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Final Terms dated 20 August 2008

FOSSE MASTER ISSUER PLC

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

Residential Mortgage Backed Note Programme

Issue of Series 2008-1 Notes

Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	Maturity date
Class A1	Three-Month USD LIBOR + 0.60%	US\$150,000,000	99.93%	January 2009 to January 2010	October 2054
Class A2	Three-Month EURIBOR + 0.90%	€400,000,000	100%	October 2008 to October 2012	October 2054

Terms used herein shall be deemed to be defined as such in accordance with the conditions set forth in the base prospectus dated 20 December 2007 as amended by the supplement dated 19 August 2008 (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 (the **series 2008-1 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 Fosse Master Issuer plc (the **issuer**) and the offer of the above listed series 2008-1 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.

Joint Book Runners, Dealers and Lead Managers for the Series 2008-1 Notes

GOLDMAN SACHS INTERNATIONAL

THE ROYAL BANK OF SCOTLAND

Arranger for the Series 2008-1 Notes

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

1. Class:	Class A1	Class A2
2. Series Number:	2008-1	2008-1
3. Issuer:	Fosse Master Issuer plc	Fosse Master Issuer plc
4. Specified Currency or Currencies:	US Dollars	Euro
5. Initial Principal Amount:	US\$150,000,000	€400,000,000
6. (a) Issue Price:	99.93% of the Initial Principal Amount	100% of the Initial Principal Amount
(b) Net proceeds:	US\$149,895,000	€400,000,000
7. Required Subordinated Percentage:	9.25%	9.25%
8. (a) General Reserve Required Amount:	£81,888,000	£81,888,000
(b) Arrears or Step-up Trigger Event:		
item (i) of General Reserve Fund increased amount:	£20,472,000	£20,472,000
item (ii) of General Reserve Fund increased amount:	£20,472,000	£20,472,000
items (i) and (ii) of General Reserve Fund increased amount:	£40,944,000	£40,944,000
9. Interest-only mortgage level test:	"C" for these purposes is 40.73	"C" for these purposes is 40.73
10. Ratings (Standard & Poor's/Moody's/Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA
11. Specified Denominations:	US\$100,000 and integral multiples of US\$1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof
12. (a) Closing Date:	21 August 2008	21 August 2008
(b) Interest Commencement Date:	21 August 2008	21 August 2008
13. Final Maturity Date:	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054
14. Interest Basis:	Three-month USD	Three-month EURIBOR

LIBOR		
15. Redemption/Payment Basis:	Scheduled Redemption	Scheduled Redemption
16. Change of Interest Basis or Redemption/Payment Basis:	Not Applicable	Not Applicable
17. (a) Listing:	London	London
(b) Estimate of total expenses related to admission to trading:		£6,500
18. Method of distribution:	Syndicated	Syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
19. Fixed Rate Note Provisions:	Not Applicable	Not Applicable
20. Floating Rate Note Provisions:	Applicable	Applicable
(a) Specified Period(s)/Specified 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, up to and including the Final Maturity Date, commencing on 20 October 2008 (subject to Business Day Convention)	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 20 October 2008 (subject to Business Day Convention)
(b) Business Day Convention:	Following Business Day Convention	Following Business Day Convention
(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
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	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

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(f)	Screen Rate Determination:		
	Reference Rate:	Three-Month USD LIBOR (or, in respect of the first interest period, the linear interpolation of one-month USD LIBOR and two-month USD LIBOR or, 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 EURIBOR and two-month EURIBOR or, following the occurrence of a Pass-Through Trigger Event, one-month EURIBOR)
	Interest Determination Date(s):	2 London Business Days prior to the start of each Floating Interest Period	2 TARGET Business Days prior to the start of each Floating Interest Period
	Relevant Screen Page:	Reuters Screen page LIBOR01	Reuters Screen page EURIBOR01
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(g)	ISDA Determination:		
	Floating Rate Option:	Not applicable	Not applicable
	Designated Maturity:	Not applicable	Not applicable
	Reset Date:	Not applicable	Not applicable
(h)	Margin(s):	+0.60% per annum	+0.90% per annum
(i)	Minimum Rate of Interest:	Not Applicable	Not Applicable
(j)	Maximum Rate of Interest:	Not Applicable	Not Applicable
(k)	Step-Up Date	The Interest Payment Date occurring in January 2010, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in October 2012, on which date the Margin shall be replaced with the Step-Up Margin
	Step-Up Margin(s):	+1.20% per annum	+1.80% per annum
	Step-Up Minimum Rate of Interest:	Not applicable	Not applicable
	Step-Up Maximum Rate of Interest:	Not applicable	Not applicable
(l)	Day Count Fraction:	Actual/360	Actual/360
(m)	Fallback provisions, rounding	Not applicable	Not applicable

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:

21. Zero Coupon Note Provisions	Not Applicable	Not Applicable
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PROVISIONS RELATING TO REDEMPTION

22. Details relating to Bullet Redemption Notes:	Not Applicable	Not Applicable
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23. Details relating to Scheduled Redemption Notes:	Applicable	Applicable
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(a) Scheduled Redemption Dates:	Interest Payment Dates occurring in January 2009, April 2009, July 2009, October 2009 and January 2010	Interest Payment Dates occurring in October 2008, January 2009, April 2009, July 2009, October 2009, January 2010, April 2010, July 2010, October 2010, January 2011, April 2011, July 2011, October 2011, January 2012, April 2012, July 2012 and October 2012
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(b) Scheduled Amortisation Instalments:	January 2009 – US\$30,000,000 April 2009 – US\$30,000,000 July 2009 – US\$30,000,000 October 2009 – US\$30,000,000 January 2010 – US\$30,000,000	October 2008 – €10,197,725.80 January 2009 – €15,645,105.63 April 2009 – €14,697,211.73 July 2009 – €14,273,623.73 October 2009 – €13,854,400.04 January 2010 – €13,298,339.79 April 2010 – €12,492,629.97 July 2010 – €12,132,580.17 October 2010 – €11,776,240.04 January 2011 – €11,303,588.82 April 2011 – €10,618,735.47 July 2011 – €10,312,693.14 October 2011 – €10,009,804.03 January 2012 – €9,608,050.50
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April 2012 –
 €9,124,195.32
 July 2012 –
 €8,761,887.01
 October 2012 –
 €211,893,188.82

24. Details relating to Pass-Through Notes:	Not Applicable	Not Applicable
25. (a) Redemption Amount:	Condition 5.7 applies	Condition 5.7 applies
(b) Optional Redemption:	Not Applicable	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE SERIES 2008-1 NOTES

26. Form of series 2008-1 notes:	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg
27. Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable	Not Applicable
28. Issuer Swap Providers:	The Royal Bank of Scotland plc	Alliance & Leicester plc
29. Specified currency exchange rate:	£1.00/US\$1.867	€1.00/£0.7879
30. Redenomination applicable:	Redenomination not applicable	Redenomination not applicable
31. ERISA eligibility	Not Applicable	Not Applicable
32. US Taxation	Not Applicable	Not Applicable
33. Money Market Notes (2a-7)	Not Applicable	Not Applicable
34. Do the series 2008-1 notes have the benefit of remarketing arrangements:	Not Applicable	Not Applicable
35. Other final terms:	Not Applicable	Not Applicable

DISTRIBUTION			
36. (a)	If syndicated, names of Dealers and Managers:	The Royal Bank of Scotland plc and Goldman Sachs International	The Royal Bank of Scotland plc and Goldman Sachs International
(b)	Stabilising Manager (if any):	Not Applicable	Not Applicable
37.	If non-syndicated, name of relevant Dealer and Manager:	Not applicable	Not applicable
38.	Additional selling restrictions:	Not Applicable	Not Applicable
OPERATIONAL INFORMATION			
39.	Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable
40.	Delivery:	Delivery against payment	Delivery against payment
41.	Names and addresses of additional Paying Agent(s) (if any):	Not applicable	Not applicable
42.	ISIN Code:	Reg S: XS0383826756	Reg S: XS0383827051
43.	Common Code:	Reg S: 038382675	Reg S: 038382705
44.	CUSIP:	Not Applicable	Not Applicable
LOAN TRANCHE INFORMATION			
45.	Borrower:	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited
46.	Lender:	Fosse Master Issuer plc	Fosse Master Issuer plc
47.	Tier of Loan Tranche:	AAA Loan Tranche	AAA Loan Tranche
48.	Series Number:	Series 2008-1	Series 2008-1
49.	Designation of Loan Tranche:	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche
50.	Change of Redemption/Payment Basis:	Not applicable	Not applicable
51.	Initial Principal Amount:	£80,342,795.93	£315,160,000.00

(a)	Closing Date:		21 August 2008	21 August 2008
(b)	Loan Tranche Interest Commencement Date:		21 August 2008	21 August 2008
(c)	Loan Tranche Interest Reset Dates:		The Funding 1 Interest Payment Date occurring quarterly commencing with the Funding 1 Interest Payment Date occurring in October 2008 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date	The Funding 1 Interest Payment Date occurring quarterly commencing with the Funding 1 Interest Payment Date occurring in October 2008 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date
52.	Initial Loan Tranche Margin per annum:		+0.574%	+0.969%
53.	Step-Up Date (if any):		The Funding 1 Interest Payment Date occurring in January 2010, on which date the initial interest rate per annum shall be replaced with the stepped-up interest rate per annum	The Funding 1 Interest Payment Date occurring in October 2012, on which date the initial interest rate per annum shall be replaced with the stepped-up interest rate per annum
54.	Stepped-up Loan Tranche Margin per annum:		1.34185%	1.938%
55.	Details relating to Bullet Loan Tranches:		Not Applicable	Not Applicable
56.	Details relating to Scheduled Amortisation Loan Tranches:		Applicable	Applicable
(a)	Scheduled Repayment Dates:		The Funding 1 Interest Payment Dates occurring in January 2009, April 2009, July 2009, October 2009 and January 2010	The Funding 1 Interest Payment Dates occurring in October 2008, January 2009, April 2009, July 2009, October 2009, January 2010, April 2010, July 2010, October 2010, January 2011, April 2011, July 2011, October 2011, January 2012, April 2012, July 2012 and October 2012
(b)	Repayment Amounts:		January 2009 - £16,068,559.19 April 2009 - £16,068,559.19 July 2009 - £16,068,559.19	October 2008 - £8,034,788.16 January 2009 - £12,326,778.73 April 2009 - £11,579,933.12

	October 2009 – £16,068,559.19 January 2010 – £16,068,559.19	July 2009 – £11,246,188.13 October 2009 – £10,915,881.79 January 2010 – £10,477,761.92 April 2010 – £9,842,943.15 July 2010 – £9,559,259.91 October 2010 – £9,278,499.53 January 2011 – £8,906,097.63 April 2011 – £8,366,501.68 July 2011 – £8,125,370.93 October 2011 – £7,886,724.60 January 2012 – £7,570,182.99 April 2012 – £7,188,953.49 July 2012 – £6,903,490.77 October 2012 – £166,950,643.47
(c) Relevant Accumulation Amounts:	Not applicable	Not applicable
57. Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable
58. Final Repayment Date:	The Funding 1 Interest Payment Date falling in October 2054	The Funding 1 Interest Payment Date falling in October 2054
59. Loan Tranche Payment Dates:	Each Funding 1 Interest Payment Date corresponding to a Scheduled Redemption Date	Each Funding 1 Interest Payment Date corresponding to a Scheduled Redemption Date
60. Other terms and special conditions:	Not Applicable	Not Applicable

Issuer Swap Providers

THE ROYAL BANK OF SCOTLAND PLC

General

The Royal Bank of Scotland Group plc ("RBSG") is the holding company of one of the world's largest banking and financial services groups, with a market capitalisation of £34.7 billion at 30 June 2008. Headquartered in Edinburgh, RBSG operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc ("RBS") and National Westminster Bank Plc ("NatWest"). Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. RBSG has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers in over 50 countries.

RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than ABN AMRO businesses (see below) and the general insurance business (primarily Direct Line Group and Churchill Insurance).

RBSG had total assets of £1,948.7 billion and total equity (including minority interests) of £103.7 billion at 30 June 2008. RBS had total assets of £1,115.7 billion and shareholders' equity of £47.7 billion at 31 December 2007. RBSG had a total capital ratio of 11.2 per cent., a core tier 1 ratio of 6.7 per cent. and a tier 1 capital ratio of 9.1 per cent as at 30 June 2008.

The short-term unsecured and unguaranteed debt obligations of RBS are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of RBS are currently rated AA by S&P, Aa1 by Moody's and AA by Fitch.

ABN AMRO

On 17 October 2007, RFS Holdings B.V. (RFS Holdings), a company jointly owned by RBSG, Fortis N.V., Fortis SA/NV and Banco Santander S.A.) (the "Consortium Banks") and controlled by RBSG, completed the acquisition of ABN AMRO Holding N.V. (ABN AMRO). ABN AMRO is a major international banking group with a leading position in international payments and a strong investment banking franchise with particular strengths in emerging markets, as well as offering a range of retail and commercial financial services around the world via regional business units in Europe, the Netherlands, North America, Latin America and Asia. RFS Holdings is in the process of implementing an orderly separation of the business units of ABN AMRO with RBS principally retaining ABN AMRO's global wholesale businesses and international retail businesses in Asia and the Middle East. Certain other assets will continue to be shared by the Consortium Banks.

Rights Issue

On 9 June 2008, RBSG issued 6,123,010,462 new ordinary shares as a result of the rights issue of 11 ordinary shares for every 18 ordinary shares held at an issue price of 200 pence per share. The proceeds of the rights issue amounted to £12 billion net of expenses.

Angel Trains

On 6 August 2008, RBSG completed the sale of Angel Trains Group to a consortium advised by Babcock & Brown.

Tesco Personal Finance

On 28 July 2008, RBSG announced that it had agreed to sell its 50% shareholding in Tesco Personal Finance (TPF) to its joint venture partner, Tesco plc for a cash consideration of £950m, subject to transaction adjustments. As part of this transaction, RBS will continue to provide certain commercial services to TPF post completion. The sale is subject to regulatory approvals and completion is expected to take place before the end of 2008.

ALLIANCE & LEICESTER PLC

See “**Alliance & Leicester plc**” in the prospectus.

Currency presentation

Unless otherwise stated in these final terms, any translations of pounds sterling into US dollars have been made at the rate of £1.00 = US\$1.9841 which was the closing buying rate in the City of New York for cable transfers in dollars per £1.00 as certified for customs purposes by the Federal Reserve Bank of New York on 31 July 2008. Use of this rate does not mean that 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 ended	Years ended 31 December				
	31 July 2008	2007	2006	2005	2004	2003
Last ⁽¹⁾	1.9841	1.9850	1.9589	1.7230	1.9181	1.7858
Average ⁽²⁾	1.9772	2.0019	1.8436	1.8196	1.8334	1.6359
High.....	2.0335	2.1075	1.9815	1.9291	1.9467	1.7858
Low	1.9418	1.9205	1.7199	1.7142	1.7559	1.5541

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, any translations of pounds sterling into euro have been made at the rate of €1.00 = £0.7864 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 31 July 2008. 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 ended	Years ended 31 December				
	31 July 2008	2007	2006	2005	2004	2003
Last ⁽¹⁾	0.7864	0.7350	0.6739	0.6877	0.7066	0.7058
Average ⁽²⁾	0.7778	0.6846	0.6818	0.6838	0.6786	0.6922
High.....	0.8086	0.7378	0.7007	0.7071	0.7092	0.7247
Low	0.7346	0.6553	0.6683	0.6628	0.6567	0.6471

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 series 2008-1 notes will have the following terms:

Funding 1 start-up loan provider: Alliance & Leicester
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: Alliance & Leicester
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: Alliance & Leicester
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 notes issued by the issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the series 2008-1 notes described herein, will be:

Class A Notes.....	£4,181,977,104.76
Class B Notes.....	£142,348,372.17
Class M Notes.....	£109,691,508.13
Class C Notes.....	£82,092,244.25

Other loan tranches

As of the closing date, the aggregate outstanding principal balance of loan tranches advanced by the issuer to Funding 1 under the intercompany loan agreement, including the 2008-1 loan tranches described herein will be:

AAA.....	£4,181,977,104.76
AA.....	£142,348,372.17
A.....	£109,691,508.13
BBB.....	£82,092,244.25
Total.....	£4,516,109,229.30

Mortgages trust and the portfolio

As at the closing date the minimum seller share will be approximately £320,000,000.

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

Use of proceeds

The gross proceeds from the issue of the series 2008-1 notes equal approximately £395,502,795.93 (after exchanging the proceeds of the series 2008-1 notes for sterling, calculated by reference to the applicable specified currency exchange rate) and will be used by the issuer to make available the 2008-1 loan tranches to Funding 1 pursuant to the terms of the intercompany loan agreement. Funding 1 will use the gross proceeds of each 2008-1 loan tranche to make a further contribution to the mortgages trustee.

Maturity and prepayment considerations

The average lives of each class of the series 2008-1 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 2008-1 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 2008-1 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 1.05 times the Funding 1 share or such higher amount as may be required to be maintained as a result of the issuer advancing 2008-1 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 the series 2008-1 notes to be deferred;
- (7) the annualised CPR as at the closing date is the same as the various assumed rates in the table below;
- (8) the issuer exercises its option to redeem the series 2008-1 notes on the step-up date, if any, relating to such series 2008-1 notes;
- (9) the closing date is 21 August 2008;
- (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; and
- (12) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "A3" by Moody's and "A-" by Fitch,

the approximate average life in years of each class of the series 2008-1 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 2008-1 notes (in years)

Constant prepayment rate (per annum)	series 2008-1 class A1 notes	series 2008-1 class A2 notes
5 per cent.	1.27	3.34
10 per cent.	0.92	3.09
15 per cent.	0.91	3.09
20 per cent.	0.91	3.09
25 per cent.	0.91	3.09
30 per cent.	0.91	3.09
35 per cent.	0.91	3.09

Assumptions (1), (3), (4), (5), (6), (7), (10), (11) and (12) 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 series 2008-1 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 series 2008-1 notes would be extended.

The average lives of the series 2008-1 notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that these assumptions and estimates will prove in any way to be realistic and they must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of these estimated average lives, see **“Risk factors – The yield to maturity of the notes may be adversely affected by prepayments or redemptions on the loans”** in the prospectus.

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 in the portfolio as at the closing date (the **expected portfolio**) as at 31 July 2008 (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 the portfolio if, in the period up to (and including) the closing date, 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 relevant sale date.

The expected portfolio as at the cut-off date consisted of 85,956 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 £7,217,938,447.42 as at that date. The loans in the expected portfolio at the cut-off date were originated by the seller between 26 October 1959 and 29 June 2007.

As at 31 July 2008, Alliance & Leicester's Standard Variable Rate was 7.19%.

As at the closing date:

- Funding 1's share of the trust property will be approximately £4,518,712,000 representing approximately 63.04% of the trust property; and
- the seller's share of the trust property will be approximately £2,649,788,000 representing approximately 36.96% of the trust property.

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

Outstanding balances as at the cut-off date

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

Range of outstanding balances as at the cut-off date £	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <=50,000	850,577,824.61	11.78%	28,975	33.71%
>50,000 to <=100,000.....	2,252,197,200	31.20%	30,809	35.84%
>100,000 to <=150,000.....	1,914,599,916	26.53%	15,749	18.32%
>150,000 to <=200,000.....	1,045,983,535	14.49%	6,125	7.13%
>200,000 to <=250,000.....	543,345,820	7.53%	2,458	2.86%
>250,000 to <=300,000.....	240,188,738	3.33%	886	1.03%
>300,000 to <=350,000.....	134,305,236	1.86%	417	0.49%
>350,000 to <=400,000.....	83,390,320	1.16%	225	0.26%
>400,000 to <=450,000.....	52,198,341	0.72%	124	0.14%
>450,000 to <=500,000.....	36,387,553	0.50%	77	0.09%
>500,000 to <=550,000.....	21,553,719	0.30%	41	0.05%
>550,000 to <=600,000.....	17,778,511	0.25%	31	0.04%
>600,000 to <=650,000.....	13,693,840	0.19%	22	0.03%
>650,000 to <=700,000.....	8,154,425	0.11%	12	0.01%
>700,000 to <=750,000.....	3,583,469	0.05%	5	0.01%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>

The maximum and average outstanding balances of the mortgage accounts as at the cut-off date were £745,943.66 and £83,972.48, respectively.

Cut-off date LTV ratios

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the value of the property securing the loans in that mortgage account as at the date of the initial loan origination or the most recent valuation thereof. No revaluation of the property securing the loans has been done for the purposes of the issuance of the series 2008-1 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%.....	382,328,352.55	5.30%	13,418	15.61%
>25% to <=50%.....	1,782,268,950.90	24.69%	26,352	30.66%
>50% to <=75%.....	2,969,220,318.83	41.14%	29,045	33.79%
>75% to <=80%.....	580,411,813.37	8.04%	4,955	5.76%
>80% to <=85%.....	592,398,004.12	8.21%	4,812	5.60%
>85% to <=90%.....	560,837,541.06	7.77%	4,369	5.08%
>90% to <=95%.....	258,950,261.04	3.59%	2,194	2.55%
≥95%.....	91,523,205.55	1.27%	811	0.94%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>

The weighted average LTV ratio of the mortgage accounts (including any capitalised high LTV fees, capitalised booking fees and valuation fees) at the cut-off date was 60.81%.

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%.....	900,895,954.76	12.48%	24,638	28.66%
>25% to <=50%.....	2,546,806,557.92	35.28%	31,752	36.94%
>50% to <=75%.....	2,464,333,112.24	34.14%	20,068	23.35%
>75% to <=80%.....	437,252,875.15	6.06%	3,160	3.68%
>80% to <=85%.....	398,888,627.13	5.53%	2,887	3.36%
>85% to <=90%.....	279,569,240.57	3.87%	2,090	2.43%
>90% to <=95%.....	144,026,622.77	2.00%	1,030	1.20%
≥95%.....	46,165,456.88	0.64%	331	0.39%
Totals	7,217,938,447.42	100.00%	85,956	100.00%

The weighted average LTV ratio as at the cut-off date of the mortgage accounts (including any capitalised high LTV fees, capitalised high LTV fees, insurance fees, valuation fees and booking fees) was 51.84%.

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.....	253,423,550.75	3.51%	3,246	3.78%
East Midlands.....	519,204,856.62	7.19%	7,317	8.51%
Greater London.....	583,161,787.82	8.08%	3,881	4.52%
Northern Ireland.....	473,347,908.40	6.56%	6,965	8.10%
North.....	249,512,375.96	3.46%	3,435	4.00%
North West.....	643,347,546.94	8.91%	8,400	9.77%
Scotland.....	751,552,160.33	10.41%	11,287	13.13%
South East.....	1,879,286,403.18	26.04%	17,228	20.04%
South West.....	583,641,139.23	8.09%	7,036	8.19%
Wales.....	290,458,190.62	4.02%	4,184	4.87%
West Midlands.....	483,526,432.35	6.70%	5,978	6.95%
Yorkshire & Humberside.....	507,476,095.22	7.03%	6,999	8.14%
Totals	7,217,938,447.42	100.00%	85,956	100.00%

The table below summarises the major industries for each region. For a discussion of geographic concentration risks, see “**Risk factors – The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the notes**” in the prospectus.

Region	Type of industry
North	Traditional heavy industry concentrated around Tyneside and Teesside

Yorks and Humber	Iron and steel; textiles and clothing; coal; fishing
East Midlands	Diverse industry but specialises in hosiery, footwear and clothing
East Anglia	Agriculture and food processing; footwear and tourism; micro-technology
South East	Financial and commercial centre; technological and light engineering
South West	Agriculture and food processing; tourism; aerospace; tobacco
West Midlands	Mechanical and electrical engineering; vehicles; iron and steel; potteries
North West	Heavy engineering; cotton; clothing; glass; chemicals; vehicles
Wales	Coal, iron and steel in Southern Wales; agriculture; light engineering
Scotland	North Sea oil; agriculture; shipbuilding; tourism
Northern Ireland	Shipbuilding; textiles

Source: <http://www.bized.ac.uk/learn/economics/firms/locationnotes.htm#Heading73>

House prices and incomes vary throughout England, Scotland, Wales and Northern Ireland. The table below summarises the average house price in 2004 and the average income over the period from 2001/2 to 2004 for each region in order to produce a house price to earnings ratio for each region.

Regions	Average Price (£)	Average earnings (£ per annum)	Price/earnings ratio
East Anglia	221,125	33,904	6.52
East Midlands	164,336	29,328	5.60
Greater London	305,544	39,832	7.67
Northern Ireland.....	169,259	25,896	6.54
North East	141,125	23,660	5.96
North West	157,506	28,028	5.62
Scotland	137,192	28,288	4.85
South East.....	256,889	35,724	7.19
South West.....	213,586	29,536	7.23
Wales	157,457	25,584	6.15
West Midlands.....	177,182	29,276	6.05
Yorkshire & Humberside	158,247	27,508	5.75

Source: Department for Communities and Local Government
Office for National Statistics; www.bized.ac.uk

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	-	0.00%	-	0.00%
>=6 to <12	-	0.00%	-	0.00%
>=12 to <18	234,620,508.52	3.25%	1,944	2.26%
>=18 to <24	790,100,076.89	10.95%	6,481	7.54%
>=24 to <30	856,219,591.29	11.86%	7,400	8.61%
>=30 to <36	1,180,072,372.36	16.35%	11,133	12.95%
>=36 to <42	808,443,623.10	11.20%	8,887	10.34%
>=42 to <48	326,933,132.50	4.53%	3,952	4.60%
>=48 to <54	439,647,325.55	6.09%	5,639	6.56%
>=54 to <60	625,576,710.20	8.67%	8,491	9.88%
>=60 to <66	327,065,275.71	4.53%	4,434	5.16%
>=66 to <72	265,404,959.73	3.68%	3,518	4.09%
>=72 to <78	188,772,022.87	2.62%	2,548	2.96%
>=78 to <84	161,110,841.24	2.23%	2,318	2.70%
>=84 to <90	127,449,940.67	1.77%	2,145	2.50%
>=90 to <96	110,167,439.41	1.53%	1,936	2.25%
>=96 to <102	74,525,031.50	1.03%	1,163	1.35%
>=102 to <108	114,110,601.12	1.58%	1,885	2.19%
>=108 to <114	86,538,915.60	1.20%	1,436	1.67%
>=114 to <120	118,033,450.89	1.64%	2,191	2.55%
>=120 to <126	26,784,832.96	0.37%	497	0.58%
>=126 to <132	100,525,431.74	1.39%	1,850	2.15%
>=132 to <138	40,232,291.82	0.56%	878	1.02%
>=138 to <144	52,029,371.14	0.72%	1,155	1.34%
>=144 to <150	45,249,672.93	0.63%	1,098	1.28%
>=150 to <156	30,588,188.79	0.42%	707	0.82%
>=156 to <162	50,202,886.97	0.70%	1,279	1.49%
>=162 to <168	34,916,804.67	0.48%	879	1.02%
>=168 to <174	220,843.09	0.00%	14	0.02%
>=174 to <180	29,117.59	0.00%	3	0.00%
>=180	2,367,186.57	0.03%	95	0.11%
Totals	7,217,938,447.42	100.00%	85,956	100.00%

The maximum, minimum and weighted average seasoning of loans in mortgage accounts as at 31 July 2008 will be 585.57, 13.08 and 51.36 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	223,261,422.69	3.09%	6,657	7.74%
>=5 to <10	677,414,457.65	9.39%	13,311	15.49%
>=10 to <15	1,159,787,416.19	16.07%	17,064	19.85%
>=15 to <20	1,843,184,635.18	25.54%	20,841	24.25%
>=20 to <25	2,484,387,756.78	34.42%	21,257	24.73%
>=25 to <30	536,878,215.78	7.44%	4,424	5.15%

>=30 to <35	207,850,865.59	2.88%	1,711	1.99%
>=35 to <40	83,474,069.43	1.16%	679	0.79%
>=40 to <45	1,699,608.13	0.02%	12	0.01%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>

The minimum and weighted average remaining term of the loans in mortgage accounts in the expected portfolio as at the cut-off date was 0.08 and 18.44 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	Average balance
Purchase	4,273,667,650.02	59.21%	52,826	41.77%	£80,900.84
Remortgage (existing loan).....	1,652,310,883.64	22.89%	28,136	22.25%	£58,725.86
Remortgage (capital raising).....	1,291,820,564.61	17.90%	45,505	35.98%	£28,388.54
Other	139,349.15	0.00%	3	0.00%	£46,449.72
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>126,470</u>	<u>100.00%</u>	<u>£57,072.34</u>

As at the cut-off date, the average balance of loans used to finance the purchase of a new property was £80,900.84 and the average balance of loans used to remortgage a property already owned by the borrower was £39,979.51.

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	Average balance
Converted Flat	236,833,662.96	3.28%	2,082	2.42%	£113,752.96
Council Bungalow	370,445.38	0.01%	10	0.01%	£37,044.54
Council Flat	5,674,049.60	0.08%	86	0.10%	£65,977.32
Council House	36,477,902.48	0.51%	587	0.68%	£62,142.93
Council Maisonette	936,542.20	0.01%	11	0.01%	£85,140.20
Detached Bungalow	342,652,999.34	4.75%	4,881	5.68%	£70,201.39
Detached House	2,095,327,358.37	29.03%	21,067	24.51%	£99,460.17
Maisonette.....	99,728,063.72	1.38%	1,013	1.18%	£98,448.24
Other Residential Property	2,091,687.54	0.03%	40	0.05%	£52,292.19
Purpose Built Flat.....	477,043,880.81	6.61%	5,596	6.51%	£85,247.30
Semi-Detached Bungalow	118,321,847.21	1.64%	1,967	2.29%	£60,153.46
Semi-Detached House	2,053,517,892.35	28.45%	26,404	30.72%	£77,772.98
Terraced Bungalow	11,240,707.95	0.16%	197	0.23%	£57,059.43
Terraced House	1,737,721,407.51	24.08%	22,015	25.61%	£78,933.52
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>	<u>£83,972.48</u>

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.....	4,395,206,453.64	60.89%	86,037	68.03%
Interest-only.....	2,225,260.72	0.03%	60	0.05%
Combination repayment and interest-only	2,820,506,733.06	39.08%	40,373	31.92%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>126,470</u>	<u>100.00%</u>

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.....	2,353,251,638.42	32.60%	37,944	30.00%
Fixed rate loans.....	3,470,108,445.31	48.08%	48,666	38.48%
Variable rate loans.....	620,095,750.96	8.59%	24,821	19.63%
Discount rate loans.....	774,482,612.73	10.73%	15,039	11.89%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>126,470</u>	<u>100.00%</u>

Distribution of fixed rate loans

As at the cut-off date, approximately 48.08% 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 =<3%.....	-	0.00%	-	0.00%
>3% to =<4%.....	9,593,232.55	0.28%	98	0.20%
>4% to =<5%.....	2,048,188,119.92	59.02%	25,296	51.98%
>5% to =<6%.....	1,212,134,182.18	34.93%	18,844	38.72%

>6% to =<7%	199,007,794.77	5.73%	4,394	9.03%
>7% to =<8%	1,185,115.89	0.03%	34	0.07%
Totals	<u>3,470,108,445.31</u>	<u>100.00%</u>	<u>48,666</u>	<u>100.00%</u>

Year in which current fixed rate period ends	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of fixed rate product holdings	% of total
2008	541,813,533.97	15.61%	7,287	14.97%
2009	1,239,446,016.62	35.72%	16,715	34.35%
2010	957,854,631.33	27.60%	13,041	26.80%
2011	491,914,342.43	14.18%	6,803	13.98%
2012	205,280,153.44	5.92%	4,084	8.39%
2013	33,799,767.52	0.97%	736	1.51%
Totals	<u>3,470,108,445.31</u>	<u>100.00%</u>	<u>48,666</u>	<u>100.00%</u>

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	6,647,659,896.38	92.10%	79,902	92.96%
Self employed.....	570,278,551.04	7.90%	6,054	7.04%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>

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.....	1,120,188,036.07	15.52%	10,819	12.59%
Non-first time buyer	6,097,750,411.35	84.48%	75,137	87.41%
Totals	<u>7,217,938,447.42</u>	<u>100.00%</u>	<u>85,956</u>	<u>100.00%</u>

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 July 2007 and 30 June 2008.

As of month-end	one-month annualised	three-month annualised	12-month annualised
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June 2008 25.53% 27.55% 25.16%

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 31 July 2008, the total outstanding balance of loans in the expected portfolio that were at least 30 days in arrears was £53,222,050.10, representing 0.74% 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 balance	Number of mortgage accounts	% Arrears by number	% Arrears by balance
Less than 1 month	7,164,716,397.32	0	85,417	99.37%	99.26%
>=1 to <=3	44,889,987.82	454,405.83	454	0.53%	0.62%
>=3 to <=6	5,367,668.98	168,724.86	57	0.07%	0.07%
>=6 to <=9	1,700,893.81	67,325.68	14	0.02%	0.02%
>=9 to <=12	992,621.22	63,119.94	12	0.01%	0.01%
>12	270,878.27	28,293.40	2	0.00%	0.00%
Totals	7,217,938,447.42	781,869.71	85,956	100.00%	100.00%

Characteristics of the United Kingdom residential mortgage market

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

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

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

Industry CPR rates

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

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 1985	10.02	11.61	June 1985	11.67	11.49
September 1985	13.46	11.76	December 1985	13.68	12.21
March 1986	11.06	12.47	June 1986	15.53	13.43
September 1986	17.52	14.45	December 1986	15.60	14.92
March 1987	10.75	14.80	June 1987	14.89	14.64
September 1987	16.79	14.46	December 1987	16.18	14.61
March 1988	13.55	15.35	June 1988	16.03	15.64
September 1988	18.23	16.00	December 1988	12.60	15.10
March 1989	8.85	13.93	June 1989	13.04	13.18
September 1989	11.53	11.51	December 1989	10.38	10.95
March 1990	8.91	10.96	June 1990	9.37	10.05
September 1990	9.66	9.58	December 1990	10.58	9.63
March 1991	9.07	9.67	June 1991	10.69	10.00
September 1991	11.57	10.48	December 1991	10.24	10.39
March 1992	9.14	10.41	June 1992	9.12	10.02
September 1992	9.75	9.56	December 1992	7.96	8.99
March 1993	8.53	8.84	June 1993	10.01	9.06
September 1993	10.68	9.30	December 1993	10.03	9.81
March 1994	9.00	9.93	June 1994	10.52	10.06
September 1994	11.10	10.16	December 1994	10.72	10.33
March 1995	9.15	10.37	June 1995	10.51	10.37
September 1995	11.76	10.53	December 1995	11.61	10.76
March 1996	10.14	11.00	June 1996	11.32	11.21
September 1996	13.20	11.57	December 1996	12.58	11.81
March 1997	9.75	11.71	June 1997	15.05	12.65
September 1997	12.18	12.39	December 1997	11.17	12.04
March 1998	10.16	12.14	June 1998	12.05	11.39
September 1998	13.79	11.79	December 1998	13.44	12.36
March 1999	11.14	12.61	June 1999	14.39	13.19
September 1999	15.59	13.64	December 1999	14.94	14.02
March 2000	13.82	14.69	June 2000	13.87	14.55
September 2000	14.88	14.38	December 2000	15.56	14.53
March 2001	15.46	14.94	June 2001	17.35	15.81

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
September 2001	19.12	16.87	December 2001	19.00	17.73
March 2002	18.68	18.54	June 2002	19.88	19.17
September 2002	22.40	19.99	December 2002	22.16	20.78
March 2003	19.51	20.99	June 2003	20.18	21.06
September 2003	21.66	20.88	December 2003	21.33	20.67
March 2004	19.90	20.77	June 2004	21.42	21.08
September 2004	21.41	21.01	December 2004	18.72	20.36
March 2005	17.76	19.83	June 2005	17.75	18.91
September 2005	20.24	18.62	December 2005	20.36	19.03
March 2006	19.65	19.50	June 2006	19.37	19.90
September 2006	21.24	20.15	December 2006	21.07	20.33
March 2007	20.01	20.42	June 2007	19.49	20.45
September 2007	21.27	20.46	December 2007	18.68	19.86
March 2008	14.74	18.55			

Source: Council of Mortgage Lenders Research - <http://www.cml.org.uk/cml/statistics>

You should note that the CPR table above presents the historical CPR experience only of building societies in the United Kingdom. During the late 1990s, a number of former building societies (including the seller) converted to stock form UK banks and the CPR experience of these banks is therefore not included in the foregoing building society CPR data.

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	1993.....	0.58	2001.....	0.16
1986.....	0.30	1994.....	0.47	2002.....	0.11
1987.....	0.32	1995.....	0.47	2003.....	0.07
1988.....	0.22	1996.....	0.40	2004.....	0.07
1989.....	0.17	1997.....	0.31	2005.....	0.13
1990.....	0.47	1998.....	0.31	2006.....	0.19
1991.....	0.77	1999.....	0.27	2007.....	0.23
1992.....	0.69	2000.....	0.20		

Source: Council of Mortgage Lenders - <http://www.cml.org.uk/cml/statistics>

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	3.86	2001	5.09
1995	3.80	2002	5.74
1996	3.84	2003	6.35
1997	4.08	2004	6.77
1998	4.35	2005	6.92
1999	4.60	2006	6.96
2000	5.00	2007	7.44

Source: Council of Mortgage Lenders - <http://www.cml.org.uk/cml/statistics>

House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax 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 division of Bank of Scotland plc, a UK bank.)

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

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 1985	95.4	6.3	69.2	11.0	117.6	7.7
December 1985	95.9	5.5	70.7	8.9	120.7	8.7
March 1986	96.5	4.9	71.1	7.4	122.5	9.2
June 1986	97.8	2.8	73.8	8.3	128.6	11.0
September 1986	97.9	2.6	76.3	10.2	133.1	13.2
December 1986	99.1	3.4	79.0	11.7	136.9	13.4
March 1987	100.3	3.9	81.6	14.7	140.6	14.8
June 1987	101.9	4.2	85.8	16.1	147.3	14.5
September 1987	102.1	4.3	88.6	16.2	152.6	14.7
December 1987	103.2	4.1	88.5	12.0	158.2	15.6
March 1988	103.7	3.4	90.0	10.3	164.9	17.3
June 1988	106.2	4.2	97.6	13.8	180.2	22.3
September 1988	107.7	5.5	108.4	22.3	198.9	30.3
December 1988	109.9	6.5	114.2	29.1	212.0	34.0
March 1989	111.7	7.7	118.8	32.0	217.8	32.1
June 1989	114.9	8.2	124.2	27.2	226.8	25.9
September 1989	116.0	7.7	125.2	15.5	227.3	14.3
December 1989	118.3	7.6	122.7	7.4	222.8	5.1
March 1990	120.4	7.8	118.9	0.1	220.7	1.3
June 1990	126.0	9.6	117.7	(5.2)	224.3	(1.1)
September 1990	128.1	10.4	114.2	(8.8)	224.2	(1.4)
December 1990	130.1	10.0	109.6	(10.7)	222.9	0.0
March 1991	130.8	8.7	108.8	(8.5)	220.2	(0.2)
June 1991	133.6	6.0	110.6	(6.0)	223.2	(0.5)
September 1991	134.2	4.8	109.5	(4.1)	220.8	(1.5)
December 1991	135.5	4.2	107.0	(2.3)	217.5	(2.4)
March 1992	136.2	4.1	104.1	(4.3)	210.6	(4.4)
June 1992	139.1	4.2	105.1	(5.1)	210.4	(5.7)
September 1992	139.0	3.6	104.2	(4.8)	208.4	(5.6)
December 1992	139.6	3.1	100.1	(6.5)	199.3	(8.4)
March 1993	138.7	1.8	100.0	(3.9)	196.9	(6.5)
June 1993	140.9	1.3	103.6	(1.4)	203.2	(3.4)
September 1993	141.3	1.6	103.2	(1.0)	204.2	(2.0)
December 1993	141.8	1.6	101.8	1.8	202.5	1.6
March 1994	142.0	2.4	102.4	2.4	202.3	2.7
June 1994	144.5	2.6	102.5	(1.1)	204.3	0.5
September 1994	144.6	2.3	103.2	(0.0)	204.3	0.0
December 1994	145.5	2.6	104.0	2.1	200.9	(0.8)
March 1995	146.8	3.4	101.9	(0.5)	200.3	(1.0)
June 1995	149.5	3.4	103.0	0.5	201.0	(1.6)
September 1995	149.9	3.7	102.4	(0.8)	199.0	(2.6)
December 1995	150.1	3.2	101.6	(2.3)	197.8	(1.5)
March 1996	150.9	2.8	102.5	0.6	200.9	0.3
June 1996	152.8	2.2	105.8	2.7	208.6	3.8

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 1996	153.1	2.1	107.7	5.2	209.8	5.4
December 1996	154.0	2.6	110.1	8.3	212.6	7.5
March 1997	154.9	2.7	111.3	8.6	215.3	7.2
June 1997	156.9	2.6	116.5	10.1	222.6	6.7
September 1997	158.4	3.5	121.2	12.5	223.6	6.6
December 1997	159.7	3.7	123.3	12.1	224.0	5.4
March 1998	160.2	3.4	125.5	12.7	226.4	5.2
June 1998	163.2	4.0	130.1	11.7	234.9	5.5
September 1998	163.7	3.3	132.4	9.2	236.1	5.6
December 1998	164.4	3.0	132.3	7.3	236.3	5.5
March 1999	163.7	2.2	134.6	7.3	236.3	4.4
June 1999	165.5	1.4	139.7	7.3	247.7	5.4
September 1999	165.6	1.2	144.4	9.0	256.7	8.7
December 1999	166.8	1.5	148.9	12.6	263.4	11.5
March 2000	167.5	2.3	155.0	15.1	270.5	14.5
June 2000	170.6	3.1	162.0	16.0	275.6	11.3
September 2000	170.9	3.2	161.5	11.8	277.6	8.1
December 2000	172.0	3.1	162.8	9.4	278.3	5.7
March 2001	171.8	2.6	167.5	8.1	279.0	3.1
June 2001	173.9	1.9	174.8	7.9	297.0	7.8
September 2001	174.0	1.8	181.6	12.5	305.0	9.9
December 2001	173.8	1.0	184.6	13.4	310.9	11.7
March 2002	173.9	1.2	190.2	13.6	324.3	16.2
June 2002	176.0	1.2	206.5	18.1	346.6	16.7
September 2002	176.6	1.5	221.1	21.7	369.1	21.0
December 2002	178.2	2.5	231.3	25.3	393.0	26.4
March 2003	179.2	3.0	239.3	25.8	400.1	23.4
June 2003	181.3	3.0	250.1	21.1	422.5	21.9
September 2003	181.8	2.9	258.9	17.1	437.6	18.6
December 2003	182.9	2.6	267.1	15.5	453.5	15.4
March 2004	183.8	2.6	277.3	15.9	474.0	18.5
June 2004	186.3	2.8	296.2	18.4	513.2	21.5
September 2004	187.4	3.1	306.2	18.3	527.2	20.5
December 2004	189.2	3.4	304.1	13.9	522.0	15.1
March 2005	189.7	3.2	304.8	9.9	520.2	9.7
June 2005	191.9	3.0	314.2	6.1	532.1	3.7
September 2005	192.6	2.8	314.4	2.7	543.1	3.0
December 2005	193.7	2.4	314.0	3.2	548.4	5.1
March 2006	194.2	2.4	319.8	4.9	552.6	6.2
June 2006	197.6	3.0	329.2	4.8	582.1	9.4
September 2006	199.3	3.5	336.1	6.9	586.7	8.0
December 2006	201.4	4.0	343.2	9.3	602.8	9.9
March 2007	203.0	4.5	350.2	9.5	613.9	11.1
June 2007	206.3	4.4	362.7	10.2	644.1	10.7
September 2007	207.1	3.9	367.3	9.3	649.3	10.7
December 2007	209.8	4.2	367.0	6.9	634.4	5.2
March 2008	211.1	4.0	367.0	4.8	620.9	1.1

Source: HBOS plc (<http://www.hbosplc.com/economy/housingresearch.asp>) and Nationwide Building Society (<http://www.nationwide.co.uk/hpi/>)

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

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

Alliance & Leicester plc residential mortgage loans

The following table summarises loans in arrears and repossession experience for loans serviced by Alliance & Leicester, 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. Alliance & Leicester services all of the loans in the portfolio.

Alliance & Leicester identifies 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. Alliance & Leicester does not define a loan as defaulted at any particular delinquency level, but rather at the time it takes the related property into possession. Alliance & Leicester does not charge off a loan as uncollectible until it disposes of the property relating to that loan following default.

	31 December 2003	31 December 2004	31 December 2005	31 December 2006	31 December 2007
Outstanding balance (£ millions)	£25,725.93	£28,185.99	£33,136.84	£38,044.98	£42,904.33
Number of loans outstanding (thousands)	443.078	447.418	465.503	470.012	479.051
Outstanding balance of loans in arrears (£ millions)					
2 – 3 payments in arrears	£57.80	£59.21	£70.37	£71.45	£90.38
3 – 4 payments in arrears	£33.45	£36.35	£38.61	£41.25	£43.98
4 – 5 payments in arrears	£20.64	£20.42	£24.01	£24.70	£26.81
5 – 6 payments in arrears	£12.30	£16.05	£17.13	£17.27	£20.94
6 – 7 payments in arrears	£10.23	£9.14	£11.19	£13.25	£13.47
7 – 8 payments in arrears	£7.77	£7.06	£6.50	£7.93	£10.61
8 – 9 payments in arrears	£4.13	£4.61	£5.07	£6.84	£8.16
9 – 10 payments in arrears	£4.13	£3.43	£3.32	£5.06	£5.51
10 – 11 payments in arrears	£3.50	£2.50	£3.02	£4.51	£5.27
11 – 12 payments in arrears	£3.18	£2.61	£3.38	£3.03	£4.33
12 or more payments in arrears	£15.12	£9.60	£11.83	£12.99	£17.91
Total outstanding balance of loans in arrears (£ millions)	<u>£172.25</u>	<u>£170.97</u>	<u>£194.44</u>	<u>£208.29</u>	<u>£247.38</u>
Total outstanding balance of loans in arrears as % of the outstanding balance	<u>0.67%</u>	<u>0.61%</u>	<u>0.59%</u>	<u>0.55%</u>	0.58%
Outstanding balance of loans relating to properties in possession (£ millions)	<u>£1.59</u>	<u>£1.53</u>	<u>£1.73</u>	<u>£2.64</u>	<u>£12.42</u>
Net loss on sales of all repossessed properties (£ millions) ⁽¹⁾	<u>£0.38</u>	<u>£0.12</u>	<u>£0.23</u>	<u>£0.17</u>	<u>£2.23</u>
Average net loss on all properties sold (£ thousands)	<u>£2.32</u>	<u>£1.14</u>	<u>£2.25</u>	<u>£2.06</u>	<u>£19.09</u>

**Number of loans
outstanding in arrears
(thousands)**

2 – 3 payments in arrears	1.483	1.402	1.518	1.332	1.387
3 – 4 payments in arrears	0.859	0.881	0.787	0.737	0.691
4 – 5 payments in arrears	0.514	0.475	0.505	0.413	0.415
5 – 6 payments in arrears	0.343	0.334	0.347	0.276	0.286
6 – 7 payments in arrears	0.25	0.221	0.223	0.217	0.202
7 – 8 payments in arrears	0.19	0.161	0.152	0.13	0.139
8 – 9 payments in arrears	0.115	0.118	0.114	0.113	0.11
9 – 10 payments in arrears	0.113	0.091	0.082	0.091	0.083
10-11 payments in arrears	0.091	0.069	0.072	0.063	0.079
11 – 12 payments in arrears	0.065	0.06	0.066	0.051	0.056
12 or more payments in arrears	0.351	0.231	0.259	0.231	0.227
Total number of loans outstanding in arrears	4.374	4.043	4.125	3.654	3.675
Total number of loans outstanding in arrears as % of the number of loans outstanding	0.99%	0.90%	0.89%	0.78%	0.77%
Number of properties in possession	0.042	0.036	0.026	0.027	0.080
Number of properties sold during the year	0.163	0.107	0.103	0.084	0.117

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

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

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

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

Alliance & Leicester regularly reviews its lending policies in the light of prevailing market conditions and reviews actions so as to mitigate possible problems. The performance of Alliance & Leicester's new business and the arrears profiles are continuously monitored in monthly reports.

ANNEX A

Static Pool Data

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

One of the characteristics of the mortgages trust is that the seller is able to sell more loans to the mortgages trustee over time, whether in connection with an issuance of notes by an 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

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

Origination Characteristics by Year

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number of accounts opened (thousands)	91.3	90.7	97.1	94.7	80.8
Aggregate original balance (£) (millions).....	7,357.4	7,922.8	10,397.2	11,884.9	10,738.95
Average original balance (£) (thousands)	80.6	87.4	107.1	125.5	133.0
Weighted average original loan-to-value ratio	62.4	60.7	66.5	73.6	71.7
Weighted average original term (years).....	20.1	20.4	21.9	24.6	24.6

(1) Data is based on all business written in the period 2003-2006.

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

(3) Data for 2007 excludes buy-to-let and Plus Mortgages

Listing and admission to trading application

These final terms comprise the final terms required for the series 2008-1 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