the Companies Act 1985 and shall forthwith upon receipt deliver a copy of the certificate of registration to each of the Dealers.
- (e) The Issuer will furnish to each of the Dealers on the date hereof three copies of the Prospectus signed by a duly authorised officer of the Issuer and, without charge, such additional number of copies of the Prospectus as any of the Dealers may reasonably request.
- (f) Each of the Issuer, Funding 1, the Mortgages Trustee and the Seller severally undertake to each of the Dealers that, from the date hereof to (and including) the Closing Date, neither it nor (in the case of the Seller) any of its Affiliates shall, without the prior consent of the Dealers (such approval not to be unreasonably withheld or delayed), make any public announcement that might reasonably be expected to have an adverse effect on the marketability of the Notes of the relevant Series (other than an official announcement that may be required by law or regulation).

4.5 With regard to each issue of Notes of the relevant Series, the Issuer, Funding 1, the Mortgages Trustee and the Seller shall be deemed to repeat the representations, warranties and undertakings contained in Clauses 4.1 to 4.3 as applicable as at the Agreement Date for such Notes (any agreement on such Agreement Date being deemed to have been made on the basis of, and in reliance on, such representations, warranties and undertakings) and as at the relevant Closing Date of such Notes, in each case for the benefit of the relevant Dealers for such issue of Notes.

4.6 The Issuer, Funding 1, the Mortgages Trustee and the Seller shall be deemed to repeat the representations, warranties and undertakings contained in Clauses 4.1 to 4.3 as applicable on each date on which the Prospectus is revised, supplemented or amended and on any date on which the aggregate nominal amount of the Programme is increased.

5. FURTHER UNDERTAKINGS OF THE ISSUER

5.1 Notification of material developments

- (a) If, following the Agreement Date and before the Closing Date of the Notes of the relevant Series, the Issuer becomes aware that any of the conditions specified in Clause 3.2 will not be satisfied in relation to that issue, the Issuer shall forthwith notify the relevant Dealer to this effect giving full details thereof. In such circumstances, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.
- (b) Notwithstanding anything herein to the contrary or in any other agreement to which the parties hereto are parties or by which they are bound, the parties hereto and recipients of the Prospectus (and any employee, representative, or other agent of such person) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by the Prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure. However any such information relating to the U.S. tax treatment or U.S. tax structure is required to be kept confidential to the extent necessary to comply with any applicable securities laws.

5.2 Updating of the Prospectus

- (a) The Issuer shall, on the later of (i) the annual anniversary of the approval by the UK Listing Authority of the Prospectus as an approved prospectus for the purposes of Section 85(2) of the FSMA or (ii) prior to the issue of any Notes of the relevant Series where more than one year has lapsed between issues of Notes of two consecutive Series, re-submit the Prospectus to the UK Listing Authority for such approval and publish the Prospectus upon such approval.
- (b) In the event of a change in the condition of the Issuer that is material in the context of the Programme or the issue of any Notes of the relevant Series or if the Prospectus shall otherwise come to contain an untrue statement or alleged untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading or if it is necessary at any time to amend the Prospectus to (i) comply with, or reflect changes in, the applicable laws or regulations, or (ii) to reflect a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus that is capable of affecting the assessment of the Notes, the Issuer shall update or amend the Prospectus (following consultation with the Arrangers, who will consult with the other Dealers) by the publication of a supplement thereto or a new Prospectus in a form approved by the Arrangers (who will consult with the other Dealers).
- (c) The Prospectus shall, as specified therein, be deemed to incorporate by reference therein the most recently published audited financial statements and, if published later, the most recently published interim financial statements (if any) of the Issuer, provided that such financial statements will not form a part of the Prospectus. Upon any new financial statements being incorporated in the Prospectus as aforesaid or upon the publication of a revision, supplement or amendment to the Prospectus, the Issuer shall promptly supply to each Dealer such number of copies of such financial statements, revision, supplement or amendment as each Dealer may reasonably request. Until a Dealer receives such financial statements, revision, supplement or amendment, the definition of **Prospectus** shall, in relation to such Dealer, mean the Prospectus prior to the receipt by such Dealer of such financial statements or the publication of such revision, supplement or amendment.
- (d) If the terms of the Programme are modified or amended in a manner which would make the Prospectus inaccurate or misleading, a new Prospectus will be prepared in a form approved by the Arrangers (who will consult with the other Dealers).

5.3 Listing

- (a) If in relation to any issue of Notes of any particular Series, it is agreed between the Issuer and the relevant Dealer or, if more than one, the Lead Manager(s) to list such Notes on a Stock Exchange, the Issuer undertakes to use its best endeavours to obtain and maintain the listing of such Notes on such Stock Exchange. If any Notes of the relevant Series cease to be listed on the relevant Stock Exchange or any other relevant authority or authorities, the Issuer shall use its best endeavours promptly to list such Notes of the relevant Series on a Stock Exchange to be agreed between the Issuer and the relevant Dealer or, as the case may be, the Lead Manager(s). For the avoidance of doubt, where the Issuer has obtained the listing of Notes on a regulated market in the European Economic Area, the undertaking extends to maintaining that listing or, if this is not possible, to obtaining listing of the relevant Notes on another European Economic Area regulated market.
- (b) The Issuer shall comply with the rules of each relevant Stock Exchange (or any other relevant authority or authorities) and shall otherwise comply with any undertakings given by

it from time to time to the relevant Stock Exchange (or any other relevant authority or authorities) in connection with the listing or admission to trading of any Notes on that Stock Exchange and, without prejudice to the generality of the foregoing, shall furnish or procure to be furnished to the relevant Stock Exchange (or any other relevant authority or authorities) all such information as the relevant Stock Exchange (or any other relevant authority or authorities) may require in connection with the listing on such Stock Exchange of any Notes of the relevant Series.

5.4 The Transaction Documents

Each of the Issuer, Funding 1, the Mortgages Trustee and the Seller undertakes that it will not, except with the consent of the Dealers or as otherwise expressly stated in any Transaction Document, terminate any of the Transaction Documents to which it is a party or effect or permit to become effective any amendment to any such Transaction Documents that, in the case of an amendment, would or might adversely affect the interests of any Dealer or of any holder of Notes of the relevant Series issued before the date of such amendment or that would adversely affect the rating ascribed to any of the Series by any Rating Agency. The Issuer will promptly notify each of the Dealers of any change in the Issuer Security Trustee under any of the Issuer Security Documents and/or the Issuer Cash Manager under the Issuer Cash Management Agreement. Funding 1 will promptly notify the Dealers of any change in the Funding 1 Security Trustee under the Funding 1 Deed of Charge and/or the Cash Manager under the Cash Management Agreement and/or the Servicer under the Servicing Agreement.

5.5 Authorised representative

The Issuer will notify the Dealers immediately in writing if any of the persons named in the list referred to in paragraph 3 of Part 1 of the Initial Documentation List ceases to be authorised to take action on its behalf or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Dealers that such person has been so authorised and, unless and until notified of any such change, the Arrangers and each of the other Dealers shall be entitled to rely upon the certificates delivered to them most recently and all instructions given in accordance with such certificates shall be binding upon the Issuer.

5.6 Auditors' comfort letters

The Issuer will (a) at the time of the preparation of the initial Prospectus and (b) thereafter upon each occasion when the same may be revised, supplemented or amended, whether by means of information incorporated by reference or otherwise (insofar as such revision, supplement, amendment or update concerns or contains financial information about the Issuer), deliver, at the expense of the Issuer, to the Dealers a comfort letter or comfort letters from independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request, provided that no such letter or letters will be delivered under (b) above if the only revision, supplement or amendment concerned is the publication or issue of any audited financial statements of the Issuer.

5.7 Updating legal opinions

On such occasions as the Prospectus is updated, supplemented or amended, the Issuer will procure that a further legal opinion or further legal opinions, as the case may be, in such form and with such content as the Dealers may reasonably require, is or are delivered, at the expense of the Issuer, to the Dealers from legal advisers (approved by the Dealers) in England, Scotland, Northern Ireland and Jersey, as the case may be, provided that no such further legal opinion or further legal opinions will be delivered if the only revision, supplement or amendment concerned is the publication or issue of any audited financial statements of the Issuer.

5.8 Information on Noteholders' meetings

The Issuer will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Notes of the relevant Series (or any of them) has been convened.

5.9 Minimum denominations of the Notes

In respect of any Notes of the relevant Series to be issued, the Issuer shall issue such Notes only if the minimum denomination is at least (a) \$100,000 for each Note denominated in U.S. dollars, (b) £50,000 for each Note denominated in Sterling (or at least £100,000 in the case of Notes denominated in Sterling issued with a maturity of less than 366 days) or (c) €50,000 (or its equivalent in any other currency as at the date of issue of such Note) for each Note denominated in a currency other than U.S. dollars or Sterling.

5.10 US securities law

- (a) The Issuer shall not issue, offer or sell any securities under circumstances that would require the registration of any of the Notes under the Securities Act.
- (b) The Issuer shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) that will be integrated with the sale of the Notes in a manner that would require the registration under the Securities Act of the Notes.

6. INDEMNITY

- 6.1 Without prejudice to the other rights or remedies of the Dealers, each of the Issuer (in respect of itself only), Funding 1 (in respect of itself only), the Mortgages Trustee (in respect of itself only) and the Seller (in respect of itself, the Issuer, Funding 1 and the Mortgages Trustee) jointly and severally undertakes with each Dealer that if that Dealer, its affiliates, any person who controls such Dealer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and their respective representatives, directors, officers, employees and agents (each a **Relevant Party**) incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) (a **Loss**) arising out of, in connection with, or based on:

- (a) any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer, Funding 1, the Mortgages Trustee or the Seller, under this Agreement; or
- (b) any untrue statement or alleged untrue statement of a material fact contained in the Marketing Materials and the Prospectus or the omission or alleged omission therefrom (except for the omission from the Marketing Materials of financial terms of the transaction not determined as of the date of the Marketing Materials) of a material fact necessary in order to make the statements therein, in the light of circumstances under which they were made, not misleading,

it shall (subject as provided in Clause 6.2) pay to that Dealer on demand an amount equal to such Loss; provided, however, that it shall not be liable in any case with respect to any Dealer to the extent that any such Loss is caused by any such untrue statement or alleged untrue statement or omission or alleged omission based upon the Dealers Information provided by that Dealer. No Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 6.1.

- 6.2 In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer, Funding 1, the Mortgages Trustee or the Seller under this Clause 6, the relevant Dealer shall promptly notify the Issuer in writing. Subject to Clause 6.3, the Issuer, Funding 1, the Mortgages Trustee or the Seller may participate at its own expense in the defence of any action.
- 6.3 If it so elects within a reasonable time after receipt of the notice referred to in Clause 6.2, the Issuer, Funding 1, the Mortgages Trustee or the Seller (as the case may be) may assume the defence of the action with legal advisers chosen by it and approved by the Relevant Party. Notwithstanding such election a Relevant Party may employ separate legal advisers, and the Issuer, Funding 1, the Mortgages Trustee or the Seller shall bear the fees and expenses of such separate legal advisers if:
- (a) the use of the legal advisers chosen by the Issuer, the Mortgages Trustee, Funding 1, or the Seller (as the case may be) to represent the Relevant Party would present such legal advisers with a conflict of interest;
 - (b) the actual or potential defendants in, or targets of, any such action include the Relevant Party and the Issuer, Funding 1, the Mortgages Trustee and/or the Seller and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer, Funding 1, the Mortgages Trustee and/or the Seller;
 - (c) none of the Issuer, Funding 1, the Mortgages Trustee nor the Seller (as the case may be) has employed legal advisers satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the institution of such action; or
 - (d) any of the Issuer, Funding 1, the Mortgages Trustee or the Seller authorises the Relevant Party to employ separate legal advisers at the expense of the Issuer, Funding 1, the Mortgages Trustee or the Seller (as the case may be).

If any of the Issuer, Funding 1, the Mortgages Trustee or the Seller assumes the defence of the action, the Issuer, Funding 1, the Mortgages Trustee or the Seller, as applicable, shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as stated above.

- 6.4 None of the Issuer, Funding 1, the Mortgages Trustee nor the Seller shall be liable in respect of any settlement of any action effected without its consent, such consent not to be unreasonably withheld or delayed. None of the Issuer, Funding 1, the Mortgages Trustee nor the Seller shall, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not the Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of the Relevant Party.
- 6.5 The foregoing subclauses 6.1 to 6.4 inclusive shall be subject to the following:
- (a) Any right which at any time the Mortgages Trustee or Alliance & Leicester plc, as the case may be, has under the existing or future laws of Jersey whether by virtue of the *droit de discussion* or otherwise to require that recourse be had to the assets of any other person before any claim is enforced against such person in respect of the obligations hereby assumed by such person is hereby abandoned and waived.

- (b) The Mortgages Trustee and Alliance & Leicester plc undertake that if at any time any person indemnified sues the Mortgages Trustee or Alliance & Leicester plc, as the case may be, in respect of any such obligations and the person in respect of whose obligations the indemnity is given is not sued also, the Mortgages Trustee or Alliance & Leicester plc, as the case may be, shall not claim that such person be made a party to the proceedings and agrees to be bound by this indemnity whether or not it is made a party to legal proceedings for the recovery of the amount due or owing to the person indemnified, as aforesaid, by the person in respect of whose obligations the indemnity is given and whether the formalities required by any law of Jersey whether existing or future in regard to the rights or obligations of sureties shall or shall not have been observed.
- (c) Any right which the Mortgages Trustee or Alliance & Leicester plc, as the case may be, may have under the existing or future laws of Jersey whether by virtue of the *droit de division* or otherwise to require that any liability under this indemnity be divided or apportioned with any other person or reduced in any manner whatsoever is hereby abandoned and waived.

7. AUTHORITY TO DISTRIBUTE DOCUMENTS

Subject to Clause 8, the Issuer hereby authorises each of the Dealers on behalf of the Issuer to provide copies of and make oral statements consistent with the Prospectus, the Marketing Materials and such additional written information as the Issuer shall provide to the Dealers or approve for the Dealers to use or such other information as is in the public domain to actual and potential purchasers of Notes of the relevant Series.

8. DEALERS' UNDERTAKINGS

- 8.1 Without prejudice to the other rights and remedies of the Issuer, Funding 1, the Mortgages Trustee or the Seller, each Dealer severally undertakes with the Issuer, Funding 1, the Mortgages Trustee and the Seller that it will hold the Issuer, Funding 1, the Mortgages Trustee and the Seller indemnified against any losses, liabilities, costs, claims, charges, expenses, actions or demands which the Issuer, Funding 1, the Mortgages Trustee or the Seller may incur or which may be made against it as a result of any breach by that Dealer of any of its undertakings contained in Clauses 8.2 and 8.3 provided that, without prejudice to any other claim the Issuer, Funding 1, the Mortgages Trustee or the Seller may have against that Dealer, no Dealer shall be liable to hold the Issuer, Funding 1, the Mortgages Trustee or the Seller indemnified against any losses, liabilities, costs, claims, charges, expenses, actions or demands arising from the sale of Notes to any person believed in good faith by that Dealer, on reasonable grounds after making all reasonable investigations, to be a person to whom Notes could legally be sold in compliance with the provisions of Appendix 2. The provisions of Clause 6.3 with respect to the conduct and settlement of actions shall apply *mutatis mutandis* to the indemnity contained in this Clause 8.1.
- 8.2 Each Dealer represents warrants, undertakes and agrees with the Issuer, Funding 1, the Mortgages Trustee and the Seller that:
 - (a) it will comply with the selling restrictions in the terms set out in Appendix 2 attached hereto;
 - (b) it will not make any representations or provide any information regarding the Issuer, Funding 1, the Mortgages Trustee, the Seller or the Notes of the relevant Series save as contained in the Prospectus or the investor presentation materials prepared by that Dealer and approved by the Issuer, Funding 1, the Mortgages Trustee or the Seller or which is a matter of public knowledge; and
 - (c) it will comply with its undertakings in this Agreement.

8.3 Each Dealer acknowledges that the non-public information furnished by the Issuer to an agreed representative of each Dealer pursuant to Clause 4.4(c) as is agreed between the Issuer and the relevant Dealer and is designated in writing as confidential, is received by the Dealers only in their capacity as Dealers under the Programme. Such Dealer shall undertake to treat such information as confidential.

9. FEES, EXPENSES AND STAMP DUTIES

9.1 The Issuer undertakes that it will:

- (a) pay to each Dealer all commissions agreed between the Issuer and that Dealer in connection with the sale of any Notes to that Dealer (and any value added tax or other tax thereon);
- (b) pay (together with any value added tax or other tax thereon):
 - (i) the fees and expenses of its legal advisers and auditors;
 - (ii) the cost of listing and maintaining the listing of any Notes which are to be listed on a Stock Exchange;
 - (iii) the cost of obtaining any credit rating for the Notes;
 - (iv) the fees and expenses of the Agents appointed under the Agency Agreement; and
 - (v) all expenses in connection with (A) the establishment of the Programme and (B) each future update of the Programme including, but not limited to, the preparation and printing of the Prospectus, all amendments and supplements to it, replacements of it and each update to it and all expenses incurred by the joint Lead Managers in connection with any "road show" presentation to potential investors;
- (c) pay the reasonable fees and disbursements of the legal advisers appointed to represent the Dealers (including any value added tax or other tax thereon) in connection with the establishment of, each update of and each new Series issued pursuant to the Programme;
- (d) pay promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar duty or tax (including any stamp duty reserve tax) payable in connection with the entry into, performance, enforcement or admissibility in evidence of any Note, any of the Agreements or any communication pursuant thereto; and
- (e) reimburse for reasonable out-of-pocket expenses (including any value added or other tax) (excluding legal expenses) incurred by the Arrangers and/or Lead Managers, on behalf of the Dealers, in connection with the transactions contemplated hereby.

9.2 All payments by the Issuer under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed in the United Kingdom or by any department, agency or other political sub-division or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto (**Taxes**). If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had been made. In addition, the Issuer agrees to indemnify and hold the Dealers harmless against any Taxes which they are required to pay in respect of any amount paid by the Issuer under this Agreement.

10. TERMINATION OF APPOINTMENT OF DEALERS

The Issuer or (as to itself) a Dealer may terminate the arrangements described in this Agreement by giving not less than 30 days' written notice to the other parties hereto. The Issuer may terminate the appointment of a Dealer or Dealers by giving not less than 30 days' written notice to such Dealer or Dealers (with a copy to all the other Dealers). Termination shall not affect any rights or obligations (including but not limited to those arising under Clauses 6, 8 and/or 9) that have accrued at the time of termination or which accrue thereafter in relation to any act or omission or alleged act or omission which occurred prior to such time. Any settlement of any Class of Notes of the relevant Series placed by a Dealer that is due to occur after termination of this Agreement with such Dealer shall continue to be made in accordance with the terms of this Agreement.

11. APPOINTMENT OF NEW DEALERS

11.1 The Issuer may at any time appoint one or more New Dealers for the duration of the Programme or, with regard to an issue of a particular Series of Notes or Class of Notes, one or more New Dealers for the purposes of that Series or Class (as the case may be), in either case upon the terms of this Agreement. Unless an appointment is made in a Subscription Agreement any appointment shall be made by:

- (a) the delivery by the New Dealer to the Issuer of an appropriate accession letter in the form included in Appendix 3 (a **Dealer Accession Letter**); and
- (b) the delivery by the Issuer to the New Dealer of an appropriate confirmation letter in the form included in Appendix 3 (a **Confirmation Letter**).

11.2 Upon receipt of the relevant Confirmation Letter or execution of the relevant Subscription Agreement, as the case may be, each such New Dealer shall, subject to the terms of the relevant Dealer Accession Letter or the relevant Subscription Agreement, as the case may be, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer hereunder provided that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the relevant Closing Date of the relevant Series or Class of Notes, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with, the issue of such Series or Class of Notes.

11.3 The Issuer shall promptly notify the other Dealers of any appointment of a New Dealer for the duration of the Programme by supplying to such parties a copy of any Dealer Accession Letter and Confirmation Letter. Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular Series or Class of Notes to the Note Trustee, the Issuer Security Trustee and the Principal Paying Agent only.

12. STATUS OF THE ARRANGERS

Except as may be otherwise set forth in the Prospectus, each of the Dealers agrees that each Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for:

- (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Prospectus, this Agreement or any other Transaction Document; or
- (b) the nature and suitability to it of any legal, tax and accounting matters and other documentation in connection with the issue of the Notes of the relevant Series.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Agreement by executing a counterpart.

14. TIME

Any date or period specified herein may be postponed or extended by agreement among the parties but, as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

15. NOTICES

15.1 Any notices to be given pursuant to this Agreement or to any of the parties shall be sufficiently served if sent by prepaid post or by facsimile transmission and shall be deemed to be given (in the case of facsimile transmission) when despatched or (in the case of post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of the Seller, to Alliance & Leicester plc, Carlton Park, Narborough, Leicester LE19 0AL, attention the Group Treasurer, facsimile number +44 (0) 870 907 2277;
- (b) in the case of the Issuer and Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helens, London EC3A 6AP, attention the Directors, facsimile number +44 (0)207 398 6325, with a copy to Alliance & Leicester plc, Carlton Park, Narborough, Leicester LE19 0AL, attention the Group Treasurer, facsimile number +44 (0) 870 907 2277;
- (c) in the case of the Mortgages Trustee, to Fosse Trustee Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands attention Harvey Austin-Vautier, facsimile number +44 (1534) 609 3333, with a copy to Alliance & Leicester plc, Carlton Park, Narborough, Leicester LE19 0AL, attention the Group Treasurer, facsimile number +44 (0) 870 907 2277;
- (d) in the case of the Issuer Security Trustee, to Law Debenture Trust Company of New York, 400 Madison Avenue – 4th floor, New York, New York 10017, United States of America, attention Romano I. Peluso, facsimile number: +001 212 750 1361;
- (e) in the case of the Arrangers, to (i) Barclays Bank PLC, 5 The North Colonnade, Canary Wharf, London E14 4BB, attention Head of Legal Department, facsimile number + 44 (0)20 7773 4934, and (ii) Citigroup Global Capital Markets Limited, Citigroup Centre, Canary Wharf, London E14 5LB, attention Debt Syndicate, facsimile number +44 (0) 20 7986 1929;
- (f) in the case of Lehman Brothers International (Europe) as Dealer, to 25 Bank Street, London E14 5LE, attention Head of Structured Finance, facsimile number +44 (0)20 7102 4139;
- (g) in the case of Moody's, to 2 Minster Court, Mincing Lane, London EC3R 7XB, attention: Structured Finance Surveillance Department, facsimile number: +44 (0) 20 7772 5400;
- (h) in the case of Standard & Poor's, to 20, Canada Square, London E14 5LH, attention: Structured Finance Surveillance Department, facsimile number: +44 (0) 20 7826 3598; and
- (i) in the case of Fitch, to 101 Finsbury Pavement, London EC2A 1RS, attention: Structured Finance Surveillance Department, facsimile number: +44 (0) 20 7417 6262.

16. BENEFIT OF AGREEMENT

- 16.1 This Agreement shall be binding upon and shall inure for the benefit of the Issuer, Funding 1, the Mortgages Trustee, the Seller and each Dealer and their respective successors and permitted assigns.
- 16.2 A Dealer may only assign or transfer its rights or obligations under this Agreement with the prior written consent of the Issuer and the Seller except for an assignment and/or transfer of all of a Dealer's rights and obligations hereunder in whatever form such Dealer determines may be appropriate to a partnership, corporation, trust or other organisation in whatever form that may succeed to, or to which the Dealer transfers, all or substantially all of the Dealer's assets and business and that assumes such obligations by contract, operation of law or otherwise.
- 16.3 Save in connection with the granting of security in the relevant Transaction Documents, the Issuer may assign any of its rights or obligations hereunder only with the prior written consent of the Dealers and satisfaction of the Rating Agency Condition, and any purported assignment or delegation without such consent shall be void.

17. STABILISATION

In connection with the distribution of any Series of Notes, each Dealer or Dealers of such Series (and any person acting on its or their behalf) which over-allots or effects transactions which support the market price of the Notes of the relevant Series and/or any associated securities at a level higher than that which might otherwise prevail:

- (a) will not in doing so be deemed to act as an agent of the Issuer;
- (b) is authorised by the Issuer to make all appropriate disclosure in relation to any such action; and
- (c) any loss resulting from any such action will be borne, and any net profit arising therefrom will be retained, by such Dealer or Dealers for its/their own account.

Each of the Issuer and the Seller represents, warrants and undertakes to the Dealers and to each of them that it has not issued and will not issue, without the prior approval of the relevant Dealers, any press or other public announcement referring to the proposed issue of the Notes of the relevant Series unless the announcement adequately discloses that stabilising action may take place in relation to the Notes of such Series. Each of the Dealers represents, warrants and undertakes to the Issuer and the Seller and to each of them that it has not issued and will not issue, without the prior approval of the Issuer and the Seller, any press or other public announcement referring to the proposed issue of the Notes of the relevant Series unless the announcement adequately discloses that stabilising action may take place in relation to the Notes of such Series.

The Dealers acknowledge that the Issuer has not authorised the issue or creation of Notes of the relevant Series in an aggregate principal amount exceeding the amount specified in the relevant Final Terms and that the Issuer shall not be under any obligation as a result of this Clause 17 to issue more Notes of the relevant Series than the above specified aggregate principal amount.

18. LIMITED RECOURSE; CORPORATE OBLIGATIONS

- 18.1 Each Dealer agrees that the Issuer shall be liable for any claims that any party may have against it only to the extent funds are available to pay such claims pursuant to the Issuer Deed of Charge. Each Dealer agrees that the payment obligations of the Issuer under this Agreement shall be payable only in accordance with the Transaction Documents and relevant Funding 1 Transaction Documents.

- 18.2 Each of the parties hereto agrees that in relation to the Mortgages Trustee, any amount payable by the Mortgages Trustee to any other party to this Agreement under this Agreement not being an amount payable out of the Trust Property in accordance with the terms of the Mortgages Trust Deed shall only be payable to the extent that on that date the Mortgages Trustee has sufficient funds to pay such amount out of fees paid to it under the Mortgages Trust Deed.
- 18.3 To the extent permitted by law, no recourse under any obligation, covenant, or agreement of any person contained in this Agreement shall be had against any shareholder, officer or director of such person as such, by the enforcement of any assessment or by any legal proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of each person expressed to be a party hereto and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors of such person as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such person contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such person of any of such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by each person expressed to be a party hereto as a condition of and consideration for the execution of this Agreement.
- 18.4 The terms of this Clause 18 shall survive termination of this Agreement.

19. NON-PETITION

Each Dealer hereby covenants and agrees that it shall not institute against, or join any other person in instituting against the Issuer, the Mortgages Trustee or Funding 1 any bankruptcy, application for a declaration d  sastre, reorganisation, arrangement, examinership, insolvency or liquidation proceedings, or other similar proceedings under the laws of any jurisdiction for one year and a day after the last maturing Note of the relevant Series is paid in full. The obligations of each Dealer under this Clause 19 shall survive the termination of this Agreement and the replacement of any Dealer.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

21. AMENDMENTS AND MODIFICATIONS

No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

22. GOVERNING LAW

This Agreement and every agreement for the issue and purchase of Notes of the relevant Series as referred to in Clause 2 shall be governed by, and construed in accordance with, the laws of England.

IN WITNESS whereof the parties hereto have executed this Agreement as of the date first above written.

APPENDIX 1

INITIAL DOCUMENTATION LIST

PART 1

1. A certified copy of the most recent adopted version of the Memorandum of Association and Articles of Association of the Issuer.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer:
 - (a) to approve its entry into the Issuer Transaction Documents, the creation of the Programme and the issue of Notes of the relevant Series;
 - (b) to authorise appropriate persons to execute each of the Issuer Transaction Documents to which it is a party and any Notes of the relevant Series and to take any other action in connection therewith; and
 - (c) to authorise appropriate persons to enter into agreements with any Dealer on behalf of the Issuer to issue Notes of the relevant Series in accordance with Clause 2.
3. A certified list of the names, titles and specimen signatures of the persons authorised on behalf of the Issuer in accordance with paragraph 2(c) above.
4. Certified copies of any other governmental or other consents, authorisations and approvals required for the Issuer to issue Notes of the relevant Series, for the Issuer to execute and deliver the Issuer Transaction Documents to which it is a party and for the Issuer to fulfil its obligations under the Issuer Transaction Documents to which it is a party.
5. Confirmation that the Reg S Global Notes of the relevant Series/or and the Rule 144A Global Notes of the relevant Series (from which copies can be made for each particular issue of Notes of the relevant Series), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b), have been delivered to the relevant Principal Paying Agent or the Registrar, as appropriate.
6. Legal opinions addressed to each of the Arrangers and the Dealers in respect of the initial Notes issuance dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from:
 - (a) Allen & Overy LLP, legal advisers to the Issuer, Funding 1 and the Seller as to English and U.S. federal securities law;
 - (b) Linklaters LLP, legal advisers to the Arrangers and the Dealers in respect of the initial Notes issuance as to English and U.S. federal securities law;
 - (c) Tods Murray LLP, legal advisers to the Issuer, Funding 1 and the Seller as to Scots law;
 - (d) L'Estrange & Brett, legal advisers to the Issuer, Funding 1 and the Seller as to Northern Irish law; and
 - (e) Mourant du Feu & Jeune, legal advisers to the Mortgages Trustee as to Jersey law.

7. A conformed copy of each Issuer Transaction Document.
8. A printed final version of the Prospectus.
9. Confirmation from the UKLA (or such other Competent Authority as is applicable) that the Prospectus has been approved as a base prospectus for the purposes of the Prospectus Directive and that the Notes of the relevant Series have been listed on the Official List subject only to the issue of the Notes of the relevant Series.
10. Confirmation from the Issuer that the Prospectus has been published as required by the Prospectus Directive.
11. Comfort letter from Deloitte & Touche LLP as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request.
12. Confirmation that the Notes of the relevant Series have been given the rating specified in the relevant Final Terms.
13. A copy of the DTC Letter of Representations duly signed by the Issuer and DTC.

PART 2

1. A certified copy of each of the Memorandum of Association and Articles of Association of the Issuer or confirmation that they have not been changed since they were last submitted to the Dealers.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer to approve the increase in the amount of the Programme.
3. Certified copies of any other governmental or other consents, authorisations and approvals required for the increase.
4. Confirmation that the Reg S Global Notes of the relevant Series and the Rule 144A Global Notes of the relevant Series (from which copies can be made for each particular issue of Notes of the relevant Series), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) of Part 1 of the Initial Documentation List, have been delivered to the Principal Paying Agent or the Registrar, as applicable.
5. Legal opinions addressed to each of the Arrangers and the other Dealers dated the date of this Agreement or such later date the Prospectus is updated, supplemented or amended, in such form and with such content as the Arrangers and the other Dealers may reasonably require, from:
 - (a) Allen & Overy LLP, legal advisers to the Issuer, Funding 1 and the Seller as to English law and U.S. federal securities law;
 - (b) Tods Murray LLP, legal advisers to the Issuer, Funding 1 and the Seller as to Scots law;
 - (c) L'Estrange & Brett, legal adviser to the Issuer, Funding 1 and the Seller as to Northern Irish law; and
 - (d) Mourant du Feu & Jeune, legal advisers to the Mortgages Trustee as to Jersey law.
6. A printed final version of the Prospectus as most recently updated, supplemented or amended.
7. Confirmations that the London Stock Exchange has approved the Prospectus as most recently updated, supplemented or amended and that the Notes of the relevant Series to be issued under the increased Programme will be listed on the London Stock Exchange.
8. Comfort letters from Deloitte & Touche LLP as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request.
9. Confirmation from the relevant Rating Agencies that there has been no change in the rating assigned by them to the Notes of the relevant Series issued under the Programme as a result of the increase.
10. A copy of the DTC Letter of Representations duly signed by the Issuer and DTC.

APPENDIX 2

SELLING RESTRICTIONS

United States

Each Dealer acknowledges that the Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Reg S or in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes may be offered and sold (i) in the United States only to QIBs pursuant to Rule 144A and (ii) outside the United States to non-U.S. persons pursuant to Regulation S. In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

Each Dealer agrees that, with respect to the relevant Reg S Notes for which it has subscribed that it will not offer or sell the Reg S Notes (or any beneficial interest in a Reg S Global Certificate) (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Reg S Notes and the closing date (the **Distribution Compliance Period**), within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Reg S, and that it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Reg S Notes from it during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Reg S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Reg S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Reg S Notes within the United States by any Dealer, that is not participating in the offering, may violate the registration requirements of the Securities Act (if such offer is made otherwise than in accordance with Rule 144A).

Each Dealer acknowledges that the Reg S Notes and any Rule 144A Notes not specified in the applicable Final Terms as being ERISA-eligible are not designed for, and may not be purchased or held by, any "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject thereto, or any "plan" as defined in Section 4975 of the Code, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan" and each purchaser of a Reg S Note will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds a Reg S Note will not be, such an "employee benefit plan", "plan" or person.

Further, in connection with any Notes which are offered or sold in the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Rule 144A, each Dealer further represents and agrees that:

- (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
- (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as qualified institutional buyers within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a **QIB**);

- (c) no general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;
- (d) no sale of Notes in the United States to any one QIB will be for less than U.S.\$100,000 principal amount or its equivalent rounded upwards and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 principal amount of the Notes; and
- (e) it may resell the Rule 144A Notes in the United States only if such Dealer is a registered broker-dealer in the United States or through its selling agent which is a registered broker-dealer in the United States in compliance with the Exchange Act.

Each Rule 144A Global Note and each Reg S Global Note shall contain a legend in substantially the form set out on the face of such Note in the Trust Deed.

United Kingdom

Each Dealer represents and agrees that:

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

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 31, second paragraph, of CONSOB (the Italian Securities Exchange Commission) Regulation No. 11522 of 1 July 1998, as amended ("**Regulation No. 11522**") by CONSOB (the Italian Securities Exchange Commission); or
- (ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (Regulation No. 11971).

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

General

Each Dealer represents and agrees that it has complied, and will comply, with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses them or distributes the Prospectus or any part thereof, and the Issuer shall have no responsibility for such activities by the Dealers. Furthermore, the Dealers, and each Dealer, will not directly or indirectly offer, sell or deliver any of the Notes or distribute or publish the Prospectus or any prospectus, form of application, offering document, advertisement or other offering material in connection with the Notes except under circumstances that will, to the best of their knowledge and belief, result in compliance with all applicable laws and regulations, and all offers, sales and deliveries of the Notes by them will be made on the same terms.

None of the Issuer, the Note Trustee, the Issuer Security Trustee nor any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series and Class of Notes, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the relevant Final Terms.

APPENDIX 3

FORMS OF ACCESSION AND CONFIRMATION LETTERS

PART 1

FORM OF DEALER ACCESSION LETTER – PROGRAMME

[Date]

To: FOSSE MASTER ISSUER PLC
(the **Issuer**)

Dear Sirs,

FOSSE MASTER ISSUER PLC

Residential Mortgage Backed Note Programme

We refer to the Programme Agreement dated 21 November 2006 as amended and restated on 30 July 2007 and further amended and restated on [●] December 2007 entered into in respect of the above Residential Mortgage Backed Note Programme and made among the Issuer, Alliance & Leicester plc (the **Seller**), Fosse Funding (No. 1) Limited (**Funding 1**), Fosse Trustee Limited (the **Mortgages Trustee**) and the Dealers and Arrangers party thereto (which agreement, as further amended, supplemented and/or restated from time to time, is herein referred to as the **Programme Agreement**).

Conditions Precedent

We confirm that we are in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all documents referred to in Part 1 of Appendix 1 of the Programme Agreement as we have requested; and
- (c) a copy of any updates of the Prospectus issued in accordance with Clause 5.2 of the Programme Agreement together with a copy of any relevant Final Terms,

and have found them to our satisfaction.

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile and attention].

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement, we hereby undertake, for the benefit of the Issuer, Funding 1 the Mortgages Trustee, the Seller and each of the other Dealers, that we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

This letter is governed by, and shall be construed in accordance with, English law.

Yours faithfully,
[Name of New Dealer]

By:

cc: *[Each of the other Dealers]*

PART 2

FORM OF CONFIRMATION LETTER – PROGRAMME

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

FOSSE MASTER ISSUER PLC

Residential Mortgage Backed Note Programme

We refer to the Programme Agreement dated 21 November 2006 as amended and restated on 30 July 2007 and further amended and restated on [●] December 2007 entered into in respect of the above Residential Mortgage Backed Note Programme and made among the Issuer, Alliance & Leicester plc (the **Seller**), Fosse Funding (No. 1) Limited (**Funding 1**), Fosse Trustee Limited (the **Mortgages Trustee**) and the Dealers and Arrangers party thereto (which agreement, as further amended, supplemented and/or restated from time to time, is herein referred to as the **Programme Agreement**) and hereby acknowledge receipt of your Dealer Accession Letter to us dated [Date].

We hereby confirm that, with effect from the date hereof, you shall become a Dealer under the Programme Agreement in accordance with Clause 11.2 of the Programme Agreement.

Yours faithfully,

FOSSE MASTER ISSUER PLC

By:

cc: [Each of the other Dealers]

PART 3

FORM OF DEALER ACCESSION LETTER – NOTE ISSUE

[Date]

To: FOSSE MASTER ISSUER PLC
(the Issuer)

Dear Sirs,

FOSSE MASTER ISSUER PLC

Residential Mortgage Backed Note Programme Series [●]-[●] Notes
(the Notes)

We refer to the Programme Agreement dated 21 November 2006 as amended and restated on 30 July 2007 and further amended and restated on [●] December 2007 entered into in respect of the above Residential Mortgage Backed Note Programme and made among the Issuer, Alliance & Leicester plc (the **Seller**), Fosse Funding (No. 1) Limited (**Funding 1**), Fosse Trustee Limited (the **Mortgages Trustee**) and the Dealers and Arrangers party thereto (which agreement, as further amended, supplemented and/or restated from time to time, is herein referred to as the **Programme Agreement**).

Conditions Precedent

We confirm that we are in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement;
- (b) a copy of current versions of such of the other documents referred to in Part 1 of Appendix 1 of the Programme Agreement as we have requested; and
- (c) a copy of any updates of the Prospectus issued in accordance with Clause 5.2 of the Programme Agreement together with a copy of any relevant Final Terms,

and have found them to our satisfaction.

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile and attention].

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement, in respect of the issue of the Notes we hereby undertake, for the benefit of the Issuer, Funding 1, the Mortgages Trustee, the Seller and each of the other Dealers, that, in relation to the issue of the Notes, we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

This letter is governed by, and shall be construed in accordance with, English law.

Yours faithfully,
[Name of New Dealer]

By:

cc: *[Each of the other Dealers]*

PART 4

FORM OF CONFIRMATION LETTER – NOTE ISSUE

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

FOSSE MASTER ISSUER PLC

**Residential Mortgage Backed Note Programme Series 2007-1 Notes
(the Notes)**

We refer to the Programme Agreement dated 21 November 2006 as amended and restated on 30 July 2007 and further amended and restated on [●] December 2007, entered into in respect of the above Residential Mortgage Backed Note Programme and made among the Issuer, Alliance & Leicester plc (the **Seller**), Fosse Funding (No. 1) Limited (**Funding 1**), Fosse Trustee Limited (the **Mortgages Trustee**) and the Dealers and Arrangers party thereto (which agreement, as further amended, supplemented and/or restated from time to time, is herein referred to as the **Programme Agreement**) and hereby acknowledge receipt of your Dealer Accession Letter to us dated [Date].

We hereby confirm that, with effect from the date hereof, in respect of the issue of the Notes, you shall become a Dealer under the Programme Agreement in accordance with the provisions of Clause 11.2 of the Programme Agreement.

Yours faithfully,

FOSSE MASTER ISSUER PLC

By:

cc: [Each of the other Dealers]

APPENDIX 4

FORM OF SUBSCRIPTION AGREEMENT FOSSE MASTER ISSUER PLC

[DESCRIPTION OF ISSUE]

[Date]

To: [Names of Managers]
(the Managers)

c/o [Name of Lead Manager[s]]
(the Lead Manager[s])

cc: Law Debenture Trust Company of New York as Issuer Security Trustee (the Issuer Security Trustee)

Dear Sirs,

FOSSE MASTER ISSUER PLC (the **Issuer**) proposes to issue [description of issue] (the **Notes**) pursuant to the Residential Mortgage Backed Note Programme established by it. The terms of the issue shall be as set out in the form of Final Terms attached to this Agreement as Annex 1.

This Agreement is supplemental to the Programme Agreement (the **Programme Agreement**) dated 21 November 2006 as amended and restated on 30 July 2007 and further amended and restated on [●] December 2007 made among Fosse Master Issuer plc, Alliance & Leicester plc, Fosse Funding (No. 1) Limited, Fosse Trustee Limited and the Dealers and Arrangers party thereto, a copy of which is attached as Annex 2. Unless otherwise defined herein, all terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

In this Agreement:

Final Terms means the final terms dated [date] relating to the above Series of Notes, supplementing the Prospectus.

Payment Instruction Date means the Closing Date unless there is to be a pre-closing for the issue in which case it means the London Business Day prior to the Closing Date.

Time of Sale means [xx:xx] (GMT) on [date], which is deemed to be the time when sales of the Notes were first made in the United States for purposes of Rule 159 under the Securities Act.

We wish to record the arrangements agreed between us in relation to the issue of the Notes:

- (a) This Agreement appoints each Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of Clause 11 of the Programme Agreement for the purposes of the issue of the Notes. Each Manager and each such New Dealer accepts such appointment. Each Manager confirms that it is in receipt of the documents referenced below:
 - (i) a copy of the Programme Agreement; and
 - (ii) a copy of such of the documents referred to in Part 1 of Appendix 1 of the Programme Agreement as it has requested to the Arrangers.

For the purposes of the Programme Agreement, the details of the Lead Manager[s] for service of notices are as follows:

[insert name, address, telephone, facsimile and attention];

In consideration of the Issuer appointing each New Dealer as a Dealer in respect of the Notes under the Programme Agreement, each New Dealer hereby undertakes, for the benefit of the Issuer, the Lead Manager[s] (for [itself/themselves] and each of the other Dealers), the Arrangers and the Managers, that, in relation to the issue of the Notes, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Lead Manager[s]. The Issuer hereby confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Notes as if originally named as a Dealer under the Programme Agreement provided that following the Closing Date of the Notes each New Dealer shall have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with, the issue of the Notes.

- (b) Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer hereby agrees to issue the Notes and the Managers jointly and severally agree to subscribe or procure subscribers for the Notes at a price of [100] per cent of the principal amount of the Notes (the **Purchase Price**), being the issue price of [100] per cent less a combined management and underwriting commission of [0.●] per cent of such principal amount.
- (c) The Issuer confirms that it has approved a [Preliminary Prospectus][Prospectus][Preliminary Final Terms][Final Terms][pricing annex][investor presentation] dated [date] in connection with the issue of the Notes and confirms that [each] such document is an authorised document for the purposes of Clause 7 (Authority to Distribute Documents) of the Programme Agreement.
- (d) The arrangements in relation to expenses have been agreed separately between the Issuer and the Lead Manager[s].
- (e) The obligation of the Managers to purchase the Notes is conditional upon:
 - (i) the conditions set out in Clause 3.2 of the Programme Agreement being satisfied as of the Payment Instruction Date (on the basis that the references therein to relevant Dealer shall be construed as references to the Lead Manager[s]) and without prejudice to the aforesaid, the Prospectus, containing all material information relating to the assets and liabilities, financial position and profits and losses of the Issuer and nothing having happened or being expected to happen which would require the Prospectus[, as so supplemented,] to be [further] supplemented or updated; and
 - (ii) the delivery to the Lead Manager[s] on the Payment Instruction Date of:
 - (A) legal opinions addressed to the Managers dated the Payment Instruction Date in such form and with such contents as the Lead Manager[s], on behalf of the Managers, may reasonably require from Allen & Overy LLP, the legal advisers to the Issuer, Funding 1 and the Seller as to English and U.S. federal securities law, from Tods Murray LLP, the legal advisers to the Issuer, Funding 1 and the Seller as to Scots law, from L'Estrange & Brett, the legal advisers to the Issuer, Funding 1 and the Seller as to Northern Irish law and from Mourant du Feu & Jeune, the legal advisers to the Mortgages Trustee as to Jersey law;

- (B) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer giving confirmation to the effect stated in paragraph (i) of this Clause (e);
- (C) a comfort letter dated the date hereof and the Payment Instruction Date from the independent auditors of the Issuer, in such form and with such content as the Lead Managers may reasonably request; and
- (D) such other conditions precedent as the Lead Manager[s] may require.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on such date and the parties hereto shall be under no further liability arising out of this Agreement (except for any liability of the Issuer in relation to expenses as provided in the arrangements referred to in Clause (d) and except for any liability arising before or in relation to such termination), provided that the Lead Manager[s], on behalf of the Managers, may in [its/their] discretion waive any of the aforesaid conditions or any part of them.

- (f) The Lead Manager[s], on behalf of the Managers, may, by notice to the Issuer, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the opinion of the Lead Manager[s] there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market and, upon such notice being given, the parties to this Agreement shall (except for any liability of the Issuer in relation to expenses as provided in the arrangements referred to in Clause (d) of this Agreement and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.
- (g) Clause 22 of the Programme Agreement shall also apply to this Agreement as if expressly incorporated herein.
- (h) This Agreement may be signed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement, and any party may enter into this Agreement by executing a counterpart.
- (i) A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
- (j) This Agreement shall be governed by, and construed in accordance with, the laws of England.

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For: FOSSE MASTER ISSUER PLC

By:

For: FOSSE FUNDING (NO. 1) LIMITED

By:

For: FOSSE TRUSTEE LIMITED

By:

For: ALLIANCE & LEICESTER PLC

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: *[Names of Managers]*

By:

ANNEX 1
FORM OF FINAL TERMS

[Date]

[*As per the Prospectus*]

ANNEX 2

[Programme Agreement to be Inserted]

SIGNATORIES

Issuer

For and on behalf of

FOSSE MASTER ISSUER PLC

By:

Authorised Signatory



per pro SFM Directors Limited as Director

Seller

For and on behalf of

ALLIANCE & LEICESTER PLC

By:

Authorised Signatory



Funding 1

For and on behalf of

FOSSE FUNDING (NO. 1) LIMITED

By:

Authorised Signatory



per pro SFM Directors Limited as Director

Mortgages Trustee

For and on behalf of

FOSSE TRUSTEE LIMITED

By: 

Authorised Signatory

Dealers and Arrangers

For and on behalf of

BARCLAYS BANK PLC

By:

Authorised Signatory

For and on behalf of

CITIGROUP GLOBAL MARKETS LIMITED

By:

Authorised Signatory

Dealer

For and on behalf of

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By:

Authorised Signatory

Mortgages Trustee

For and on behalf of

FOSSE TRUSTEE LIMITED

By:

Authorised Signatory

Dealers and Arrangers

For and on behalf of

BARCLAYS BANK PLC

By:

Authorised Signatory


Louise Kelly
Authorised Attorney

For and on behalf of

CITIGROUP GLOBAL MARKETS LIMITED

By:

Authorised Signatory

Dealer

For and on behalf of

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By:

Authorised Signatory

Mortgages Trustee

For and on behalf of

FOSSE TRUSTEE LIMITED

By:

Authorised Signatory

Dealers and Arrangers

For and on behalf of

BARCLAYS BANK PLC

By:

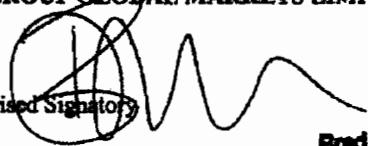
Authorised Signatory

For and on behalf of

CITIGROUP GLOBAL MARKETS LIMITED

By:

Authorised Signatory

A handwritten signature in black ink, appearing to be 'Brad Duncan', written over a circular stamp or seal.

Brad Duncan
Authorised Signatory

Dealer

For and on behalf of

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By:

Authorised Signatory

Mortgages Trustee

For and on behalf of

FOSSE TRUSTEE LIMITED

By:

Authorised Signatory

Dealers and Arrangers

For and on behalf of

BARCLAYS BANK PLC

By:

Authorised Signatory

For and on behalf of

CITIGROUP GLOBAL MARKETS LIMITED

By:

Authorised Signatory

Dealer

For and on behalf of

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By:



Authorised Signatory

GEORGE GOODERHAM

ANNEX 3

UNDERWRITING COMMITMENTS FOR RULE 144A NOTES

Class A1 Rule 144A Notes \$350,000,000

Banco Santander, S.A.	\$116,666,667
Barclays Bank PLC	\$116,666,667
J.P. Morgan Securities Ltd.	\$116,666,666

Class A2 Rule 144A Notes \$0

Banco Santander, S.A.	\$0
Barclays Bank PLC	\$0
J.P. Morgan Securities Ltd.	\$0

Class A3 Rule 144A Notes €0

Banco Santander, S.A.	€0
Barclays Bank PLC	€0
J.P. Morgan Securities Ltd.	€0

Class A4 Rule 144A Notes \$0

Banco Santander, S.A.	\$0
Barclays Bank PLC	\$0
J.P. Morgan Securities Ltd.	\$0

Class A5 Rule 144A Notes \$250,000,000

Deutsche Bank Securities Inc.	\$250,000,000
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ANNEX 4

COMMITMENTS FOR REG S NOTES

Class A1 Reg S Notes \$0

Banco Santander, S.A.	\$0
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Barclays Bank PLC	\$0
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J.P. Morgan Securities Ltd.	\$0
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Class A2 Reg S Notes \$700,000,000

Banco Santander, S.A.	\$233,333,333
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Barclays Bank PLC	\$233,333,334
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J.P. Morgan Securities Ltd.	\$233,333,333
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Class A3 Reg S Notes €100,000,000

Banco Santander, S.A.	€33,333,333
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Barclays Bank PLC	€33,333,333
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J.P. Morgan Securities Ltd.	€33,333,334
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Class A4 Reg S Notes \$300,000,000

Banco Santander, S.A.	\$100,000,000
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Barclays Bank PLC	\$100,000,000
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J.P. Morgan Securities Ltd.	\$100,000,000
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Class A5 Reg S Notes \$0

Deutsche Bank AG, London Branch	\$0
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ANNEX 5

CONDITIONS PRECEDENT

1. In respect of each Manager which has not been a Dealer on a previous Series, delivery by the Issuer of copies of the executed Issuer Transaction Documents and in respect of each Manager that has been a Dealer on a previous Series, delivery by the Issuer of copies of the executed amendments to any Issuer Transaction Documents that have been amended since such Manager was previously a Dealer on a Series;
2. The Issuer, Funding 1, the Mortgages Trustee and the Seller having performed all of their obligations under the Programme Agreement to be performed on or before the proposed Closing Date
3. The accuracy, on the Closing Date, of the representations and warranties of the Issuer, Funding 1, the Mortgages Trustee and the Seller given on the date of this Agreement;
4. There having been, as at the proposed Closing Date, no change or any development involving a prospective change from that set forth in the Prospectus as at the date of this Agreement in the condition (financial or otherwise), results of operations, prospects or business affairs of the Issuer, Funding 1 or the Mortgages Trustee nor the occurrence of any event making untrue or incorrect any of the representations and warranties contained in Clause 4 of the Programme Agreement that, in the reasonable judgment of the relevant Manager, is or could reasonably be expected to be material and adverse in the context of the issue of the Notes or the performance of the obligations of the Issuer, Funding 1 or the Mortgages Trustee under the Issuer Transaction Documents on the terms and in the manner contemplated in the Prospectus;
5. (i) The execution and delivery (on or before the Closing Date) of the Funding 1 Transaction Documents and each other document listed in the Signing and Closing Agenda in respect of the Notes (each in approved form) by the respective parties; (ii) due satisfaction of all conditions precedent to the Issuer Transaction Documents and the Funding 1 Transaction Documents other than the issue of the Notes; and (iii) irrevocable instructions to the Cash Manager to procure payment on behalf of the Issuer in accordance with a payment instruction letter agreed between the Issuer and the Arranger (the **Payment Instruction Letter**);
6. The Notes having been listed and the relevant Stock Exchange having admitted the Notes to trading subject only to the issue of the Notes;
7. There having been delivered by the Issuer, Funding 1, the Mortgages Trustee and the Seller to the Managers a solvency certificate (in approved form) of each of the Issuer, Funding 1, the Mortgages Trustee and the Seller dated the Closing Date and signed by a duly authorised officer;
8. The matters that the Prospectus state will be done as at the Closing Date having been done;
9. The delivery by the Issuer, Funding 1, the Mortgages Trustee and the Seller to the Managers of:
 - (a) a copy certified by a duly authorised signatory of the Issuer, Funding 1, the Mortgages Trustee and the Seller, respectively, of the Memorandum and Articles of Association of the Issuer, Funding 1, the Mortgages Trustee and the Seller and their respective Certificates of Incorporation and any relevant Certificate of Incorporation on change of name or Certificates of Incorporation on re-registration as a public limited company;
 - (b) a copy, certified by a duly authorised signatory of the Issuer, Funding 1, the Mortgages Trustee and the Seller, respectively, of the resolutions of the respective Board of Directors of

the Issuer, Funding 1, the Mortgages Trustee and Seller authorising the execution of this Agreement and the other Transaction Documents to which it is a party (to the extent that such documents have not been executed and delivered prior to the date hereof) and the entry into and performance of the transactions contemplated thereby;

10. The share capital of each of the Issuer, Funding 1 and the Mortgages Trustee having been issued and paid up as described in the Prospectus;
11. There being no outstanding breach of any of the obligations of the Issuer, Funding 1, the Mortgages Trustee or the Seller under the Programme Agreement, any of the Transaction Documents or any Notes that has not been expressly waived by the relevant Manager on or prior to the Closing Date;
12. There being in full force and effect all governmental or regulatory resolutions, approvals or consents required for the Issuer to issue the Notes on the Closing Date and for the Issuer to fulfil its obligations under such Notes and the Issuer having delivered to the Managers certified copies of such resolutions, approvals or consents and, where applicable, certified English translations thereof;
13. The Final Terms, the applicable Global Notes and the relevant settlement procedures having been agreed by the Issuer, the Managers, the Principal Paying Agent and the Registrar;
14. The relevant currency being accepted for settlement by Euroclear and/or Clearstream, Luxembourg and, where relevant, DTC;
15. In the case of Notes being sold pursuant to and in reliance on Rule 144A, the Notes being eligible for clearance and settlement through DTC;
16. The delivery by the Issuer to the Registrar as custodian of the Rule 144A Global Note representing the relevant Notes or the delivery to the common depositary of the Reg S Global Note representing the relevant Notes;
17. Any calculations or determinations which are required by the relevant conditions precedent to have been made prior to the Closing Date having been duly made; and
18. Santander UK having subscribed for the Class Z Notes.

ANNEX 6

SELLING RESTRICTIONS

United Kingdom

Each Manager represents and agrees that:

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

United States

Each Manager acknowledges that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered only (a) in the United States (or to U.S. persons outside the United States) to QIBs in reliance on Rule 144A and (b) to non-U.S. persons outside the United States pursuant to Regulation S.

In connection with any Reg S Notes, each Manager agrees that, with respect to the relevant Reg S Notes for which it has subscribed, it will not offer or sell the Reg S Notes (or any beneficial interest in a Reg S Global Note): (a) as part of its distribution at any time; or (b) otherwise until 40 days after the later of the commencement of the offering of the Reg S Notes and the Closing Date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons. Each Manager agrees that it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Reg S Notes from it during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Reg S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Reg S.

Until the expiration of the Distribution Compliance Period, an offer or sale of the Reg S Notes within the United States by any Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each Manager acknowledges that the Reg S Notes and any Rule 144A Notes that are not ERISA-eligible Notes are not designed for, and may not be purchased or held by, any “employee benefit plan” as defined in Section 3(3) of ERISA, which is subject thereto, or any “plan” as defined in Section 4975 of the Code to which Section 4975 applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an “employee benefit plan” or “plan” and each purchaser of such Note will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Note will not be, such an “employee benefit plan”, “plan” or person.

Further, in connection with any Notes which are offered or sold in the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Rule 144A, each Manager represents and agrees, that:

- (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Manager (including offers, resales or other transfers made or approved by a Manager in connection with secondary trading) shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
- (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as QIBs;
- (c) no general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;
- (d) no sale of Notes in the United States to any one QIB will be for less than \$100,000 principal amount or its equivalent rounded upwards and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least \$100,000 principal amount of the Notes; and
- (e) it may resell the Rule 144A Notes in the United States only if such Manager is a registered broker-dealer in the United States or through its selling agent which is a registered broker-dealer in the United States in compliance with the Exchange Act.

Italy

Each Manager acknowledges that the offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each Manager agrees that no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Subject to the foregoing, each Manager agrees that any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190

of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**);

- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with securities, tax, exchange control and any other applicable laws and regulations, including any limitations or requirement imposed by from time to time, *inter alia*, CONSOB, the Bank of Italy or other Italian authority.

General

Each Manager represents and agrees that it has complied, and will comply, with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses them or distributes the Prospectus or any part thereof, and the Issuer shall have no responsibility for such activities by the Managers. Furthermore, the Managers will not directly or indirectly offer, sell or deliver any of the Notes or distribute or publish the Prospectus or any prospectus, form of application, offering document, advertisement or other offering material in connection with the Notes except under circumstances that will, to the best of their knowledge and belief, result in compliance with all applicable laws and regulations, and all offers, sales and deliveries of the Notes by them will be made on the same terms.

Neither the Issuer nor the Managers represent that the Notes may at any time lawfully be sold in compliance with any application, registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such sale.