IMPORTANT NOTICE

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IMPORTANT: You must read the following before continuing. The following applies to the final terms following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the final terms. In accessing the final terms, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OF FOSSE MASTER ISSUER PLC. THE FOLLOWING FINAL TERMS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This final terms has been delivered to you on the basis that you are a person into whose possession this final terms may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

By accessing the final terms, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the final terms by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of FPO.

This final terms has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Fosse Master Issuer plc, Barclays Bank PLC (acting through its investment bank division, Barclays Capital), Banco Santander, S.A., Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Alliance & Leicester plc together with its affiliated and associated companies (Alliance & Leicester) nor any person who controls any of Fosse Master Issuer plc, Barclays Bank PLC (acting through its investment bank division, Barclays Capital), Banco Santander, S.A., Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch or Alliance & Leicester, nor any director, officer, employee or agent of any of Fosse Master Issuer plc, Barclays Bank PLC, Banco Santander, S.A., Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch or Alliance & Leicester, nor any director, officer, employee or agent of any of Fosse Master Issuer plc, Barclays Bank PLC, Banco Santander, S.A., Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch or Alliance & Leicester nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the final terms distributed to you in electronic format and the hard copy version available to you on request from any of Barclays Bank PLC (acting through its investment banking division, Barclays Capital), Banco Santander, S.A., Credit Suisse Securities (Europe) Limited, peutsche Bank AG, London Branch or Deutsche Bank AG, London Branch.

FINAL TERMS dated 11 March 2010

FOSSE MASTER ISSUER PLC

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

Residential Mortgage Backed Note Programme

Issue of Series 2010-1 Notes

Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	Maturity date
Class A1	Three-month Sterling LIBOR + 1.20 per cent. Floating rate	£205,000,000	100%	July 2013 to January 2015	October 2054
Class A2	Three-month EURIBOR + 1.20 per cent. Floating rate	€775,000,000	100%	July 2013 to January 2015	October 2054
Class A3	4.635 per cent. Fixed rate	£525,000,000	100%	Not applicable	October 2054
Class Z	Three-month Sterling LIBOR + 0.90 per cent. Floating rate	£389,000,000	100%	Not applicable	October 2054

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

Arranger for the programme

BARCLAYS CAPITAL

Arranger for the Series 2010-1 Notes BARCLAYS CAPITAL Dealers and Managers for the Series 2010-1 Notes

BARCLAYS CAPITAL

CREDIT SUISSE

DEUTSCHE BANK

SANTANDER GLOBAL BANKING AND MARKETS

dated 11 March 2010

1.	Clas	55:	Class A1	Class A2	Class A3	Class Z
2.	Seri	es Number:	2010-1	2010-1	2010-1	2010-1
3.	lssu	er:	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc
4.	Spe	cified Currency or Currencies:	GBP	EUR	GBP	GBP
5.	Initia	al Principal Amount:	£205,000,000	€775,000,000	£525,000,000	£389,000,000
6.	(a)	Issue Price:	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount
	(b)	Net proceeds:	£205,000,000	€775,000,000	£525,000,000	£389,000,000
7.	Req	uired Subordinated Percentage:	9.25%	9.25%	9.25%	Not applicable
8.	(a)	General Reserve Required Amount:	£81,888,000	£81,888,000	£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	£20,472,000]	£20,472,000
		item (ii) of General Reserve Fund increased amount:	£20,472,000	£20,472,000	£20,472,000	£20,472,000
		items (i) and (ii) General Reserve Fund increased amount:	£40,944,000	£40,944,000	£40,944,000	£40,944,000
9.	Inte	rest-Only Mortgage Level Test:	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%	"C" for these purposes is 40.73%
10.	Rati	ngs (Standard & Poor's/Moody's/Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	Not applicable
11.	Spe	cified Denominations:	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof
12.	(a)	Closing Date:	12 March 2010	12 March 2010	12 March 2010	12 March 2010
	(b)	Interest Commencement Date:	12 March 2010	12 March 2010	12 March 2010	12 March 2010
13.	Fina	I Maturity Date:	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054	Interest Payment Date occurring in October 2054
14.	Inte	rest Basis:	Three-Month Sterling LIBOR	Three-Month EURIBOR	4.635 per cent. per annum payable semi- annually in arrear until the earlier to occur of (i) the Step-Up Date and (ii) a Pass- Through Trigger Event, and thereafter as more fully set out below	Three-Month Sterling LIBOR
15.	Red	emption/Payment Basis:	Scheduled Redemption	Scheduled Redemption	Pass-Through	Pass-Through
16.	Cha	nge of Interest Basis or Redemption/Payment Basis:	Not Applicable	Not Applicable	Applicable – see paragraph 14 above	Not Applicable
17.	(a)	Listing:	London	London	London	London
	(b)	Estimate of total expenses related to admission to trading for all classes of Notes:	_ + - 2	£5,8	900	
18.	Met	hod of distribution:	Syndicated	Syndicated	Syndicated	Non-syndicated
PR	OVISIO	ONS RELATING TO INTEREST (IF ANY) PAYABLE				
19.	Fixe	d Rate Note Provisions:	Not Applicable	Not Applicable	Applicable.	Not Applicable

•	Clas	ss:	Class A1	Class A2	Class A3	Class Z
9.	(a)	Rate of Interest:	Not Applicable	Not Applicable	4.635 per cent. per annum payable semi- annually in arrear until the earlier to occur of (i) the Step-Up Date and (ii) a Pass- Through Trigger Event	Not Applicable
Э.	(b)	Interest Payment Dates:	Not Applicable	Not Applicable	The 18th of January and 18th of July in each year until the earlier of (i) the Step-up Date and (ii) a Pass- Through Trigger Event, commencing on 18th July 2010	Not Applicable
).	(c)	Fixed Coupon Amounts:	Not Applicable	Not Applicable	Prior to the occurrence of (i) the Step-Up Date or (ii) a Pass- Through Trigger Event, and except in respect of the first Note Payment Date (when the amount payable shall be the Broken Amount specified in paragraph 19(d) below), the Fixed Coupon Amount shall be £1,158.75 per £50,000 in nominal amount	Not Applicable
	(d)	Broken Amounts:	Not Applicable	Not Applicable	The amount of interest payable on the first Interest Payment Date shall be £819.45 per £50,000 in nominal amount	Not Applicable
	(e)	Day Count Fraction:	Not Applicable	Not Applicable	Actual/Actual (ICMA)	Not Applicable
	(f)	Determination Date(s):	Not Applicable	Not Applicable	18th January and 18th July in each year	Not Applicable
•	(g)	Other:	Not Applicable	Not Applicable	Following the earlier to occur of (i) the Step-Up Date and (ii) a Pass-Through Trigger Event, the rate of interest on the Series 2010-1 Class A3 Notes will be as more fully set out below	Not Applicable
	Floa	ting Rate Note Provisions:	Applicable	Applicable	Applicable following the earlier to occur of (i) the Step-Up Date and (ii) a Pass-Through Trigger Event	Applicable

1.	Clas	SS:	Class A1	Class A2	Class A3	Class Z
	(a)	Specified Period(s)/Specified Interest Payment Dates:	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18 July 2010	The 18th of each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18 July 2010	The 18th of each January, April, July and October in each year following the occurrence of the Step-Up Date, 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 each January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18 July 2010
	(b)	Business Day Convention:	Following Business Day Convention	Following 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	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
	(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
	(f)	Screen Rate Determination:				
		Reference Rate:	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of four-month and five-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one- month Sterling LIBOR	Three-Month EURIBOR (or, in respect of the first interest period, the linear interpolation of four-month and five-month EURIBOR) or, following the occurrence of a Pass-Through Trigger Event, one- month EURIBOR	Three-Month Sterling LIBOR or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR	Three-Month Sterling LIBOR (or, in respect of the first interest period, the linear interpolation of four-month and five-month Sterling LIBOR) or, following the occurrence of a Pass-Through Trigger Event, one-month Sterling LIBOR
		Interest Determination Date(s):	First Business Day of each Floating Interest Period	Two TARGET Business Days prior to the start of each Floating Interest Period	First Business Day of each Floating Interest Period	First Business Day of each Floating Interest Period
		Relevant Screen Page:	Reuters Screen Page LIBOR01	Reuters Screen Page EURIBOR01	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01
	(g)	ISDA Determination:				
		Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
		Designated Maturity:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
		Reset Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(h)	Margin(s):	+ 1.20% per annum	+ 1.20% per annum	+ 1.20% per annum	+ 0.90% per annum
	(i)	Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(j)	Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1.	Class:	Class A1	Class A2	Class A3	Class Z
	(k) Step-Up Date:	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 2017, on which date the Margin shall be replaced with the Step-Up Margin	The Interest Payment Date occurring in January 2017, on which date the Margin shall be replaced with the Step-Up Margin
	Step-Up Margin(s):	+ 2.40% per annum	+ 2.40% per annum	+ 2.40% per annum	+ 0.90% per annum
	Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(I) Day Count Fraction:	Actual/365	Actual/360	Actual/365	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
21.	Zero Coupon Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
PRC	DVISIONS RELATING TO REDEMPTION				
22.	Details relating to Bullet Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
23.	Details relating to Scheduled Redemption Notes:	Applicable	Applicable	Not Applicable	Not Applicable
	(a) Scheduled Redemption Dates:	Interest Payment Dates occurring in July 2013, October 2013, January 2014, April 2014, July 2014, October 2014 and January 2015	Interest Payment Dates occurring in July 2013, October 2013, January 2014, April 2014, July 2014, October 2014 and January 2015	Not Applicable	Not Applicable
	(b) Scheduled Redemption Instalments:	July 2013 - £15,350,689 October 2013 - £14,739,495 January 2014 - £14,152,636 April 2014 - £13,589,143 July 2014 - £13,048,086 October 2014 - £12,528,571 January 2015 - £12,029,741	July 2013 - €58,033,094 October 2013 - €55,722,482 January 2014 - €53,503,869 April 2014 - €51,373,590 July 2014 - €49,328,130 October 2014 - €47,364,110 January 2015 - €45,478,289	Not Applicable	Not Applicable
24.	Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Applicable – the Class A3 Notes will become due and payable on the Interest Payment Date occurring in January 2017 and each applicable Interest Payment Date thereafter	Applicable – the Class Z Notes will become due and payable on the Interest Payment Date occurring in January 2017 and each applicable Interest Payment Date thereafter
25.	Redemption Amount:	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies	Condition 5.7 applies
GEN	NERAL PROVISIONS APPLICABLE TO THE NOTES				
26.	Form of 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	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

1.	Class:	Class A1	Class A2	Class A3	Class Z
27.	Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28.	Issuer Swap Provider(s):	Not Applicable	Abbey National Treasury Services plc	Abbey National Treasury Services plc	Not Applicable
29.	Specified currency exchange rate (Sterling/specified currency):	Not Applicable	€1 / £0.904323	Not Applicable	Not Applicable
30.	Redenomination applicable:	Applicable	Not Applicable	Applicable	Applicable
31.	ERISA Eligibility:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32.	US Taxation:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33.	Money Market Notes:	No	No	No	No
34.	Do the Notes have the benefit of remarketing arrangements:	No	No	No	No
35.	Other final terms:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
DIS	TRIBUTION				
36.	(a) If syndicated, names of Dealers and Managers:	Banco Santander, S.A., Barclays Bank PLC, Credit Suisse Securities (Europe) Limited and Deutsche Bank AG, London Branch	Banco Santander, S.A., Barclays Bank PLC, Credit Suisse Securities (Europe) Limited and Deutsche Bank AG, London Branch	Banco Santander, S.A., Barclays Bank PLC, Credit Suisse Securities (Europe) Limited and Deutsche Bank AG, London Branch	Not Applicable
	(b) Stabilising Manager (if any):	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
38.	Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
OPE	RATIONAL INFORMATION				
39.	Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
40.	Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment
41.	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
42.	ISIN Code:	XS0493851298	XS0493852858	XS0493854631	XS0493858202
43.	Common Code:	049385129	049385285	049385463	049385820
44.	CUSIP:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
LOA	AN TRANCHE INFORMATION				
45.	Borrower:	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited
46.	Lender:	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc	Fosse Master Issuer plc
47.	Tier of Loan Tranche:	AAA Loan Tranche	AAA Loan Tranche	AAA Loan Tranche	NR Loan Tranche
48.	Series Number:	Series 2010-1	Series 2010-1	Series 2010-1	Series 2010-1
49.	Redemption/Payment Basis:	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche	Pass-Through Loan Tranche	Pass-Through Loan Tranche
50.	Change of Redemption/Payment Basis:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
51.	Initial Principal Amount:	£205,000,000	£700,850,063	£525,000,000	£389,000,000
	(a) Closing Date:	12 March 2010	12 March 2010	12 March 2010	12 March 2010

	Class:	Class A1	Class A2	Class A3	Class Z
	(b) Loan Tranche Interest Commencement Date:	12 March 2010	12 March 2010	12 March 2010	12 March 2010
	(c) Loan Tranche Interest Reset Dates:	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2010, provided no Pass-Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2010, provided no Pass- Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2010, provided no Pass- Through Trigger Event has occurred and thereafter each monthly Funding 1 Interest Payment Date
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 July 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18 July 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18 July 2010	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Matunity Date, commencing on 18 July 2010
53.	Initial Loan Tranche Margin:	+1.20% per annum	+1.3210% per annum	+1.3875% per annum	+0.90% per annum
54.	Step-Up Date (if any):	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 2017, 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 2017, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped- up Loan Tranche Margin
55.	Stepped-up Loan Tranche Margin:	+2.40% per annum	+2.6420% per annum	+2.40% per annum	+0.90% per annum
56.	Details relating to Bullet Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
57.	Details relating to Scheduled Amortisation Loan Tranches:	Applicable	Applicable	Not Applicable	Not Applicable
	(a) Scheduled Repayment Dates:	The Funding 1 Interest Payment Dates occurring in July 2013, October 2013, January 2014, April 2014, July 2014, October 2014 and January 2015	The Funding 1 Interest Payment Dates occurring in July 2013, October 2013, January 2014, April 2014, July 2014, October 2014 and January 2015	Not Applicable	Not Applicable

1.	Class:	Class A1	Class A2	Class A3	Class Z
	(b) Repayment Amounts:	July 2013 - £15,350,689 October 2013 - £14,739,495 January 2014 - £14,152,636 April 2014 - £13,589,143 July 2014 - £13.048,086 October 2014 - £12,528,571 January 2015 - £12,029,741	July 2013 - £52,480,642 October 2013 - £50,391,104 January 2014 - £48,384,761 April 2014 - £46,458,302 July 2014 - £44,608,546 October 2014 - £42,832,438 January 2015 - £41,127,047	Not Applicable	Not Applicable
	(c) Relevant Accumulation Amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
58.	Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Applicable – the Class A3 AAA Loan Tranche shall be due and payable on the Loan Tranche Payment Date occurring in January 2017 and on each applicable Loan Tranche Payment Date thereafter	Applicable; the Class Z NR Loan Tranche shall be due and payable on the Loan Tranche Payment Date occurring in January 2017 and on each applicable Loan Tranche Payment Date thereafter
59.	Final Repayment Date:	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054	The Funding 1 Interest Payment Date occurring in October 2054
60.	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	Each Funding 1 Interest Payment Date corresponding to an Interest Payment Date occurring on or after the Interest Payment Date occurring in January 2017	Each Funding 1 Interest Payment Date corresponding to an Interest Payment Date occurring on or after the Interest Payment Date occurring in January 2017
61.	Other terms and special conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Issuer Swap Provider

The Issuer Swap Provider in relation to the Series 2010-1 Class A2 Notes and the Series 2010-1 Class A3 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 authorised with permission to accept deposits under the FSMA.

ANTS is a 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 2010. Banco Santander, S.A. (Banco Santander) owns the entire issued ordinary share capital of Santander UK. As at 11 March 2010, Santander UK has a long-term credit rating of "AA" by Standard & Poor's, "Aa3" by Moody's and "AA-" by Fitch and a short-term credit rating of "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch.

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 structural balance sheet shape and, in conjunction with Santander UK's Risk Division, tactical liquidity risk management. This includes short-term and medium-term funding, covered bond and securitisation programmes. ALM's responsibilities also include Santander UK Retail Banking's product and structural exposure to interest rates and, in that role, is a link between Santander UK Retail Banking and Global Banking & Markets. ALM recommends and helps to implement Board, Asset & Liability Management Committee and Risk Committee policies for all aspects of balance sheet management, formulating guidance for, and monitoring, the overall balance sheet shape, including maturity profile. Funding is responsible for the provision of funding, both to other businesses within the Santander UK Group, and to fellow subsidiaries of Banco Santander, S.A..

GBM is principally structured into two business areas: Rates and Equity. Rates covers sales and trading activity for fixed income derivatives. Equity comprises the Equity Derivatives, Property Derivatives and Short Term Markets areas. Equity and residential property derivatives activities include the manufacture of structured products sold to retail customers both by Santander UK and by other financial institutions. Short Term Markets runs the securities lending/borrowing and repurchase agreement ("repo") businesses and retains a U.S. branch for funding purposes.

Corporate Banking provides a range of banking services, including loans, deposits, trade finance and supplier payment solutions, principally to small and medium-sized UK companies in a variety of sectors including Real Estate, Social Housing, Education, Health and Communities. It provides funding and a range of treasury services via Global Banking & Markets. It is also developing a full service small and medium-size enterprise ('SME') operation, enabling it to compete in the UK's mid-corporate business banking segment. This business development has been accelerated as a result of the transfer of Alliance & Leicester to Santander UK by Banco Santander, S.A..

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

Currency presentation

Unless otherwise stated in these final terms, all conversions of pounds sterling into euro have been made at the rate of $\leq 1.00 = \pm 0.8682$ 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 17 February 2010. 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			Yea	rs ended 31	December
	ending 17 February 2010	2009	2008	2007	2006	2005
Last ⁽¹⁾	0.8682	0.8869	0.9548	0.7350	0.6737	0.6877
Average ⁽²⁾	0.8793	0.8909	0.7974	0.6846	0.6818	0.6838
High	0.9006	0.9569	0.9757	0.7378	0.7007	0.7071
Low	0.8658	0.8432	0.7346	0.6553	0.6683	0.6628

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 2010-1 notes will have the following terms:

Funding 1 start-up loan provider: Initial outstanding principal balance: Interest rate:	Alliance & Leicester £9,500,000 Three-Month Sterling LIBOR + 0.90% per annum
The Funding 1 start-up loan made available to series 2008-1 notes had the following terms:	Funding 1 on 20 August 2008 in connection with the
Funding 1 start-up loan provider: Initial outstanding principal balance: Interest rate:	Alliance & Leicester £4,400,000 Three-Month Sterling LIBOR + 0.90% per annum
The Funding 1 start-up loan made available to series 2007-1 notes had the following terms:	Funding 1 on 1 August 2007 in connection with the
Funding 1 start-up loan provider: Initial outstanding principal balance: Interest rate:	Alliance & Leicester £45,976,000 Three-Month Sterling LIBOR + 0.90% per annum
The Funding 1 start-up loan made available to F series 2006-1 notes had the following terms:	unding 1 on 28 November 2006 in connection with the
Eunding 1 start un lean provider:	Alliance & Laicester

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 notes described herein, will be:

Class A Notes	£4,708,967,995
Class B Notes	£124,131,725
Class M Notes	£99,406,327
Class C Notes	£82,092,244
Class D Notes	£0
Class Z Notes	£389,000,000

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 loan tranches described herein, will be:

AAA	£4,708,967,995
AA	£124,131,725
Α	£99,406,327
BBB	£82,092,244
BB	£0
NR	£389,000,000
Total	£5,403,598,291

Mortgages trust and the portfolio

As at the closing date the minimum seller share will be approximately £467,294,744.

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

Use of proceeds

The gross proceeds from the issue of the series 2010-1 notes equal approximately £1,819,850,063 (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 2010-1 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 2010-1 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 2010-1 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 1.15 times the Funding 1 share, or such higher amount as may be required to be maintained as a result of the issuer advancing loan tranches to Funding 1 and/or any new issuer advancing new loan tranches to Funding 1 or any further Funding company (as the case may be) which Funding 1 and/or any further Funding company (as the case may be) uses as consideration for an increase in its share of the trust property or for the sale of new loans to the mortgages trustee;
- (5) neither an asset trigger event nor a non-asset trigger event occurs;
- (6) no event occurs that would cause payments on any series of notes to be deferred;
- (7) the annualised CPR as at the cut-off date for the portfolio is the same as the various assumed rates in the table below;
- (8) the issuer exercises its option to redeem each series of notes on the step-up date relating to such notes;
- (9) the closing date is 12 March 2010;
- (10) the mortgage loans are not subject to any defaults or losses, and no mortgage loan falls into arrears;
- (11) no interest or fees are paid from principal receipts;
- (12) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "Aa3" by Moody's and "AA" by S&P and the long term issuer default rating of the seller continues to be at least " AA-" by Fitch; and
- (13) The principal ledger balance at close is assumed to be the cash accumulated after the distribution date on 5 February 2010, equal to £59,514,414.71.

the approximate average life in years of each class of the series 2010-1 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:

Constant prepayment rate (per annum)	series 2010-1 class A1 notes	series 2010-1 class A2 notes	series 2010-1 class A3 notes	series 2010-1 class Z notes
5 per cent	4.49	4.49	6.86	6.86
10 per cent.	4.49	4.49	6.86	6.86
15 per cent	4.49	4.49	6.86	6.86
20 per cent.	4.49	4.49	6.86	6.86
25 per cent	4.49	4.49	6.86	6.86
30 per cent	4.49	4.49	6.86	6.86
35 per cent	4.49	4.49	6.86	6.86

Estimated average lives of each class of series 2010-1 notes (in years)

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

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

Statistical information on the expected portfolio

The statistical and other information contained in these final terms has been compiled by reference to the loans expected to comprise in the portfolio (the **expected portfolio**) as at 31 December 2009 (the **cutoff date**). Columns stating percentage amounts may not add up to 100% due to rounding. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and excludes accrued interest for the loans in the expected portfolio.

The expected portfolio as at the cut-off date consisted of 87,359 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 £7,015,937,350.98 as at that date. The loans in the expected portfolio at the cut-off date were originated by the seller between 22 August 1967 and 30 October 2009.

As at 31 December 2009, 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 £5,277,361,887 representing approximately 77.27% of the trust property; and
- the seller's share of the trust property will be approximately £1,552,835,645 representing approximately 22.73% 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 \mathfrak{L}	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <=50,000	886,519,992.74	12.64%	31,375.00	35.92%
>50,000 to <=100,000	2,282,571,584.90	32.53%	31,375.00	35.92%
>100,000 to <=150,000	1,843,764,405.50	26.28%	15,196.00	17.39%
>150,000 to <=200,000	938,829,214.86	13.38%	5,504.00	6.30%
>200,000 to <=250,000	471,827,059.58	6.73%	2,141.00	2.45%
>250,000 to <=300,000	228,482,761.22	3.26%	842.00	0.96%
>300,000 to <=350,000	129,524,388.40	1.85%	402.00	0.46%
>350,000 to <=400,000	75,040,865.80	1.07%	202.00	0.23%
>400,000 to <=450,000	50,260,216.81	0.72%	120.00	0.14%
>450,000 to <=500,000	38,206,657.18	0.54%	81.00	0.09%
>500,000 to <=550,000	22,887,483.42	0.33%	44.00	0.05%
>550,000 to <=600,000	19,094,292.93	0.27%	33.00	0.04%
>600,000 to <=650,000	13,652,140.47	0.19%	22.00	0.03%
>650,000 to <=700,000	8,760,484.27	0.12%	13.00	0.01%
>700,000 to <=750,000	6,515,802.90	0.09%	9.00	0.01%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

The maximum and average outstanding balances of the mortgage accounts as at the cut-off date were £743,455.67 and £80,311.56, respectively.

Cut-off date LTV ratios

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

Range of LTV ratios at the cut-off date	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% to <=25%	447,450,479.67	6.38%	16,231	18.58%
>25% to <=50%	1,932,073,556.56	27.54%	28,510	32.64%
>50% to <=75%	3,142,044,868.43	44.78%	30,364	34.76%
>75% to <=80%	442,962,630.81	6.31%	3,771	4.32%
>80% to <=85%	473,248,341.88	6.75%	3,798	4.35%
>85% to <=90%	348,187,692.76	4.96%	2,733	3.13%
>90% to <=95%	155,187,515.60	2.21%	1,300	1.49%
≥95%	74,782,265.27	1.07%	652	0.75%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

The maximum and weighted average LTV ratio of the mortgage accounts (including capitalised interest, high LTV fees, insurance fees, capitalised booking fees and valuation fees) at the cut-off date were 112.62% and 57.81%, respectively.

Cut-off date indexed LTV ratios

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the most recent indexed valuation of the property securing the loans in that mortgage account.

Range of LTV ratios as at the cut- off date	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% to <=25%	677,591,826.81	9.66%	22,297	25.52%
>25% to <=50%	2,075,918,565.16	29.59%	29,340	33.59%
>50% to <=75%	2,478,451,893.72	35.33%	22,400	25.64%
>75% to <=80%	465,902,351.29	6.64%	3,555	4.07%
>80% to <=85%	359,658,722.30	5.13%	2,689	3.08%
>85% to <=90%	301,376,852.72	4.30%	2,228	2.55%
>90% to <=95%	257,891,588.93	3.68%	1,904	2.18%
≥95%	399,145,550.05	5.69%	2,946	3.37%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

The maximum and weighted average LTV ratio as at the cut-off date of the mortgage accounts (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) were 144.12% and 57.44%, respectively.

Geographical distribution

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

Regions	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
East Anglia	256,177,478.64	3.65%	3,379	3.87%
East Midlands	522,465,451.64	7.45%	7,685	8.80%
Greater London	538,185,412.93	7.67%	3,810	4.36%
Northern Ireland	513,244,269.91	7.32%	7,937	9.09%
Northern England	255,708,709.08	3.64%	3,665	4.20%
North West	646,559,549.48	9.22%	8,817	10.09%
Scotland	596,439,705.40	8.50%	9,391	10.75%
South East	1,826,811,747.18	26.04%	17,407	19.93%
South West	569,484,479.09	8.12%	7,152	8.19%
Wales	298,119,143.17	4.25%	4,457	5.10%
West Midlands	481,623,102.20	6.86%	6,248	7.15%
Yorkshire & Humberside	511,118,302.26	7.29%	7,411	8.48%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

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

House prices and incomes vary throughout England, Scotland, Wales and Northern Ireland. The table below summarises the average house price in 2008 and the average household income over the period from 2006 to 2007 for each region in order to produce a house price to earnings ratio for each region.

Regions	Average Price (£)	Average earnings (£ per annum)	Price/earnings ratio
East Anglia	244,439	35,880	6.81
East Midlands	177,025	30,732	5.76
Greater London	351,494	43,368	8.10
Northern Ireland	218,282	30,784	7.09
North East	158,532	28,236	5.61
North West	174,849	29,484	5.93
Scotland	168,593	31,304	5.39
South East	285,143	38,792	7.35
South West	230,085	32,656	7.05
Wales	169,948	28,756	5.91
West Midlands	185,260	31,304	5.92
Yorkshire & Humberside	173,158	29,588	5.85

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	271,641,351.93	3.87%	2,563	2.93%
>=6 to <12	235,374,670.52	3.35%	2,554	2.92%
>=12 to <18	39,253,931.84	0.56%	428	0.49%
>=18 to <24	75,272,833.95	1.07%	824	0.94%
>=24 to <30	114,137,268.52	1.63%	1,065	1.22%
>=30 to <36	292,241,357.34	4.17%	2,595	2.97%
>=36 to <42	643,397,372.11	9.17%	5,733	6.56%
>=42 to <48	786,096,071.18	11.20%	7,350	8.41%
>=48 to <54	1,120,614,966.52	15.97%	11,291	12.92%
>=54 to <60	576,798,359.16	8.22%	6,811	7.80%
>=60 to <66	280,893,686.94	4.00%	3,666	4.20%
>=66 to <72	401,044,816.19	5.72%	5,663	6.48%
>=72 to <78	522,952,855.37	7.45%	7,728	8.85%
>=78 to <84	269,233,521.18	3.84%	3,871	4.43%
>=84 to <90	227,033,730.58	3.24%	3,291	3.77%
>=90 to <96	131,464,541.48	1.87%	1,964	2.25%
>=96 to <102	171,157,265.05	2.44%	2,660	3.04%
>=102 to <108	106,602,135.40	1.52%	2,006	2.30%
>=108 to <114	70,144,001.84	1.00%	1,305	1.49%
>=114 to <120	68,734,782.81	0.98%	1,145	1.31%
>=120 to <126	112,507,164.69	1.60%	1,931	2.21%
>=126 to <132	67,256,753.25	0.96%	1,231	1.41%
≥=132 to <150	212,100,533.23	3.02%	4,098	4.69%
>=150 to <200	214,913,574.52	3.06%	5,392	6.17%
>=200 to <250	1,146,524.87	0.02%	48	0.05%
>=250	3,923,280.51	0.06%	146	0.17%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

The maximum, minimum and weighted average seasoning of loans in mortgage accounts as at will be 508.67, 2.04 and 62.62 months, respectively.

Years to maturity of loans

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

Years to maturity	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 to <5	288,859,829.26	4.12%	8,808	10.08%
>=5 to <10	767,678,641.43	10.94%	14,908	17.07%
>=10 to <15	1,332,226,893.40	18.99%	19,246	22.03%
>=15 to <20	1,986,598,689.82	28.32%	22,090	25.29%
>=20 to <25	1,945,251,337.76	27.73%	16,416	18.79%
>=25 to <30	462,443,747.60	6.59%	3,905	4.47%
>=30 to <35	165,563,315.02	2.36%	1,421	1.63%
>=35 to <40	67,314,896.69	0.96%	565	0.65%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

The maximum, minimum and weighted average remaining term of the loans in mortgage accounts in the expected portfolio as at the cut-off date was 39.78, 0.00 and 17.27 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	3,999,917,697.81	57.01%	52,972	40.47%
Remortgage (existing loan)	1,562,489,651.85	22.27%	27,357	20.90%
Remortgage (capital raising)	1,453,434,021.18	20.72%	50,570	38.63%
Other	95,980.14	0.00%	2	0.00%
Totals	7,015,937,350.98	100.00%	130,901	100.00%

As at the cut-off date, the average balance of loans used to finance the purchase of a new property was $\pounds75,510.04$ and the average balance of loans used to remortgage a property already owned by the borrower was $\pounds38,701.91$.

Property type

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

	Aggregate outstanding balance as at the cut-off date		Number of mortgage	
Property type	(2)	% of total	accounts	% of total
Converted Flat	206,258,959.21	2.94%	1,938	2.22%
Council Bungalow	680,870.87	0.01%	24	0.03%
Council Flat	10,380,598.17	0.15%	206	0.24%
Council House	62,530,978.94	0.89%	1,493	1.71%
Council Maisonette	1,491,611.38	0.02%	25	0.03%
Detached Bungalow	342,454,476.38	4.88%	4,952	5.67%
Detached House	2,069,701,714.35	29.50%	21,385	24.48%
Maisonette	91,345,961.39	1.30%	982	1.12%
Other Residential Property	2,123,022.61	0.03%	52	0.06%
Purpose Built Flat	419,610,820.57	5.98%	5,149	5.89%
Semi-Detached Bungalow	117,702,489.62	1.68%	1,991	2.28%
Semi-Detached House	2,026,140,646.53	28.88%	26,950	30.85%

	Aggregate outstanding balance as at the cut-off date		Number of mortgage	
Property type	(3)	% of total	accounts	% of total
Terraced Bungalow	10,216,917.15	0.15%	188	0.22%
Terraced House	1,655,298,283.81	23.59%	22,024	25.21%
Totals	7,015,937,350.98	100.00%	87,359	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	4,212,743,348.83	60.05%	90,100	68.83%
Interest-only	1,777,399.66	0.03%	56	0.04%
Combination repayment and				
interest-only	2,801,416,602.49	39.93%	40,745	31.13%
Totals	7,015,937,350.98	100.00%	130,901	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	2,853,505,265.07	40.67%	47,104	35.98%
Discount loans	478,831,699.71	6.82%	10,183	7.78%
Fixed rate loans	2,690,772,208.01	38.35%	41,318	31.56%
Variable rate loans	992,828,178.19	14.15%	32,296	24.67%
Totals	7,015,937,350.98	100.00%	130,901	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	6,984,379,252.03	99.55%	86,543	99.07%
Cheque/Cash	31,558,098.95	0.45%	816	0.93%
Totals	7,015,937,350.98	100.00%	87,359	100.00%

Distribution of fixed rate loans

As at the cut-off date, approximately 31.56% 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%	415,021,588.38	15.42%	5,748	13.91%
>4% to =<5%	1,408,397,768.21	52.34%	20,148	48.76%
>5% to =<6%	652,528,637.96	24.25%	10,851	26.26%
>6%	214,824,213.46	7.98%	4,571	11.06%
Totals	2,690,772,208.01	100.00%	41,318	100.00%

Year in which current fixed rate period ends	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of fixed rate product holdings	% of total
2010	985,842,194.27	36.64%	14,214	34.40%
2011	1,106,085,200.68	41.11%	16,723	40.47%
2012	336,027,756.13	12.49%	6,383	15.45%
2013	111,043,330.82	4.13%	1,780	4.31%
2014	141,171,886.26	5.25%	1,965	4.76%
2015	104,658.31	0.00%	1	0.00%
2016	2,311,771.69	0.09%	58	0.14%
Fixed for life	8,185,409.85	0.30%	194	0.47%
Totals	2,690,772,208.01	100.00%	41,318	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	6,417,267,562.86	91.47%	80,818.00	92.51%
Self employed	598,669,788.12	8.53%	6,541.00	7.49%
Totals	7,015,937,350.98	100.00%	87,359	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	985,229,140.02	14.04%	10,183	11.66%
Non-first time buyer	6,030,708,210.96	85.96%	77,176	88.34%
Totals	7,015,937,350.98	100.00%	87,359	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 January 2009 and 31 December 2009.

As of month-end	one-month	three-month	12-month	
	annualised	annualised	annualised	
December 2009	16.28%	15.74%	14.89%	

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 December 2009, the total outstanding balance of loans in the expected portfolio that were at least 30 days in arrears was £68,101,179, representing 0.97% 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 (£)	% Arrears by Balance	Number of mortgage accounts	% Arrears by Number
Less than 1 month in arrears	6,946,920,242.12		99.03%	86,689	99.24%
1<=3 months in arrears	36,039,746.00	314,537	0.51%	375	0.43%
>3<=6 months in arrears	13,977,654.00	293,870	0.20%	132	0.15%
>6<=9 months in arrears	6,240,978.00	198,695	0.09%	58	0.07%
>9<=12 months in arrears	3,720,007.00	165,397	0.05%	38	0.04%
More than 12 months in arrears	8,122,794.00	467,402	0.12%	64	0.07%
Totals	7,015,021,421.12	1,439,901	100.00	87,356	100.00%

This table depicts the arrears analysis of non repossessed mortgage loans

Characteristics of the United Kingdom residential mortgage market

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

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

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

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by 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 (%)	4 quarter Rolling Average (%)	Quarter	Industry CPR rate for the quarter (%)	4 quarter 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	10.57%	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	9.97%	9.05%
September 1993	10.65%	9.28%	December 1993	10.01%	9.79%
March 1994	8.97%	9.90%	June 1994	10.48%	10.03%
September 1994	11.05%	10.13%	December 1994	10.68%	10.29%
March 1995	9.15%	10.34%	June 1995	10.51%	10.35%
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	13.43%	12.36%
March 1999	11.14%	12.60%	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	13.86%	14.55%
September 2000	14.89%	14.38%	December 2000	15,55%	14.53%

	Industry CPR rate for the	4 quarter Rolling Average		Industry CPR rate for the	4 quarter Rolling Average
Quarter	quarter (%)	(%)	Quarter	quarter (%)	(%)
March 2001	15.47%	14.94%	June 2001	17.36%	15.81%
September 2001	19.12%	16.87%	December 2001	19.01%	17.74%
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	21.65%	20.88%	December 2003	21.33%	20.67%
March 2004	19.90%	20.77%	June 2004	21.42%	21.07%
September 2004	21.41%	21.01%	December 2004	18.71%	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	21.25%	20.16%	December 2006	21.07%	20.34%
March 2007	19.57%	20.32%	June 2007	19.25%	20.29%
September 2007	21.22%	20.28%	December 2007	18.63%	19.67%
March 2008	14.68%	18.45%	June 2008	16.61%	17.78%
September 2008	15.95%	16.47%	December 2008	12.85%	15.02%
March 2009	12.19%	14.40%	June 2009	12.61%	13.40%
September 2009	13.81%	12.87%	December 2009	13.73%	13.09%

Source: Bank of England, CML Research

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	0.12
1990	0.47	1998	0.31	2006	0.18
1991	0.77	1999	0.27	2007	0.22
1992	0.69	2000	0.20	2008	0.34
				2009	0.42

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	4.52	2001	5.96
1995	4.45	2002	6.72
1996	4.49	2003	7.40
1997	4.75	2004	7.88
1998	5.08	2005	8.05
1999	5.34	2006	8.11
2000	5.81	2007	8.69
		2008	8.32

Source: CML Research

House price index

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

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

	UK Reta	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
		% annual		% annual		% annual	
Time in Quarters	Index	change	Index	change	Index	change	
March 1985	92.80	5.91	66.23	11.23	112.20	8.65	
June 1985	95.41	6.73	68.17	10.29	115.90	8.46	
September 1985	95.44	5.74	69.22	10.46	117.60	7.41	
December 1985	96.05	5.53	70.69	8.52	120.70	8.38	
March 1986	96.73	4.15	71.11	7.11	122.50	8.78	
June 1986	97.79	2.47	73.84	7.99	128.60	10.40	
September 1986	98.30	2.96	76.31	9.74	133.10	12.38	
December 1986	99.62	3.65	78.98	11.09	136.90	12.59	
March 1987	100.60	3.92	81.55	13.70	140.60	13.78	
June 1987	101.90	4.11	85.75	14.96	147.30	13.58	
September 1987	102.40	4.08	88.64	14.98	152.60	13.67	
December 1987	103.30	3.63	88.48	11.36	158.20	14.46	
March 1988	104.10	3.42	89.95	9.80	164.90	15.94	
June 1988	106.60	4.51	97.61	12.95	180.20	20.16	
September 1988	108.40	5.69	108.43	20.15	198.90	26.50	
December 1988	110.30	6.56	114.20	25.51	212.00	29.27	
March 1989	112.30	7.58	118.76	27.79	217.80	27.82	
June 1989	115.40	7.93	124.17	24.06	226.80	23.00	
September 1989	116.60	7.29	125.24	14.42	227.30	13.35	
December 1989	118.80	7.42	122.68	7.16	222.80	4.97	
March 1990	121.40	7.79	118.87	0.09	220.70	1.32	
June 1990	126.70	9.34	117.66	-5.38	224.30	-1.11	
September 1990	129.30	10.34	114.20	-9.23	224.20	-1.37	
December 1990	129.90	8.93	109.56	-11.31	222.90	0.04	
March 1991	131.40	7.92	108.82	-8.84	220.20	-0.23	
June 1991	134.10	5.68	110.55	-6.23	223.20	-0.49	
September 1991	134.60	4.02	109.53	-4.18	220.80	-1.53	
December 1991	135.70	4.37	107.00	-2.37	217.50	-2.45	
March 1992	136.70	3.95	104.11	-4.42	210.60	-4.46	
June 1992	139.30	3.80	105.06	-5.10	210.40	-5.91	
September 1992	139.40	3.50	104.22	-4.97	208.40	-5.78	
December 1992	139.20	2.55	100.08	-6.68	199.30	-8.74	
March 1993	139.30	1.88	100.00	-4.02	196.90	-6.73	

	UK Reta Inc	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
Time in Quarters	Index	% annual change	Index	% annual change	Index	% annual change	
June 1993	141.00	1.21	103.57	-1.42	203.20	-3.48	
September 1993	141.90	1.78	103.23	-0.96	204.20	-2.04	
December 1993	141.90	1.92	101.84	1.74	202.50	1.59	
March 1994	142.50	2.27	102.39	2.36	202.30	2.71	
June 1994	144.70	2.59	102.46	-1.08	204.30	0.54	
September 1994	145.00	2.16	103.20	-0.03	204.30	0.05	
December 1994	146.00	2.85	103.96	2.06	200.90	-0.79	
March 1995	147.50	3.45	101.91	-0.47	200.30	-0.99	
June 1995	149.80	3.46	103.00	0.53	201.00	-1.63	
September 1995	150.60	3.79	102.41	-0.77	199.00	-2.63	
December 1995	150.70	3.17	101.60	-2.30	197.80	-1.56	
March 1996	151.50	2.68	102.47	0.55	200.90	0.30	
June 1996	153.00	2.11	105.79	2.67	208.60	3.71	
September 1996	153.80	2.10	107.74	5.08	209.80	5.28	
December 1996	154.40	2.43	110.06	8.00	212.60	7.22	
March 1997	155.40	2.54	111.33	8.30	215.30	6.92	
June 1997	157.50	2.90	116.51	9.65	222.60	6.50	
September 1997	159.30	3.51	121.20	11.77	223.60	6.37	
December 1997	160.00	3.56	123.34	11.40	224.00	5.22	
March 1998	160.80	3.42	125.48	11.96	226.40	5.03	
June 1998	163.40	3.68	130.11	11.04	234.90	5.38	
September 1998	164.40	3.15	132.39	8.84	236.10	5.44	
December 1998	164.40	2.71	132.29	7.00	236.30	5.35	
	104.10	2.03	134.01	7.02	230.30	4.20	
September 1999	166.20	1.04	144.35	7.09	247.70	9.31	
December 1999	167.30	1.05	1/8 80	11.83	263.40	10.86	
March 2000	168.40	2.50	155.00	14.10	200.40	13.52	
June 2000	171 10	3.27	161.99	14.83	275.60	10.67	
September 2000	171.70	3.26	161.46	11.20	277.60	7.83	
December 2000	172.20	2.89	162.84	8.95	278.30	5.50	
March 2001	172.20	2.23	167.52	7.77	279.00	3.09	
June 2001	174.40	1.91	174.83	7.63	297.00	7.48	
September 2001	174.60	1.67	181.63	11.77	305.00	9.41	
December 2001	173.40	0.69	184.59	12.54	310.90	11.08	
March 2002	174.50	1.33	190.22	12.71	324.30	15.05	
June 2002	176.20	1.03	206.47	16.64	346.60	15.44	
September 2002	177.60	1.70	221.09	19.66	369.10	19.08	
December 2002	178.50	2.90	231.29	22.55	393.00	23.43	
March 2003	179.90	3.05	239.26	22.94	400.10	21.00	
June 2003	181.30	2.85	250.12	19.18	422.50	19.80	
September 2003	182.50	2.72	258.86	15.77	437.60	17.02	
December 2003	183.50	2.76	267.12	14.40	453.50	14.32	
March 2004	184.60	2.58	277.34	14.77	474.00	16.95	
June 2004	186.80	2.99	296.16	16.90	513.20	19.45	
September 2004	188.10	3.02	306.18	16.79	527.20	18.63	
December 2004	189.90	3.43	304.15	12.98	522.00	14.07	
March 2005	190.50	3.15	304.80	9.44	520.20	9.30	
June 2005	192.20	2.85	314.18	5.91	532.10	3.62	
September 2005	193.10	2.62	314.45	2.67	543.10	2.97	
December 2005	194.10	2.19	313.97	3.18	548.40	4.93	
March 2006	195.00	2.33	319.82	4.81	552.60	6.04	
June 2006	198.50	3.23	329.22	4.68	582.10	8.98	
September 2006	200.10	3.56	336.06	6.65	586.70	1.12	
December 2006	202.70	4.34	343.25	8.92	602.80	9.46	
March 2007	204.40	4./1	350.21	9.08	613.90	10.52	

	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
Time in Quarters	Index	% annual change	Index	% annual change	Index	% annual change
June 2007	207.30	4.34	362.69	9.68	644.10	10.12
September 2007	208.00	3.87	367.32	8.89	649.30	10.14
December 2007	210.90	3.97	366.98	6.68	634.40	5.11
March 2008	212.10	3.70	357.81	2.15	620.90	1.13
June 2008	216.80	4.48	348.14	-4.10	605.10	-6.25
September 2008	218.40	4.88	329.53	-10.86	568.90	-13.22
December 2008	212.90	0.94	312.85	-15.96	531.50	-17.70
March 2009	211.30	-0.38	298.65	-18.07	512.50	-19.19
June 2009	213.40	-1.58	307.34	-12.46	514.30	-16.26
September 2009	215.30	-1.43	319.50	-3.09	526.50	-7.75
December 2009	218.00	2.37	323.40	3.32	537.30	1.09

Source: HBOS plc and Nationwide Building Society

Source: National Statistics

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

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

Alliance & Leicester residential mortgage loans

The following table summarises loans in arrears and repossession experience for loans serviced by Alliance & Leicester, 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. The percentage of loans by total outstanding loan balance which were in arrears by more than 90 days was: 1.04% of the book as at 31 December 2009 (compared with 31 December 2008: 0.78% and 31 December 2007: 0.37%).

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

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

(2) Net loss is net of recoveries in the current period on properties sold in prior periods.

(3) Average of opening and closing balances for the period.

There can be no assurance that the arrears experience with respect to the loans comprising the portfolio will correspond to the experience of Alliance & Leicester's originated loan portfolio as set forth in the

foregoing table. The statistics in the preceding table represent only the arrears experience for the periods presented, whereas the arrears experience on the loans in the portfolio depends on results obtained over the life of the loans in the portfolio. The foregoing statistics include loans with a variety of payment and other characteristics that may not correspond to those of the loans in the portfolio. Moreover, if the property market experiences an overall decline in property values so that the value of the properties in the portfolio falls below the principal balances of the loans comprising the overall pool, the actual rates of arrears could be significantly higher than those previously experienced by the servicer. In addition, other adverse economic conditions, whether or not they affect property values, may nonetheless affect the timely payment by borrowers of principal and interest and, accordingly, the rates of arrears and losses with respect to the loans in the portfolio. Noteholders should observe that the United Kingdom experienced relatively low and stable interest rates during the periods covered in the preceding table. If interest rates were to rise, it is likely that the rate of arrears would rise.

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

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

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 the issuer or a new issuer or in order to maintain the minimum seller share. To aid in understanding changes to the mortgages trust over time, the following table sets out information relating to each sale of loans by the seller to the mortgages trustee pursuant to the mortgage sale agreement.

-	Balance of loans substituted or	Number of loans substituted or		
Date	sold	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	£1,199,785,144.42*	14,470**		
* Balance of loans expected to be substi	tuted or sold on 12 March 2010 as at 9 March 2010			

** Number of loans expected to be substituted or sold on 12 March 2010 as at 9 March 2010

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

Origination Characteristics by Year

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

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

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

Listing and admission to trading application

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

Responsibility

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

Signed on behalf of the issuer:

By: Or arrace per pro SFM Directors (No.2) Limited as Director

Duly authorised