

## IMPORTANT NOTICE

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**IMPORTANT: You must read the following before continuing. The following applies to the final terms following this page (the “final terms”), 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.**

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WITHIN THE UNITED KINGDOM, THE FINAL TERMS IS DIRECTED ONLY AT PERSONS WHO (a) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (b) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(a) TO (d) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC”) OF THE FINANCIAL SERVICES AND MARKET ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THE FINAL TERMS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE FINAL TERMS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE 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 US PERSON OR TO ANY US 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 SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the final terms or make an investment decision with respect to the securities, investors must not be US persons (within the meaning of Regulation S under the Securities Act). The final terms is being sent at your request and by accepting the e-mail and accessing the final terms, you shall be deemed to have represented to us that you are not a US person; the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the US, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the final terms by electronic transmission.

You are reminded that the final terms has been delivered to you on the basis that you are a person into whose possession the final terms may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the final terms to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuing entity in such jurisdiction.

The 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 neither Barclays Bank PLC, J.P. Morgan Securities Ltd., Morgan Stanley & Co. International Limited nor any person who controls any of such managers nor any director, officer, employee nor agent or 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 herewith and the hard copy version available to you on request from Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited.

Final Terms dated 18 May, 2006

# Granite Master Issuer plc

## Issue of Series 2006-2 Notes under the £20 billion Mortgage Backed Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 11 May, 2006 which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes 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 base prospectus. Full information on the issuing entity and the offer of the Notes is only available on the basis of the combination of these Final Terms and the base prospectus. The base prospectus is available for viewing at the offices of the Paying Agent at 5 Carmelite Street, London EC4Y 0PA and copies are available at the registered address of the Issuing entity at Fifth Floor, 100 Wood Street, London EC2V 7EX.

The Series 2006-2 Notes comprise the following Classes:

<b>Initial Principal Amount</b>	<b>Class</b>	<b>Interest rate</b>	<b>Issue price</b>	<b>Final maturity date</b>
\$810,000,000	Class A1	One-month USD LIBOR + 0.01 per cent. Floating Rate	100%	April 2031
€300,000,000	Class A2	Three-month EURIBOR + 0.03 per cent. Floating Rate	100%	April 2031
£70,000,000	Class A3	Three-month Sterling LIBOR + 0.03 per cent. Floating Rate	100%	April 2031
\$1,275,000,000	Class A4	Three-month USD LIBOR + 0.04 per cent. Floating Rate	100%	December 2054
€1,360,000,000	Class A5	Three-month EURIBOR + 0.10 per cent. Floating Rate	100%	December 2054
£500,000,000	Class A6	Three-month Sterling LIBOR + 0.11 per cent. Floating Rate	100%	December 2054
\$29,000,000	Class B1	Three-month USD LIBOR + 0.08 per cent. Floating Rate	100%	December 2054
\$36,000,000	Class B2	Three-month USD LIBOR + 0.14 per cent. Floating Rate	100%	December 2054
€37,500,000	Class B3	Three-month EURIBOR + 0.14 per cent. Floating Rate	100%	December 2054
\$25,000,000	Class M1	Three-month USD LIBOR + 0.18 per cent. Floating Rate	100%	December 2054
\$25,000,000	Class M2	Three-month USD LIBOR + 0.23 per cent. Floating Rate	100%	December 2054
€35,000,000	Class M3	Three-month EURIBOR + 0.23 per cent. Floating Rate	100%	December 2054
£10,000,000	Class M4	Three-month Sterling LIBOR + 0.23 per cent. Floating Rate	100%	December 2054
\$75,000,000	Class C1	Three-month USD LIBOR + 0.47 per cent. Floating Rate	100%	December 2054
€55,000,000	Class C2	Three-month EURIBOR + 0.47 per cent. Floating Rate	100%	December 2054
£12,000,000	Class C3	Three-month Sterling LIBOR + 0.47 per cent. Floating Rate	100%	December 2054

### Arrangers for the programme

**Barclays Capital**

**Citigroup**

**Merrill Lynch & Co.**

### Dealers

**Barclays Capital  
Citigroup  
ING**

**JPMorgan  
Credit Suisse  
Lehman Brothers  
UBS Investment Bank**

**Morgan Stanley  
Deutsche Bank  
Merrill Lynch & Co.**

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
2. Series Number:	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2
3. Issuing entity	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc
4. Specified Currency or Currencies:	US Dollars	Euro	Sterling	US Dollars	Euro	Sterling
5. Initial Principal Amount:	\$810,000,000	€300,000,000	£70,000,000	\$1,275,000,000	€1,360,000,000	£500,000,000
6. (i) Issue Price:	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount
(ii) Net Proceeds:	\$810,000,000 (required only for listed issues):	€300,000,000	£70,000,000	\$1,275,000,000	€1,360,000,000	£500,000,000
7. Required Subordinated Percentage:	For the Class A Notes, 11.60 per cent.					
8. Reserves:						
(i) Target Reserve Required Amount:	For all Notes, £322,233,000					
(ii) Programme Reserve Required Percentage:	For all Notes, 1.65 per cent.					
(iii) Arrears or step-up trigger event:						
– item (i) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000					
– item (ii) Funding 2 Reserve Fund increased amount:	£21,500,000					
– items (i) and (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £43,000,000					
9. Ratings (Standard & Poor's/Moody's/Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
10. Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
11. (i) Closing Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006
12. Final Maturity Date:	Note Payment Date falling in or nearest to April 2031	Note Payment Date falling in or nearest to April 2031	Note Payment Date falling in or nearest to April 2031	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054
13. Interest Basis	One-month USD LIBOR + 0.01 per cent. Floating Rate	Three-month EURIBOR + 0.03 per cent. Floating Rate	Three-month Sterling LIBOR + 0.03 per cent. Floating Rate	Three-month USD LIBOR + 0.04 per cent. Floating Rate	Three-month EURIBOR + 0.10 per cent. Floating Rate	Three-month Sterling LIBOR + 0.11 per cent. Floating Rate
14. Redemption/Payment Basis:	Controlled Amortisation	Controlled Amortisation	Controlled Amortisation	Controlled Amortisation	Controlled Amortisation	Pass-through
15. Change of Interest Basis or Redemption/Payment Basis	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16. (i) Listing:	London	London	London	London	London	London
(ii) Estimate of total expenses related to admission to trading		Underwriting expenses – £3,442,514 (\$6,471,927 at £1.00 = \$1.88) Other expenses (including legal fees and rating agency fees) – £1,851,110 (\$3,480,087 at £1.00 = \$1.88)				
17. Method of Distribution:	Syndicated	Syndicated	Syndicated	Syndicated	Syndicated	Syndicated
<b>Provisions relating to the payment of interest (if any) payable</b>						
18. Fixed Rate Note Provisions	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. Floating Rate Note Provisions	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
(i) Note Payment Date(s):	Each Monthly Payment Date up to and including the Final Maturity Date	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class A2 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class A3 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class A4 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class A5 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class A6 Notes
(ii) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(iii) Additional Business Centre(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(vi) Screen Rate Determination:						
– Reference Rate:	One-month USD LIBOR (or, in respect of the first Interest Period for the Series 2006-2 Class A1 Notes, the linear interpolation of two week USD LIBOR and one month USD LIBOR	Three-month EURIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class A2 Notes, the linear interpolation of one month EURIBOR and two month EURIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month EURIBOR	Three-month Sterling LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class A3 Notes, the linear interpolation of one month Sterling LIBOR and two month Sterling LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month Sterling LIBOR	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class A4 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month EURIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class A5 Notes, the linear interpolation of one month EURIBOR and two month EURIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month EURIBOR	Three-month Sterling LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class A6 Notes, the linear interpolation of one month Sterling LIBOR and two month Sterling LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month Sterling LIBOR
– Interest Determination Date(s):	2 London business days prior to start of each interest period	2 TARGET business days prior to start of each interest period	First day of each interest period	2 London business days prior to the start of each interest period	2 TARGET business days prior to start of each interest period	First day of each interest period
– Relevant Screen Page:	Telerate page 3750	Telerate page 248	Telerate page 3750	Telerate page 3750	Telerate page 248	Telerate page 3750
(vii) ISDA Determination:						
– Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
– Designated Maturity	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
– Reset Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(viii) Margin(s):	+0.01 per cent. per annum	+ 0.03 per cent. per annum	+ 0.03 per cent. per annum	+ 0.04 per cent. per annum	+ 0.10 per cent. per annum	+ 0.11 per cent. per annum
(ix) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
(xi) Step-Up Date	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2013
– Step-Up Margin(s):	+0.02 per cent. per annum	+0.06 per cent. per annum	+0.06 per cent. per annum	+0.08 per cent. per annum	+0.20 per cent. per annum	+0.22 per cent. per annum
– Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
– Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(xii) Day Count Fraction:	Actual/360	Actual/360	Actual/365	Actual/360	Actual/360	Actual/365
(xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20. Zero Coupon Note Provisions	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>General Provisions Applicable to the Notes</b>						
21. Form of Notes:	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
23. Details relating to Bullet Redemption Notes	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
24. Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6			
25. Details relating to Controlled Amortisation Notes:	Applicable	Applicable	Applicable	Applicable	Applicable	Not Applicable			
Controlled Redemption Dates									
	Target Balance (£)	Target Balance (\$)	Target Balance (£)	Target Balance (\$)	Target Balance (£)	Target Balance (\$)	Target Balance (£)	Target Balance (\$)	
July 2006	381,864,725	717,905,683	181,124,655	265,890,994	62,041,232	678,191,489	1,275,000,000	926,430,518	1,360,000,000
October 2006	310,828,734	584,358,019	147,431,128	216,428,896	50,500,076	678,191,489	1,275,000,000	926,430,518	1,360,000,000
January 2007	242,621,069	456,127,611	115,079,123	168,936,152	39,418,435	678,191,489	1,275,000,000	926,430,518	1,360,000,000
April 2007	177,129,121	333,002,748	84,015,226	123,334,351	28,778,015	678,191,489	1,275,000,000	926,430,518	1,360,000,000
July 2007	114,244,762	214,780,153	54,188,150	79,548,205	18,561,248	678,191,489	1,275,000,000	926,430,518	1,360,000,000
October 2007	53,864,169	101,264,639	25,548,652	37,505,422	8,751,265	678,191,489	1,275,000,000	926,430,518	1,360,000,000
January 2008	0	0	0	0	0	678,191,489	1,275,000,000	926,430,518	1,360,000,000
April 2008	0	0	0	0	0	616,528,210	1,159,073,036	926,430,518	1,360,000,000
July 2008	0	0	0	0	0	535,710,506	1,007,135,751	926,430,518	1,360,000,000
October 2008	0	0	0	0	0	458,110,591	861,247,911	926,430,518	1,360,000,000
January 2009	0	0	0	0	0	383,600,349	721,168,656	926,430,518	1,360,000,000
April 2009	0	0	0	0	0	312,056,762	586,666,713	926,430,518	1,360,000,000
July 2009	0	0	0	0	0	243,361,713	457,520,021	926,430,518	1,360,000,000
October 2009	0	0	0	0	0	177,401,786	333,515,357	926,430,518	1,360,000,000
January 2010	0	0	0	0	0	114,068,080	214,447,990	926,430,518	1,360,000,000
April 2010	0	0	0	0	0	53,256,031	100,121,339	926,430,518	1,360,000,000
July 2010	0	0	0	0	0	0	0	919,310,065	1,349,547,176
October 2010	0	0	0	0	0	0	0	841,562,550	1,235,413,823
January 2011	0	0	0	0	0	0	0	766,910,583	1,125,824,736
April 2011	0	0	0	0	0	0	0	695,230,916	1,020,598,984
July 2011	0	0	0	0	0	0	0	632,660,133	928,745,076
October 2011	0	0	0	0	0	0	0	0	0
January 2012	0	0	0	0	0	0	0	0	0
April 2012	0	0	0	0	0	0	0	0	0
July 2012	0	0	0	0	0	0	0	0	0
October 2012	0	0	0	0	0	0	0	0	0
January 2013	0	0	0	0	0	0	0	0	0
April 2013	0	0	0	0	0	0	0	0	0
July 2013	0	0	0	0	0	0	0	0	0
26. Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable The Series 2006-2 Class A6 Notes will become due on the Note Payment Date falling in July 2013 and each Note Payment Date thereafter
27. Redemption Amount:	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies
28. Capital Requirements Directive Redemption Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
29. Redenomination:	Not Applicable	Not Applicable	Applicable	Not Applicable	Not Applicable	Not Applicable
30. Issuer Swap Provider:	Deutsche Bank AG, London Branch	Banque AIG (see "Issuer Swap Provider")	Not Applicable	Deutsche Bank AG, London Branch	Banque AIG (see "Issuer Swap Provider")	Not Applicable
31. Specified Currency Exchange Rate (Sterling/ Specified currency):	GBP 1.00/\$1.880	GBP 1.00/€1.468	Not Applicable	GBP 1.00/\$1.880	GBP 1.00/€1.468	Not Applicable
32. Other terms or special conditions or additional information:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Distribution</b>						
33. (i) If syndicated, names of Managers:	Barclays Capital Inc., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, ING Belgium SA/NV, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited and UBS Limited	Barclays Capital Inc., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, ING Belgium SA/NV, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited and UBS Limited
(ii) Stabilising Manager(s) (if any):	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)
34. If non-syndicated, name of relevant Dealer(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
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36. Additional Selling Restrictions:

**Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Each Dealer will agree that, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan, it will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any person or entity for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan.

**Republic of Korea**

Each Dealer will represent and agree that Notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Dealer will undertake to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

**Hong Kong**

Each Dealer will represent and agree that:

- (1) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong); and
- (2) it has not issued, or had in its possession for the purpose of issue and will not issue or have in its possession for the purpose of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation, or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Singapore**

These Final Terms have not been registered with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, each Dealer will represent and agree that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may these Final Terms or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:
  - (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
  - (ii) where no consideration is given for the transfer; or
  - (iii) by operation of law.

**Taiwan**

Each Dealer will represent and agree that the Notes have not been and will not be offered in Taiwan and may only be offered and sold to Taiwan resident investors from outside Taiwan in such manner as complies with Taiwan securities laws and regulations applicable to such cross border activities.

**People’s Republic of China**

Each Dealer will represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
	China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.					
37. Authorised Holding:	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
<b>Operational Information</b>						
38. Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
39. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment
40. Additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
41. ISIN:	US38741YBQ17	XS0252419832	XS0252425995	US38741YBR99	XS0252421499	XS0252427009
42. Common Code:	025293894	025241983	025242599	025294050	025242149	025242700
43. CUSIP:	38741YBQ1	N/A	N/A	38741YBR9	N/A	N/A
	<b>Loan Tranche:</b> The Series 2006-2 Class A1 Notes will fund the AAA (Class A1) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class A2 Notes will fund the AAA (Class A2) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class A3 Notes will fund the AAA (Class A3) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class A4 Notes will fund the AAA (Class A4) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class A5 Notes will fund the AAA (Class A5) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class A6 Notes will fund the AAA (Class A6) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement
44. Borrower:	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited
45. (i) Tier of Loan Tranche:	AAA (Class A1)	AAA (Class A2)	AAA (Class A3)	AAA (Class A4)	AAA (Class A5)	AAA (Class A6)
(ii) Series Number:	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2
46. Initial Outstanding Principal Balance:	£430,851,064	£204,359,673	£70,000,000	£678,191,489	£926,430,518	£500,000,000
(i) Closing Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006	24 May 2006
47. Final Repayment Date	The Loan Payment Date falling in April 2031	The Loan Payment Date falling in April 2031	The Loan Payment Date falling in April 2031	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054

1. Class of Notes:	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6
48. Loan Payment Dates:	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date
49. Step-Up Date	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2013
<b>Re-marketing Arrangements</b>						
50. Do the Notes have the benefit of Remarketing Arrangements	No	No	No	No	No	No
51. If yes: Name of Remarketing Bank Name of Conditional Purchaser	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable
52. Other Details	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class B1	Class B2	Class B3
2. Series Number:	Series 2006-2	Series 2006-2	Series 2006-2
3. Issuing entity	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc
4. Specified Currency or Currencies:	US Dollars	US Dollars	Euro
5. Initial Principal Amount:	\$29,000,000	\$36,000,000	€37,500,000
6. (i) Issue Price:	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount
(ii) Net Proceeds: (required only for listed issues):	\$29,000,000	\$36,000,000	€37,500,000
7. Required Subordinated Percentage:	For the Class B Notes, 8.30 per cent.		
8. Reserves:			
(i) Target Reserve Required Amount:	For all Notes, £322,233,000		
(ii) Programme Reserve Required Percentage:	For all Notes, 1.65 per cent.		
(iii) Arrears or step-up trigger event:			
— item (i) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000		
— item (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000		
— items (i) and (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £43,000,000		
9. Ratings (Standard & Poor's/Moody's/Fitch):	AA/Aa3/AA	AA/Aa3/AA	AA/Aa3/AA
10. Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof
11. (i) Closing Date:	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006

1. Class of Notes:	Class B1	Class B2	Class B3
12. Final Maturity Date:	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054
13. Interest Basis:	Three-month USD LIBOR + 0.08 per cent. Floating Rate	Three-month USD LIBOR + 0.14 per cent. Floating Rate	Three-month EURIBOR LIBOR + 0.14 per cent. Floating Rate
14. Redemption/Payment Basis:	Controlled amortisation	Pass-through	Pass-through
15. Change of Interest Basis or Redemption/Payment Basis	Not Applicable	Not Applicable	Not Applicable
16. (i) Listing:	London	London	London
(ii) Estimate of total expenses related to admission to trading	Underwriting expenses – £3,442,514 (\$6,471,927 at £1.00 = \$1.88) Other expenses (including legal fees and rating agency fees) – £1,851,110 (\$3,480,807 at £1.00 = \$1.88)		
17. Method of Distribution:	Syndicated	Syndicated	Syndicated
<b>Provisions relating to the payment of interest (if any) payable</b>			
18. Fixed Rate Note Provisions	Not Applicable	Not Applicable	Not Applicable
19. Floating Rate Note Provisions	Applicable	Applicable	Applicable
(i) Note Payment Date(s):	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class B1 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class B2 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Class B3 Notes
(ii) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(iii) Additional Business Centre(s):	Not Applicable	Not Applicable	Not Applicable
(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination

1. Class of Notes:	Class B1	Class B2	Class B3
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable	Not Applicable
(vi) Screen Rate Determination:			
— Reference Rate:	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class B1 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class B2 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month EURIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class B3 Notes, the linear interpolation of one month EURIBOR and two month EURIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month EURIBOR
— Interest Determination Date(s):	2 London business days prior to start of each interest period	2 London business days prior to start of each interest period	2 TARGET business days prior to start of each interest period
— Relevant Screen Page:	Telerate Page 3750	Telerate Page 3750	Telerate Page 248
(vii) ISDA Determination:			
— Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable
— Designated Maturity	Not Applicable	Not Applicable	Not Applicable
— Reset Date:	Not Applicable	Not Applicable	Not Applicable
(viii) Margin(s):	+ 0.08 per cent. per annum	+ 0.14 per cent. per annum	+ 0.14 per cent. per annum
(ix) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(xi) Step-Up Date	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011
— Step-Up Margin(s):	+ 0.16 per cent. per annum	+ 0.28 per cent. per annum	+ 0.28 per cent. per annum
— Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
— Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(xii) Day Count Fraction:	Actual/360	Actual/360	Actual/360

1. Class of Notes:	Class B1	Class B2	Class B3
(xiii) Fall back 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
20. Zero Coupon Note Provisions	Not Applicable	Not Applicable	Not Applicable
<b>General Provisions Applicable to the Notes</b>			
21. Form of Notes:	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable	Not Applicable	Not Applicable
23. Details relating to Bullet Redemption Notes	Not Applicable	Not Applicable	Not Applicable
24. Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable
25. Details relating to Controlled Amortisation Notes:	Applicable	Not Applicable	Not Applicable
	<b>Target Balance</b>	<b>Target Balance</b>	
	<b>(£)</b>	<b>(\$)</b>	
July 2006	15,425,532	29,000,000	
October 2006	15,425,532	29,000,000	
January 2007	15,425,532	29,000,000	
April 2007	15,425,532	29,000,000	
July 2007	15,425,532	29,000,000	
October 2007	15,425,532	29,000,000	
January 2008	12,086,361	22,722,359	
April 2008	0	0	
July 2008	0	0	
October 2008	0	0	
January 2009	0	0	
April 2009	0	0	
July 2009	0	0	
October 2009	0	0	
January 2010	0	0	
April 2010	0	0	
July 2010	0	0	
October 2010	0	0	
January 2011	0	0	
April 2011	0	0	
July 2011	0	0	
October 2011	0	0	
January 2012	0	0	

April 2012	0	0
July 2012	0	0
October 2012	0	0
January 2013	0	0
April 2013	0	0
July 2013	0	0

1. Class of Notes:	Class B1	Class B2	Class B3
26. Details relating to Pass-Through Notes:	Not Applicable	Applicable The Series 2006-2 Class B2 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter	Applicable The Series 2006-2 Class B3 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter
27. Redemption Amount:	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies
28. Capital Requirements Directive Redemption Date:	Not Applicable	Not Applicable	Not Applicable
29. Redenomination:	Not Applicable	Not Applicable	Not Applicable
30. Issuer Swap Provider:	Deutsche Bank AG, London Branch	Deutsche Bank AG, London Branch	Banque AIG (see "Issuer Swap Provider")
31. Specified Currency Exchange Rate (Sterling/Specified currency):	GBP 1.00/\$1.880	GBP 1.00/\$1.880	GBP 1.00/€1,468
32. Other terms or special conditions or additional information:	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class B1	Class B2	Class B3
<b>Distribution</b>			
33. (i) If syndicated, names of Managers:	Barclays Capital Inc., J.P. Morgan Securities Inc., and Morgan Stanley & Co. International Limited	Barclays Capital Inc., J.P. Morgan Securities Inc., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited
(ii) Stabilising Manager(s) (if any):	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)
34. If non-syndicated, name of relevant Dealer(s):	Not Applicable	Not Applicable	Not Applicable
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable
36. Additional Selling Restrictions	<p><b>Japan</b> The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “<b>Securities and Exchange Law</b>”). Each Dealer will agree that, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan, it will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any person or entity for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan.</p> <p><b>Republic of Korea</b> Each Dealer will represent and agree that Notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Dealer will undertake to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.</p> <p><b>Hong Kong</b> Each Dealer will represent and agree that:</p> <p>(1) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong); and</p> <p>(2) it has not issued, or had in its possession for the purpose of issue and will not issue or have in its possession for the purpose of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation, or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.</p>		

1. Class of Notes:	Class B1	Class B2	Class B3
	<p><b>Singapore</b>            These Final Terms have not been registered with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “<b>Securities and Futures Act</b>”). Accordingly, each Dealer will represent and agree that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may these Final Terms or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.            Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:</p> <p>(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or</p> <p>(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,</p> <p>should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:</p> <p>(i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;</p> <p>(ii) where no consideration is given for the transfer; or</p> <p>(iii) by operation of law.</p> <p><b>Taiwan</b>            Each Dealer will represent and agree that the Notes have not been and will not be offered in Taiwan and may only be offered and sold to Taiwan resident investors from outside Taiwan in such manner as complies with Taiwan securities laws and regulations applicable to such cross border activities.</p> <p><b>People’s Republic of China</b>            Each Dealer will represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.</p>		
37. Authorised Holding:	\$100,000 and integral multiples of \$1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof
<b>Operational Information</b>			
38. Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable	Not Applicable	Not Applicable
39. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment
40. Additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable
41. ISIN:	US38741YBS72	US38741YBT55	XS0252428072
42. Common Code:	025294211	025294386	025242807

1. Class of Notes:	Class B1	Class B2	Class B3
43. CUSIP:	38741YBS7  Loan Tranche: The Series 2006-2 Class B1 Notes will fund the AA (Class B1) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	38741YBT5  Loan Tranche: The Series 2006-2 Class B2 Notes will fund the AA (Class B2) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	N/A  Loan Tranche: The Series 2006-2 Class B3 Notes will fund the AA (Class B3) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement
44. Borrower:	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited
45. (i) Tier of Loan Tranche:	AA (Class B1)	AA (Class B2)	AA (Class B3)
(ii) Series Number:	Series 2006-2	Series 2006-2	Series 2006-2
46. Initial Outstanding Principal Balance:	£15,425,532	£19,148,936	£25,544,959
(i) Closing Date:	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006
47. Final Repayment Date	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054
48. Loan Payment Dates:	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date
49. Step-Up Date	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011
<b>Re-marketing Arrangements</b>			
50. Do the Notes have the benefit of Remarketing Arrangements	No	No	No
51. If yes: Name of Remarketing Bank Name of Conditional Purchaser	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable
52. Other Details	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
2. Series Number:	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2
3. Issuing entity	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc
4. Specified Currency or Currencies:	US Dollars	US Dollars	Euro	Sterling
5. Initial Principal Amount:	\$25,000,000	\$25,000,000	€35,000,000	£10,000,000
6. (i) Issue Price:	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount
(ii) Net Proceeds: (required only for listed issues):	\$25,000,000	\$25,000,000	€35,000,000	£10,000,000
7. Required Subordinated Percentage:	For the Class M Notes, 5.11 per cent.			
8. Reserves:				
(i) Target Reserve Required Amount:	For all Notes, £322,233,000			
(ii) Programme Reserve Required Percentage:	For all Notes, 1.65 per cent.			
(iii) Arrears or step-up trigger event:				
— item (i) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000			
— item (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000			
— items (i) and (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £43,000,000			
9. Ratings (Standard & Poor's/Moody's/Fitch):	A/A2/A	A/A2/A	A/A2/A	A/A2/A
10. Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
11. (i) Closing Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006
12. Final Maturity Date:	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
13. Interest Basis:	Three Month USD LIBOR + 0.18 per cent. Floating Rate	Three Month USD LIBOR + 0.23 per cent. Floating Rate	Three Month EURIBOR + 0.23 per cent. Floating Rate	Three Month Sterling LIBOR + 0.23 per cent. Floating Rate
14. Redemption/Payment Basis:	Controlled amortisation	Pass-through	Pass-through	Pass-through
15. Change of Interest Basis or Redemption/Payment Basis	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16. (i) Listing:	London	London	London	London
(ii) Estimate of total expenses related to admission to	Underwriting expenses – £3,442,514 (\$6,471,927 at £1.00 = \$1.88) Other expenses (including legal fees and rating agency fees) – £1,851,110 (\$3,480,087 at £1.00 = \$1.88)			
17. Method of Distribution:	Syndicated	Syndicated	Syndicated	Syndicated
<b>Provisions relating to the payment of interest (if any) payable</b>				
18. Fixed Rate Note Provisions	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. Floating Rate Note Provisions	Applicable	Applicable	Applicable	Applicable
(i) Note Payment Date(s):	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class M1 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class M2 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class M3 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class M4 Notes
(ii) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(iii) Additional Business Centre(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(iv) 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
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
(vi) Screen Rate Determination: — Reference Rate:	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class M1 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class M2 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month EURIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class M3 Notes, the linear interpolation of one month EURIBOR and two month EURIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month EURIBOR	Three-month Sterling LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class M4 Notes, the linear interpolation of one month Sterling LIBOR and two month Sterling LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month Sterling LIBOR
— Interest Determination Date(s):	2 London business days prior to start of each interest period	2 London business days prior to start of each interest period	2 TARGET business days prior to start of each interest period	First day of each interest period
— Relevant Screen Page:	Telerate Page 3750	Telerate Page 3750	Telerate Page 248	Telerate Page 3750
(vii) ISDA Determination: — Floating Rate Option: — Designated Maturity — Reset Date:	Not Applicable Not Applicable Not Applicable	Not Applicable Not Applicable Not Applicable	Not Applicable Not Applicable Not Applicable	Not Applicable Not Applicable Not Applicable
(viii) Margin(s):	+ 0.18 per cent. per annum	+ 0.23 per cent. per annum	+ 0.23 per cent. per annum	+ 0.23 per cent. per annum
(ix) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(xi) Step-Up Date	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011
— Step-Up Margin(s):	+ 0.36 per cent. per annum	+ 0.46 per cent. per annum	+ 0.46 per cent. per annum	+ 0.46 per cent. 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
(xii) Day Count Fraction:	Actual/360	Actual/360	Actual/360	Actual/365
(xiii) Fall back 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
20. Zero Coupon Note Provisions	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
<b>General Provisions Applicable to the Notes</b>				
21. Form of Notes:	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
23. Details relating to Bullet Redemption Notes	Not Applicable	Not Applicable	Not Applicable	Not Applicable
24. Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25. Details relating to Controlled Amortisation Notes:	Applicable	Not Applicable	Not Applicable	Not Applicable
	<b>Target Balance (£)</b>	<b>Target Balance (\$)</b>		
July 2006	13,297,872	25,000,000		
October 2006	13,297,872	25,000,000		
January 2007	13,297,872	25,000,000		
April 2007	13,297,872	25,000,000		
July 2007	13,297,872	25,000,000		
October 2007	13,297,872	25,000,000		
January 2008	10,419,277	19,588,241		
April 2008	0	0		
July 2008	0	0		
October 2008	0	0		
January 2009	0	0		
April 2009	0	0		
July 2009	0	0		
October 2009	0	0		
January 2010	0	0		
April 2010	0	0		
July 2010	0	0		
October 2010	0	0		
January 2011	0	0		
April 2011	0	0		
July 2011	0	0		
October 2011	0	0		
January 2012	0	0		
April 2012	0	0		
July 2012	0	0		
October 2012	0	0		
January 2013	0	0		
April 2013	0	0		
July 2013	0	0		

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
26. Details relating to Pass-Through Notes:	Not Applicable	Applicable The Series 2006-2 Class M2 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter	Applicable The Series 2006-2 Class M3 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter	Applicable The Series 2006-2 Class M4 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter
27. Redemption Amount:	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies
28. Capital Requirements Directive Redemption Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29. Redenomination:	Not applicable	Not applicable	Not applicable	Applicable
30. Issuer Swap Provider:	Deutsche Bank AG, London Branch	Deutsche Bank AG, London Branch	Banque AIG (see “ <b>Issuer Swap Provider</b> ”)	Not applicable
31. Specified Currency Exchange Rate (Sterling/ Specified currency):	GBP 1.00/\$1.880	GBP 1.00/\$1.880	GBP 1.00/€1.468	Not applicable
32. Other terms or special conditions or additional information:	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Distribution				
33. (i) If syndicated, names of Managers:	Barclays Capital Inc., J.P. Morgan Securities Inc., and Morgan Stanley & Co. International Limited	Barclays Capital Inc., J.P. Morgan Securities Inc., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd. and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited
(ii) Stabilising Manager(s) (if any):	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)
34. If non-syndicated, name of relevant Dealer(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
36. Additional Selling Restrictions:	<p><b>Japan</b> The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “<b>Securities and Exchange Law</b>”). Each Dealer will agree that, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan, it will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any person or entity for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan.</p> <p><b>Republic of Korea</b> Each Dealer will represent and agree that Notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Dealer will undertake to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.</p> <p><b>Hong Kong</b> Each Dealer will represent and agree that: (1) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong); and (2) it has not issued, or had in its possession for the purpose of issue and will not issue or have in its possession for the purpose of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation, or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.</p> <p><b>Singapore</b> These Final Terms have not been registered with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “<b>Securities and Futures Act</b>”). Accordingly, each Dealer will represent and agree that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may these Final Terms or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except: (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act; (ii) where no consideration is given for the transfer; or (iii) by operation of law.</p> <p><b>Taiwan</b> Each Dealer will represent and agree that the Notes have not been and will not be offered in Taiwan and may only be offered and sold to Taiwan resident</p>			

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
	investors from outside Taiwan in such manner as complies with Taiwan securities laws and regulations applicable to such cross border activities. <b>People's Republic of China</b> Each Dealer will represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.			
37. Authorised Holding:	\$100,000 and integral multiples of \$1,000 in excess thereof	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
<b>Operational Information</b>				
38. Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
39. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment
40. Additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable
41. ISIN:	US38741YBU29	US38741YBV02	XS0252429047	XS0252423198
42. Common Code:	025294483	025294645	025242904	025242319
43. CUSIP:	38741YBU2	38741YBV0	N/A	N/A
	Loan Tranche: The Series 2006-2 Class M1 Notes will fund the A (Class M1) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	Loan Tranche: The Series 2006-2 Class M2 Notes will fund the A (Class M2) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	Loan Tranche: The Series 2006-2 Class M3 Notes will fund the A (Class M3) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	Loan Tranche: The Series 2006-2 Class M4 Notes will fund the A (Class M4) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement
44. Borrower:	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited
45. (i) Tier of Loan Tranche:	A (Class M1)	A (Class M2)	A (Class M3)	A (Class M4)
(ii) Series Number:	Series 2006-2	Series 2006-2	Series 2006-2	Series 2006-2
46. Initial Outstanding Principal Balance:	£13,297,872	£13,297,872	£23,841,962	£10,000,000
(i) Closing Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006	24 May 2006
47. Final Repayment Date	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054
48. Loan Payment Dates:	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date

1. Class of Notes:	Class M1	Class M2	Class M3	Class M4
49. Step-Up Date	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011
<b>Re-marketing Arrangements</b>				
50. Do the Notes have the benefit of Remarketing Arrangements	No	No	No	No
51. If yes: Name of Remarketing Bank Name of Conditional Purchaser	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable	Not Applicable Not Applicable
52. Other Details	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class C1	Class C2	Class C3
2. Series Number:	Series 2006-2	Series 2006-2	Series 2006-2
3. Issuing entity	Granite Master Issuer plc	Granite Master Issuer plc	Granite Master Issuer plc
4. Specified Currency or Currencies:	US Dollars	Euro	Sterling
5. Initial Principal Amount:	\$75,000,000	€55,000,000	£12,000,000
6. (i) Issue Price:	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount	100 per cent. of the Aggregate Nominal Amount
(ii) Net Proceeds: (required only for listed issues):	\$75,000,000	€55,000,000	£12,000,000
7. Required Subordinated Percentage:	For the Class C Notes, 1.85 per cent.		
8. Reserves:			
(i) Target Reserve Required Amount:	For all Notes, £322,233,000		
(ii) Programme Reserve Required Percentage:	For all Notes, 1.65 per cent.		
(iii) Arrears or step-up trigger event:			
— item (i) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000		
— item (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £21,500,000		
— items (i) and (ii) Funding 2 Reserve Fund increased amount:	For all Notes, £43,000,000		
9. Ratings (Standard & Poor's/Moody's/Fitch):	BBB/Baa2/BBB	BBB/Baa2/BBB	BBB/Baa2/BBB
10. Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
11. (i) Closing Date:	24 May 2006	24 May 2006	24 May 2006
(ii) Interest Commencement Date:	24 May 2006	24 May 2006	24 May 2006
12. Final Maturity Date:	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054	Note Payment Date falling in or nearest to December 2054
13. Interest Basis:	Three-Month USD LIBOR + 0.47 per cent. Floating Rate	Three-Month EURIBOR + 0.47 per cent. Floating Rate	Three-Month Sterling LIBOR + 0.47 per cent. Floating Rate
14. Redemption/Payment Basis:	Pass-through	Pass-through	Pass-through

1. Class of Notes:	Class C1	Class C2	Class C3
15. Change of Interest Basis or Redemption/Payment Basis	Not Applicable	Not Applicable	Not Applicable
16. (i) Listing:	London	London	London
(ii) Estimate of total expenses related to admission to trading	Underwriting expenses – £3,442,514 (\$6,471,927 at £1.00 = \$1.88) Other expenses (including legal fees and rating agency fees) £1,851,110 (\$3,480,087 at £1.00 = \$1.88)		
17. Method of Distribution:	Syndicated	Syndicated	Syndicated
<b>Provisions relating to the payment of interest (if any) payable</b>			
18. Fixed Rate Note Provisions	Not Applicable	Not Applicable	Not Applicable
19. Floating Rate Note Provisions	Applicable	Applicable	Applicable
(i) Note Payment Date(s):	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class C1 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class C2 Notes	The Monthly Payment Date falling in January, April, July and October of each year up to and including the Final Maturity Date, or following the earlier to occur of the Step-Up Date (if any) and a Pass-Through Trigger Event, each Monthly Payment Date up to and including the Final Maturity Date of the Series 2006-2 Class C3 Notes
(ii) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(iii) Additional Business Centre(s):	Not Applicable	Not Applicable	Not Applicable
(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable	Not Applicable
(vi) Screen Rate Determination:			
— Reference Rate:	Three-month USD LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class C1 Notes, the linear interpolation of one month USD LIBOR and two month USD LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month USD LIBOR	Three-month EURIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class C2 Notes, the linear interpolation of one month EURIBOR and two month EURIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month EURIBOR	Three-month Sterling LIBOR (or, in the case of the first Interest Period for the Series 2006-2 Class C3 Notes, the linear interpolation of one month Sterling LIBOR and two month Sterling LIBOR) or, following the earlier to occur of the Step-up Date (if any) and a Pass-Through Trigger Event, one month Sterling LIBOR
— Interest Determination Date(s):	2 London business days prior to the start of each interest period	2 TARGET business days prior to start of each interest period	First day of each interest period
— Relevant Screen Page:	Telerate Page 3750	Telerate Page 248	Telerate Page 3750

1. Class of Notes:	Class C1	Class C2	Class C3
(vii) ISDA Determination: — Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable
— Designated Maturity	Not Applicable	Not Applicable	Not Applicable
— Reset Date:	Not Applicable	Not Applicable	Not Applicable
(viii) Margin(s):	+ 0.47 per cent. per annum	+ 0.47 per cent. per annum	+ 0.47 per cent. per annum
(ix) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(xi) Step-Up Date	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011	The Note Payment Date occurring in July 2011
— Step-Up Margin(s)	+ 0.940 per cent. per annum	+ 0.940 per cent. per annum	+ 0.940 per cent. per annum
— Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
— Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable
(xii) Day Count Fraction:	Actual/360	Actual/360	Actual/365
(xiii) Fall back 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
20. Zero Coupon Note Provisions	Not Applicable	Not Applicable	Not Applicable
<b>General Provisions Applicable to the Notes</b>			
21. Form of Notes:	Registered Notes: US Global Note Certificates registered in the name of a nominee for the Depository Trust Company	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Regulation S Global Note Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable	Not Applicable	Not Applicable
23. Details relating to Bullet Redemption Notes	Not Applicable	Not Applicable	Not Applicable
24. Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable

1. Class of Notes:	Class C1	Class C2	Class C3
25. Details relating to Controlled Amortisation Notes:	Not Applicable	Not Applicable	Not Applicable
26. Details relating to Pass-Through Notes:	Applicable The Series 2006-2 Class C1 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter	Applicable The Series 2006-2 Class C2 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter	Applicable The Series 2006-2 Class C3 Notes will become due on the Note Payment Date falling in July 2011 and each Note Payment Date thereafter
27. Redemption Amount:	Condition 5(G)(i) applies	Condition 5(G)(i) applies	Condition 5(G)(i) applies
28. Capital Requirements Directive Redemption Date:	Not Applicable	Not Applicable	Not Applicable
29. Redenomination:	Redenomination not applicable	Redenomination not applicable	Applicable
30. Issuer Swap Provider:	Deutsche Bank AG, London Branch	Banque AIG (see “ <b>Issuer Swap Provider</b> ”)	Not applicable
31. Specified Currency Exchange Rate (Sterling/Specified	GBP 1.00/\$ 1.880	GBP 1.00/€ 1.468	Not applicable currency):
32. Other terms or special conditions or additional information:	Not Applicable	Not Applicable	Not Applicable
<b>Distribution</b>			
33. (i) If syndicated, names of Managers:	Barclays Capital Inc., J.P. Morgan Securities Inc., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited	Barclays Bank PLC, J.P. Morgan Securities Ltd., and Morgan Stanley & Co. International Limited
(ii) Stabilising Manager(s) (if any):	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)	Barclays Bank PLC (itself or through its affiliates)
34. If non-syndicated, name of relevant Dealer(s):	Not Applicable	Not Applicable	Not Applicable
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable
36. Additional selling restrictions:	<p><b>Japan</b> The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “<b>Securities and Exchange Law</b>”). Each Dealer will agree that, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan, it will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any person or entity for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan.</p>		

1. Class of Notes:

Class C1

Class C2

Class C3

**Republic of Korea**

Each Dealer will represent and agree that Notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Dealer will undertake to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

**Hong Kong**

Each Dealer will represent and agree that:

- (1) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong); and
- (2) it has not issued, or had in its possession for the purpose of issue and will not issue or have in its possession for the purpose of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation, or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Singapore**

These Final Terms have not been registered with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, each Dealer will represent and agree that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may These Final Terms or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is given for the transfer; or
- (iii) by operation of law.

**Taiwan**

Each Dealer will represent and agree that the Notes have not been and will not be offered in Taiwan and may only be offered and sold to Taiwan resident investors from outside Taiwan in such manner as complies with Taiwan securities laws and regulations applicable to such cross border activities.

1. Class of Notes:	Class C1	Class C2	Class C3
	<b>People's Republic of China</b>		
	Each Dealer will represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.		
37. Authorised Holding:	\$100,000 and integral multiples of \$1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
38. Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable	Not Applicable	Not Applicable
39. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment
40. Additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable
41. ISIN:	US38741YBW84	XS0252430136	XS0252423941
42. Common Code:	025294742	025243013	025242394
43. CUSIP:	38741YBW8	N/A	N/A
	<b>Loan Tranche:</b> The Series 2006-2 Class C1 Notes will fund the BBB (Class C1) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class C2 Notes will fund the BBB (Class C2) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement	<b>Loan Tranche:</b> The Series 2006-2 Class C3 Notes will fund the BBB (Class C3) loan tranche which shall have the following terms as set out in the supplement to the Global Intercompany Loan Agreement
44. Borrower:	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited	Granite Finance Funding 2 Limited
45. (i) Tier of Loan Tranche: (ii) Series Number:	BBB (Class C1) Series 2006-2	BBB (Class C2) Series 2006-2	BBB (Class C3) Series 2006-2
46. Initial Outstanding Principal Balance: (i) Closing Date:  (ii) Interest Commencement Date:	£39,893,617 24 May 2006  24 May 2006	£37,465,940 24 May 2006  24 May 2006	£12,000,000 24 May 2006  24 May 2006
47. Final Repayment Date	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054	The Loan Payment Date falling in December 2054
48. Loan Payment Dates:	Each Monthly Payment Date	Each Monthly Payment Date	Each Monthly Payment Date
49. Step-Up Date	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011	The Loan Payment Date occurring in July 2011

1. Class of Notes:	Class C1	Class C2	Class C3
<b>Re-marketing Arrangements</b>			
50. Do the Notes have the benefit of Remarketing Arrangements	No	No	No
51. If yes:			
Name of Remarketing Bank	Not Applicable	Not Applicable	Not Applicable
Name of Conditional Purchaser	Not Applicable	Not Applicable	Not Applicable
52. Other Details	Not Applicable	Not Applicable	Not Applicable

## Issuer Swap Provider

### Banque AIG

Banque AIG is the issuer swap provider in respect of the Series 2006-2 Class A2 Notes, Series 2006-2 Class A5 Notes, Series 2006-2 Class B3 Notes, Series 2006-2 M3 Notes and the series 2006-2 Class C2 Notes. American International Group, Inc. is the guarantor of the issuer swap provider's payment obligations under the issuer swaps in respect of each class of offered notes (the "**swap guarantor**"). Banque AIG is a French bank, acting through its London branch, and is a subsidiary of AIG Financial Products Corp. ("**AIGFP**"). AIGFP is a wholly owned subsidiary of the swap guarantor. Banque AIG conducts, primarily as principal, a financial derivative products business. It also enters into investment contracts and other structured transactions, and invests in a diversified portfolio of securities. In the course of conducting its business, Banque AIG also engages in a variety of other related transactions. Banque AIG's London branch is located at 5th Floor, One Curzon Street, London W1J 5RT.

The swap guarantor, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. Reports, proxy statements and other information filed by the swap guarantor with the Securities and Exchange Commission (the "**Commission**") pursuant to the informational requirements of the Securities Exchange Act of 1934, as amended, can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following regional offices of the Commission: Pacific Regional Office, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648; and Midwest Regional Office, Citicorp Center, Suite 1400, 500 West Madison Street, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Commission also maintains a web site at <http://www.sec.gov> which contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The swap guarantor's common stock is listed on the New York Stock Exchange and reports, proxy statements and other information can also be inspected at the Information Center of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The information contained in the preceding two paragraphs has been provided by Banque AIG for use in these final terms. Banque AIG, the swap guarantor and their respective affiliates have not been involved in the preparation of, and do not accept responsibility for, these final terms as a whole.

## Currency Presentation

Translations of pounds sterling into US dollars, unless otherwise stated in these Final Terms, have been made at the rate of £0.5603 = \$1.00, which reflects the noon buying rate in the City of New York for cable transfers in sterling per US\$1.00 as certified for customs purposes by the Federal Reserve Bank on 26 April 2006. Use of this rate does not mean that pound sterling amounts actually represent those US dollar amounts or could be converted into US dollars at that rate at any particular time.

References throughout these Final Terms to “£”, “pounds” or “sterling” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

References in these Final Terms to “US\$”, “USD”, “\$”, “US dollars” or “dollars” are to the lawful currency of the United States of America.

### Sterling/US dollar exchange rate history\*

	1 January 2006 through 26 April 2006	Years ended 31 December			
		2005	2004	2003	2002
Last <sup>(1)</sup>	1.7847	1.7230	1.9181	1.7858	1.6100
Average <sup>(2)</sup>	1.7555	1.8196	1.8334	1.6358	1.5038
High	1.7928	1.9291	1.9467	1.7858	1.6100
Low	1.7199	1.7142	1.7559	1.5541	1.4082

Notes

- (1) Last is the closing exchange rate on the last operating business day of each of the years indicated, years commencing from January 1 or the next operating business day.
- (2) Average is the average daily exchange rate during the period.

	1 April 2006 through 26 April 2006	March 2006	February 2006	January 2006	December 2005
High	1.7928	1.7573	1.7806	1.7875	1.7761
Low	1.7392	1.7260	1.7363	1.7199	1.7167

\* Source: Bloomberg (New York composite rates)

### **Start-Up Loan Tranche**

The Start-Up Loan Tranche to be made available to the Issuing entity on the closing date will have the following terms

1. Start-Up Loan Provider: Northern Rock plc
2. Initial Outstanding Principal Balance: £32,483,000
3. Interest Rate: Three-month Sterling LIBOR + 0.9% per annum

### **Other Series issued**

As of the Closing Date, the aggregate Principal Amount Outstanding of Notes issued by the Issuing entity (converted, where applicable, into sterling at the applicable Specified Currency Exchange Rate), including the Notes described herein, will be:

Class A Notes	£17,523,753,814
Class B Notes	£637,336,827
Class M Notes	£644,494,898
Class C Notes	£723,644,698
Class D Notes	£0

### **Other Loan Tranches**

As of the Closing Date, the aggregate Outstanding Principal Balance of Loan Tranches advanced by the Issuing entity to Funding 2 under the Global Intercompany Loan, including the Loan Tranches described herein, will be:

AAA	£17,523,753,814
AA	£637,336,827
A	£644,494,898
BBB	£723,664,698
BB	£0

## Maturity and repayment considerations

The average lives of each class of the series 2006-2 notes cannot be stated because the actual rate of repayment of the mortgage loans and redemption of the mortgages and a number of other relevant factors are unknown. Calculations of the possible average lives of each class of the series 2006-2 notes can be made, however, based on certain assumptions. The assumptions used to calculate the possible average lives of each class of the series 2006-2 notes in the following table include that:

- (1) each series and class of series 2006-2 notes is repaid in full by its final maturity date;
- (2) neither the issuer security nor the Funding 2 security is enforced;
- (3) the aggregate current balance of mortgage loans in the mortgages trust will not fall below an amount equal to the product of 1.05 and the principal amount outstanding of all notes of the issuing entity and the Funding issuing entities at any time after giving effect to principal distributions;
- (4) no asset trigger event or non-asset trigger event occurs;
- (5) no event occurs that would cause payments on the series 2006-2 notes to be deferred;
- (6) the issuing entity exercises its option to redeem the series 2006-2 notes on the step-up date, if any, relating to such notes;
- (7) the series 2006-2 notes are issued on 24, May 2006;
- (8) each payment made by the issuing entity to the noteholders is paid on the 20th day of the relevant month in which such payment is payable, regardless of whether such date is a business day;
- (9) no interest or fees are paid from mortgages trustee principal receipts, Funding 2 available principal receipts or issuer available principal receipts;
- (10) the mortgage loans are not subject to any defaults or losses, and no mortgage loan falls into arrears; and
- (11) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "A2" by Moody's, "A+" by Fitch and "A" by Standard & Poor's.

Assumptions (1), (6) and (7) reflect the issuing entity's current expectations, although no assurance can be given that repayment of the notes will occur as described. Assumptions (2) through (5) and (9) through (11) relate to unpredictable circumstances.

### ***CPR and average lives of the series 2006-2 notes (other than the US notes)***

Based upon the foregoing assumptions, the approximate average lives of the series 2006-2 notes (other than the US notes), at various constant payment rates for the mortgage loans, would be as follows:

Constant payment rate (% per annum)	Possible average life of the series 2006-2 class A2 notes (years)	Possible average life of the series 2006-2 class A3 notes (years)	Possible average life of the series 2006-2 class A5 notes (years)	Possible average life of the series 2006-2 class A6 notes (years)	Possible average life of the series 2006-2 class B3 notes (years)	Possible average life of the series 2006-2 class M3 notes (years)	Possible average life of the series 2006-2 class M4 notes (years)	Possible average life of the series 2006-2 class C2 notes (years)	Possible average life of the series 2006-2 class C3 notes (years)
5%	0.93	0.93	5.03	7.16	5.16	5.16	5.16	5.16	5.16
10%	0.90	0.90	5.03	7.16	5.16	5.16	5.16	5.16	5.16
15%	0.90	0.90	5.03	7.16	5.16	5.16	5.16	5.16	5.16
20%	0.90	0.90	5.03	7.16	5.16	5.16	5.16	5.16	5.16
25%	0.90	0.90	5.03	7.16	5.16	5.16	5.16	5.16	5.16
30%	0.90	0.90	5.03	7.16	5.16	5.16	5.16	5.16	5.16

The average lives of each class of the series 2006-2 notes (other than the US notes) are subject to factors largely outside the control of the issuing entity and consequently no assurance can be given that these assumptions and estimates are realistic. They must therefore be viewed with considerable caution. For more information relating 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 mortgage loans or repurchases on the mortgage loans by the seller**” in the base prospectus.

***CPR and yields to maturity of the series 2006-2 notes (other than the US notes)***

The series 2006-2 notes are all floating rate notes. Consequently, variations in constant payment rates for the mortgage loans should not have an effect on the yield to maturity of the series 2006-2 notes when purchased at par.

## The cut-off date mortgage portfolio

The statistical and other information contained in these Final Terms has been compiled by reference to the mortgage loans in the mortgage portfolio securing the notes as of March 31, 2006 (the “**cut-off date**”). The US dollar figures set forth in the tables below have been calculated based on the currency exchange rate of £1.00 = \$1.7390 and have been rounded to the nearest cent following their conversion from pounds sterling. Columns stating percentage amounts may not add to 100% due to rounding. A mortgage loan will have been removed from any additional mortgage portfolio (which comprises a portion of the cut-off date portfolio) if, in the period up to (and including) the assignment date related to such additional mortgage portfolio, the mortgage loan is repaid in full or if the mortgage loan does not comply with the terms of the mortgage sale agreement on or about the applicable assignment date. Once such mortgage loans are removed, the seller will then randomly select from the mortgage loans remaining in the additional mortgage portfolio those mortgage loans to be assigned on the applicable assignment date once the determination has been made as to the anticipated principal balances of the notes to be issued and the corresponding size of the trust that would be required ultimately to support payments on the notes. The mortgage loans in the mortgages trust are selected on the basis of the seller’s lending criteria set forth in the mortgage sale agreement. The material aspects of such lending criteria are described under “**The mortgage loans – Origination of the mortgage loans**” in the base prospectus. Standardized credit scoring is not used in the UK mortgage market. For an indication of the credit quality of borrowers in respect of the mortgage loans investors may refer to such lending criteria and to the historical performance of the mortgage loans in the mortgages trust in this section. One significant indicator of obligor credit quality is arrears and losses. The information presented under “**Arrears and loss experience**” in this section reflects the arrears and losses experience of the cut-off date mortgage portfolio. Any material change to the seller’s lending criteria, which could lead to arrears and losses deviating from the historical experience presented in the table under “**Arrears and loss experience**”, will be reported by the seller on periodic reports filed with the United States Securities and Exchange Commission on Form 10-D. It is not expected that the characteristics of the mortgage portfolio as of the closing date will differ materially from the characteristics of the cut-off date mortgage portfolio.

The cut-off date mortgage portfolio was drawn up as at the cut-off date and comprised 403,564 mortgage loans having an aggregate current balance of £41,989,821,328.71 as at that date. The seller originated the mortgage loans in the cut-off date mortgage portfolio between July 1, 1995 and January 31, 2006 (save for the Scottish mortgage loans in the cut-off date mortgage portfolio, which were originated by the seller between July 1, 2001 and January 31, 2006).

289,410 of the mortgages securing the mortgage loans in the cut-off date mortgage portfolio (or 75.48% of the aggregate current balance of the mortgage loans as of the cut-off date) were on freehold properties or heritable properties (being the Scots law equivalent of freehold) and 114,154 of the mortgages securing the mortgage loans in the cut-off date mortgage portfolio (or 24.52% of the aggregate current balance of the mortgage loans as of the cut-off date) are on leasehold or long lease (being the Scots law equivalent of leasehold) properties.

The borrowers in respect of 359,696 of the mortgage loans in the cut-off date mortgage portfolio (or 89.05% of the aggregate current balance of the mortgage loans as of the cut-off date) have agreed to have their monthly mortgage payments to the seller directly debited from their bank accounts.

203,837 mortgage loans in the cut-off date mortgage portfolio (or 57.20% of the aggregate current balance of the mortgage loans as of the cut-off date) were fixed rate mortgage loans. The remaining 199,727 of the mortgage loans in the cut-off date mortgage portfolio (or 42.80% of the aggregate current balance of the mortgage loans as of the cut-off date) were standard variable rate mortgage loans, discounted variable rate

mortgage loans, “Together”, “Together Connections”, “Connections” and flexible capped rate mortgage loans, as described below.

370,698 of the mortgage loans in the cut-off date mortgage portfolio (or 94.60% of the aggregate current balance of the mortgage loans as of the cut-off date) were flexible mortgage loans, 123,387 mortgage loans (or 25.27% of the aggregate current balance of the mortgage loans as of the cut-off date) of which were Together mortgage loans.

As of the cut-off date, the seller’s standard variable rate for existing and new borrowers was 6.59% per annum.

***Types of property***

<b>Type of property</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
Detached Bungalow	1,292,904,703.50	2,248,361,279.39	3.08%	10,865	2.69%
Detached House	9,567,959,965.38	16,638,682,379.80	22.79%	65,366	16.20%
Flat	5,153,744,631.30	8,962,361,913.83	12.27%	54,112	13.41%
Maisonette	655,968,566.33	1,140,729,336.85	1.56%	5,817	1.44%
Not Known	729,999,838.91	1,269,469,719.86	1.74%	7,174	1.78%
New Property	16,003,629.37	27,830,311.47	0.04%	120	0.03%
Other	164,789,108.02	286,568,258.85	0.39%	1,232	0.31%
Semi Detached Bungalow	557,304,134.30	969,151,889.55	1.33%	6,317	1.57%
Purpose Built Flat	37,057,049.48	64,442,209.05	0.09%	682	0.17%
Semi Detached House	11,049,691,593.81	19,215,413,681.64	26.32%	110,429	27.36%
Terraced House	12,764,398,108.31	22,197,288,310.35	30.40%	141,450	35.05%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

### Seasoning of mortgage loans

The following table shows length of time since the mortgage loans were originated as of the cut-off date.

Months	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
0 to 6	2,938,432,943.51	5,109,934,888.76	7.00%	24,470	6.06%
6 to 12	9,635,742,890.49	16,756,556,886.56	22.95%	81,602	20.22%
12 to 18	6,530,219,350.61	11,356,051,450.71	15.55%	56,169	13.92%
18 to 24	7,193,199,308.01	12,508,973,596.63	17.13%	63,508	15.74%
24 to 30	3,367,256,439.66	5,855,658,948.57	8.02%	31,430	7.79%
30 to 36	3,535,056,399.72	6,147,463,079.11	8.42%	35,013	8.68%
36 to 42	2,755,054,725.65	4,791,040,167.91	6.56%	28,772	7.13%
42 to 48	1,731,097,532.82	3,010,378,609.57	4.12%	20,470	5.07%
48 to 54	1,210,222,114.04	2,104,576,256.32	2.88%	14,911	3.69%
54 to 60	827,956,881.97	1,439,817,017.75	1.97%	11,391	2.82%
60 to 66	467,890,181.21	813,661,025.12	1.11%	6,717	1.66%
66 to 72	344,118,372.18	598,421,849.22	0.82%	5,227	1.30%
72 to 78	257,384,468.33	447,591,590.43	0.61%	4,054	1.00%
78 to 84	235,705,139.21	409,891,237.09	0.56%	3,496	0.87%
84 to 90	173,331,823.19	301,424,040.53	0.41%	2,731	0.68%
90 to 96	189,983,703.98	330,381,661.22	0.45%	2,795	0.69%
96 to 102	204,292,577.67	355,264,792.57	0.49%	3,085	0.76%
102 to 108	105,648,586.13	183,722,891.28	0.25%	1,818	0.45%
108 to 114	79,442,057.34	138,149,737.71	0.19%	1,598	0.40%
114 to 120	83,119,270.35	144,544,411.14	0.20%	1,662	0.41%
120 to 126	72,779,916.07	126,564,274.05	0.17%	1,522	0.38%
126 to 132	51,886,646.57	90,230,878.39	0.12%	1,123	0.28%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

The weighted average seasoning of mortgage loans as of the cut-off date was 24.83 months. The maximum seasoning of mortgage loans as of the cut-off date was 130.78 months and the minimum seasoning of the mortgage loans as of the cut-off date was 3.75 months.

### Years to maturity

Years to maturity	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
0 to 5	238,446,471.71	414,658,414.30	0.57%	5,393	1.34%
5 to 10	2,052,802,880.28	3,569,824,208.81	4.89%	27,158	6.73%
10 to 15	3,781,174,772.00	6,575,462,928.51	9.01%	42,038	10.42%
15 to 20	7,498,030,333.64	13,039,074,750.20	17.86%	72,163	17.88%
20 to 25	22,427,193,755.83	39,000,889,941.39	53.41%	199,508	49.44%
25 to 30	4,602,748,922.94	8,004,180,376.99	10.96%	44,297	10.98%
30 to 35	1,389,232,609.15	2,415,875,507.31	3.31%	13,005	3.22%
35 to 40	191,583.16	333,163.12	0.00%	2	0.00%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

The weighted average remaining term of the mortgage loans as of the cut-off date was 21.26 years and the maximum remaining term as of the cut-off date was 35.49 years.

### **Geographical distribution of mortgaged properties**

The following table shows the spread of mortgaged properties securing the mortgage loans throughout England, Wales and Scotland as of the cut-off date. No mortgaged properties are situated outside England, Wales or Scotland. The geographical location of a mortgaged property securing a mortgage loan has no impact upon the seller's lending criteria and credit scoring tests.

<b>Region</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
East Anglia	906,969,905.45	1,577,220,665.58	2.16%	8,542	2.12%
East Midlands	2,717,578,314.11	4,725,868,688.24	6.47%	28,572	7.08%
Greater London	7,834,344,240.98	13,623,924,635.06	18.66%	47,751	11.83%
North	2,633,247,842.26	4,579,217,997.69	6.27%	37,480	9.29%
North West	4,509,579,947.99	7,842,159,529.55	10.74%	52,414	12.99%
Scotland	4,186,394,554.99	7,280,140,131.13	9.97%	56,006	13.88%
South East (excluding London)	8,602,747,873.31	14,960,178,551.69	20.49%	62,163	15.40%
South West	3,230,947,427.25	5,618,617,575.99	7.69%	27,630	6.85%
Wales	1,404,348,073.91	2,442,161,300.53	3.34%	16,171	4.01%
West Midlands	2,658,637,490.58	4,623,370,596.12	6.33%	26,914	6.67%
Yorkshire & Humberside	3,305,025,657.88	5,747,439,619.05	7.87%	39,921	9.89%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

Employment rates differ across regions. The South East and the South West have the lowest levels of unemployment whilst the North has the highest. Each region relies on different types on industry. The structure of industries throughout England, Scotland and Wales is summarized in the table below:

<b>Region<sup>(1)</sup></b>	<b>Industry</b>
East Midlands	Automotives; footwear and clothing
West Midlands	Mechanical and electrical engineering
East Anglia	Agriculture and food processing; micro technology
North	Traditional heavy industry; service industry
North West	Heavy engineering; textiles
Yorkshire & Humberside	Iron; steel; textiles; coal; fishing
London	Financial and commercial center
Scotland	North sea oil; agriculture
South East (excluding London)	Technological; light engineering
South West	Agriculture and food processing; aerospace; tobacco
Wales	Coal; iron; steel; agriculture

(1) The geographic regions shown above are U.K. economic planning regions. (Sources: Office for National Statistics, [www.bized.ac.uk](http://www.bized.ac.uk))

House prices and incomes vary throughout England, Scotland and Wales. The table below summarizes the average house price and the average income for each region in order to produce a house price to earnings ratio for each region as of the cut-off date. This ratio is highest in the South East (excluding London) and the South West (4.19) and lowest in the North (3.53).

Region <sup>(1)</sup>	Average Price (£)	Average Earnings (£ per annum)	Price/Earnings Ratio
North	133,391	37,737	3.53
North West	146,801	40,990	3.58
Yorkshire & Humberside	147,694	40,204	3.67
East Midlands	157,450	42,136	3.74
West Midlands	165,477	42,600	3.88
East Anglia	182,722	45,961	3.98
Scotland	121,755	36,454	3.34
London	273,820	69,558	3.94
South East (excluding London)	234,022	55,916	4.19
South West	198,622	47,377	4.19
Wales	147,468	40,092	3.68

(1) The geographic regions shown above are U.K. economic planning regions. (Source: Office of the Deputy Prime Minister)

### **Current loan-to-value ratios**

The following table shows the range of current loan-to-value, or LTV, ratios, which express the current balance of a mortgage loan as at the cut-off date divided by the value of the mortgaged property securing that mortgage loan at the same date. The seller has not revalued any of the mortgaged properties since the date of the origination of the related mortgage loan, other than in respect of a mortgaged property of a related borrower that has remortgaged its property or to which the seller has made a further advance, as described in the base prospectus under “**The mortgage loans – Characteristics of the mortgage loans – Maximum LTV ratio**”.

Current LTV	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
0% to 25%	590,579,630.70	1,027,017,977.79	1.41%	15,399	3.82%
25% to 50%	3,732,277,052.95	6,490,429,795.08	8.89%	48,078	11.91%
50% to 55%	1,441,814,716.21	2,507,315,791.49	3.43%	14,908	3.69%
55% to 60%	1,673,994,639.05	2,911,076,677.31	3.99%	16,247	4.03%
60% to 65%	2,018,567,065.85	3,510,288,127.51	4.81%	18,409	4.56%
65% to 70%	2,469,958,916.11	4,295,258,555.12	5.88%	22,606	5.60%
70% to 75%	3,181,050,038.66	5,531,846,017.23	7.58%	26,993	6.69%
75% to 80%	3,511,434,999.83	6,106,385,464.70	8.36%	28,284	7.01%
80% to 85%	5,829,193,545.15	10,136,967,575.02	13.88%	47,721	11.82%
85% to 90%	5,315,677,877.54	9,243,963,829.04	12.66%	44,612	11.05%
90% to 95%	7,700,624,050.02	13,391,385,222.98	18.34%	76,612	18.98%
95% to 100%	4,445,217,722.45	7,730,233,619.34	10.59%	42,744	10.59%
> 100%	79,431,074.19	138,130,638.02	0.19%	951	0.24%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

The weighted average current loan-to-value ratio of the mortgage loans as of the cut-off date was 76.75%.

### ***Current indexed loan-to-value ratios***

The following table shows the range of current indexed loan-to-value, or LTV, ratios, which express the current balance of a mortgage loan as of the cut-off date divided by the indexed value of the mortgaged property securing that mortgage loan as of the same date (calculated using the Halifax House Price Index).

<b>Current indexed LTV</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
0% to 25%	1,195,781,669.27	2,079,464,322.86	2.85%	28,131	6.97%
25% to 50%	5,846,303,340.37	10,166,721,508.90	13.92%	75,434	18.69%
50% to 55%	1,826,468,882.51	3,176,229,386.68	4.35%	18,760	4.65%
55% to 60%	2,145,689,746.99	3,731,354,470.02	5.11%	20,649	5.12%
60% to 65%	2,587,140,043.39	4,499,036,535.46	6.16%	24,067	5.96%
65% to 70%	3,078,764,643.60	5,353,971,715.22	7.33%	26,756	6.63%
70% to 75%	3,418,131,157.59	5,944,130,083.05	8.14%	27,584	6.84%
75% to 80%	4,259,319,448.29	7,406,956,520.58	10.14%	32,633	8.09%
80% to 85%	5,180,643,628.20	9,009,139,269.44	12.34%	40,118	9.94%
85% to 90%	4,547,262,001.87	7,907,688,621.25	10.83%	38,894	9.64%
90% to 95%	5,379,428,704.40	9,354,826,516.95	12.81%	47,545	11.78%
95% to 100%	2,485,027,725.75	4,321,463,215.08	5.92%	22,635	5.61%
> 100%	39,860,336.48	69,317,125.14	0.09%	358	0.09%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

The weighted average current indexed loan-to-value ratio of the mortgage loans as of the cut-off date was 71.07%.

### Outstanding balances

The following table shows the outstanding balances of a mortgage loan (including capitalised fees and/or charges, if applicable) as of the cut-off date.

Range of current principal balance (£)	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
0 to 25,000	230,922,779.88	401,574,714.21	0.55%	13,625	3.38%
25,000 to 50,000	2,296,146,497.21	3,992,998,758.65	5.47%	59,103	14.65%
50,000 to 75,000	5,372,592,010.07	9,342,937,505.51	12.79%	85,619	21.22%
75,000 to 100,000	6,745,284,560.44	11,730,049,850.61	16.06%	77,745	19.26%
100,000 to 125,000	6,381,468,029.46	11,097,372,903.23	15.20%	57,021	14.13%
125,000 to 150,000	5,129,946,556.00	8,920,977,060.88	12.22%	37,530	9.30%
150,000 to 175,000	3,952,549,938.60	6,873,484,343.23	9.41%	24,504	6.07%
175,000 to 200,000	2,833,418,403.74	4,927,314,604.10	6.75%	15,197	3.77%
200,000 to 225,000	2,103,901,353.43	3,658,684,453.61	5.01%	9,969	2.47%
225,000 to 250,000	1,577,264,221.90	2,742,862,481.88	3.76%	6,673	1.65%
250,000 to 275,000	1,195,495,858.94	2,078,967,298.70	2.85%	4,578	1.13%
275,000 to 300,000	918,671,643.88	1,597,569,988.71	2.19%	3,204	0.79%
300,000 to 325,000	698,334,847.58	1,214,404,299.94	1.66%	2,244	0.56%
325,000 to 350,000	565,912,033.96	984,121,027.06	1.35%	1,679	0.42%
350,000 to 375,000	494,239,344.00	859,482,219.22	1.18%	1,368	0.34%
375,000 to 400,000	383,130,295.67	666,263,584.17	0.91%	991	0.25%
400,000 to 425,000	362,958,536.81	631,184,895.51	0.86%	885	0.22%
425,000 to 450,000	267,937,487.42	465,943,290.62	0.64%	614	0.15%
450,000 to 475,000	262,593,891.66	456,650,777.60	0.63%	570	0.14%
475,000 to 500,000	217,053,038.06	377,455,233.19	0.52%	445	0.11%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

The largest mortgage loan had a current balance as of the cut-off date of £499,981.2 or \$869,467.31. The average current balance as of the cut-off date was approximately £104,047.49 or \$180,938.59.

### Mortgage loan products

Mortgage loan products	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
Tracker	2,113,010,042.12	3,674,524,463.25	5.03%	15,949	3.95%
Variable	3,824,755,303.26	6,651,249,472.37	9.11%	46,081	11.42%
Capped	127,833,007.61	222,301,600.23	0.30%	1,990	0.49%
Discount	1,293,034,524.51	2,248,587,038.12	3.08%	12,320	3.05%
Fixed	24,018,973,659.04	41,768,995,193.07	57.20%	203,837	50.51%
Together Connections	115,115,439.74	200,185,749.71	0.27%	1,983	0.49%
Together	10,497,099,352.43	18,254,455,773.88	25.00%	121,404	30.08%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

## Employment status

Employment status	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
Full Time	34,295,961,870.89	59,640,677,693.48	81.68%	348,321	86.31%
Part Time	381,529,429.50	663,479,677.90	0.91%	5,227	1.30%
Retired	69,506,777.78	120,872,286.56	0.17%	1,331	0.33%
Self Employed	7,081,330,264.76	12,314,433,330.42	16.86%	45,510	11.28%
Other <sup>(1)</sup>	161,492,985.78	280,836,302.27	0.38%	3,175	0.79%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

(1) This category includes borrowers with a private income (e.g. family trust) and borrowers who are students with mortgage loans guaranteed by a parent.

Approximately 43.49% of the aggregate current balance of the mortgage loans as of the cut-off date were made to borrowers under the seller's non-verified income program as described in the base prospectus under "**The mortgage loans – Characteristics of the mortgage loans – Lending criteria**".

## Distribution of fixed rate mortgage loans

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

Fixed rate %	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
0-2.99%	579,807,663.80	1,008,285,527.35	2.41%	4,805	2.36%
3.00-3.99%	350,570,970.24	609,642,917.25	1.46%	2,551	1.25%
4.00-4.99%	13,957,341,198.33	24,271,816,343.90	58.11%	107,429	52.70%
5.00-5.99%	8,902,753,391.71	15,481,888,148.18	37.07%	86,169	42.27%
6.00-6.99%	228,411,101.15	397,206,904.90	0.95%	2,878	1.41%
7.00-7.99%	89,333.81	155,351.50	0.00%	5	0.00%
<b>Total</b>	<b>24,018,973,659.04</b>	<b>41,768,995,193.07</b>	<b>100.00%</b>	<b>203,837</b>	<b>100.00%</b>

## Month/year in which fixed rate period ends

Month/year in which fixed rate period ends	Aggregate current balance (£)	Aggregate current balance (US\$)	% of total	Number of mortgage loans	% of total
May 2006	792,686,756.25	1,378,482,269.12	3.30%	6,705	3.29%
June 2006	1,909,966,257.27	3,321,431,321.39	7.95%	14,666	7.19%
July 2006	511,197,515.75	888,972,479.89	2.13%	3,449	1.69%
August 2006	1,751,343,782.25	3,045,586,837.33	7.29%	13,750	6.75%
September 2006	839,723,048.45	1,460,278,381.25	3.50%	7,344	3.60%
October 2006	360,760,202.01	627,361,991.30	1.50%	3,350	1.64%
November 2006	927,900,863.52	1,613,619,601.66	3.86%	7,563	3.71%
January 2007	1,345,212,267.51	2,339,324,133.20	5.60%	10,571	5.19%
February 2007	519,220,959.26	902,925,248.15	2.16%	3,910	1.92%
March 2007	10,352,953.99	18,003,786.99	0.04%	127	0.06%
April 2007	314,530,650.88	546,968,801.88	1.31%	2,907	1.43%
May 2007	185,139,112.19	321,956,916.10	0.77%	1,495	0.73%

<b>Month/year in which fixed rate period ends</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
June 2007	423,971,599.69	737,286,611.86	1.77%	3,594	1.76%
July 2007	156,368,828.91	271,925,393.47	0.65%	1,097	0.54%
August 2007	417,740,339.13	726,450,449.75	1.74%	3,642	1.79%
September 2007	1,053,904,633.88	1,832,740,158.32	4.39%	7,547	3.70%
October 2007	1,207,376,530.59	2,099,627,786.70	5.03%	8,328	4.09%
November 2007	93,574,182.97	162,725,504.18	0.39%	1,132	0.56%
December 2007	181,088,594.55	314,913,065.92	0.75%	1,793	0.88%
January 2008	1,046,214,058.67	1,819,366,248.03	4.36%	7,843	3.85%
February 2008	753,256,338.18	1,309,912,772.10	3.14%	6,332	3.11%
March 2008	164,712,741.86	286,435,458.09	0.69%	1,636	0.80%
April 2008	132,927,951.23	231,161,707.19	0.55%	1,155	0.57%
May 2008	290,328,409.74	504,881,104.54	1.21%	2,922	1.43%
June 2008	307,657,406.35	535,016,229.64	1.28%	2,808	1.38%
July 2008	157,684,446.05	274,213,251.68	0.66%	1,246	0.61%
August 2008	288,040,123.03	500,901,773.95	1.20%	2,583	1.27%
September 2008	662,582,672.62	1,152,231,267.69	2.76%	5,646	2.77%
October 2008	574,819,054.00	999,610,334.91	2.39%	5,072	2.49%
November 2008	32,466,909.25	56,459,955.19	0.14%	400	0.20%
January 2009	473,747,004.99	823,846,041.68	1.97%	4,228	2.07%
February 2009	83,608,059.23	145,394,415.00	0.35%	829	0.41%
March 2009	37,146,829.69	64,598,336.83	0.15%	326	0.16%
April 2009	94,308,429.41	164,002,358.74	0.39%	1,138	0.56%
May 2009	26,797,409.49	46,600,695.10	0.11%	282	0.14%
June 2009	106,212,265.94	184,703,130.47	0.44%	1,161	0.57%
August 2009	142,543,293.07	247,882,786.65	0.59%	1,534	0.75%
September 2009	143,802,309.11	250,072,215.54	0.60%	1,505	0.74%
October 2009	57,318,094.85	99,676,166.94	0.24%	672	0.33%
November 2009	47,927,659.01	83,346,199.02	0.20%	513	0.25%
December 2009	180,017,383.15	313,050,229.30	0.75%	2,045	1.00%
January 2010	172,536,229.10	300,040,502.40	0.72%	1,900	0.93%
February 2010	429,392,469.49	746,713,504.44	1.79%	3,858	1.89%
March 2010	21,325,307.32	37,084,709.43	0.09%	258	0.13%
April 2010	168,036,196.19	292,214,945.17	0.70%	1,458	0.72%
May 2010	276,036,365.21	480,027,239.10	1.15%	2,821	1.38%
June 2010	594,269,182.79	1,033,434,108.87	2.47%	5,252	2.58%
July 2010	144,707,289.03	251,645,975.62	0.60%	1,279	0.63%
August 2010	195,564,370.51	340,086,440.32	0.81%	1,773	0.87%
September 2010	678,971,019.20	1,180,730,602.39	2.83%	5,904	2.90%
October 2010	697,435,002.91	1,212,839,470.06	2.90%	6,202	3.04%
November 2010	8,121,211.54	14,122,786.87	0.03%	99	0.05%
January 2011	500,849,550.95	870,977,369.10	2.09%	4,580	2.25%
February 2011	42,683,467.12	74,226,549.32	0.18%	414	0.20%
March 2011	20,074,462.30	34,909,489.94	0.08%	224	0.11%
April 2011	4,791,770.74	8,332,889.32	0.02%	64	0.03%
May 2011	10,004,281.37	17,397,445.30	0.04%	96	0.05%
June 2011	8,926,383.91	15,522,981.62	0.04%	112	0.05%
August 2011	7,512,059.43	13,063,471.35	0.03%	109	0.05%
September 2011	20,501,272.60	35,651,713.05	0.09%	232	0.11%
October 2011	11,540,383.68	20,068,727.22	0.05%	136	0.07%
November 2011	12,890,059.84	22,415,814.06	0.05%	150	0.07%
January 2012	11,901,725.85	20,697,101.25	0.05%	154	0.08%
February 2012	42,548,977.23	73,992,671.40	0.18%	415	0.20%
April 2012	9,670,839.41	16,817,589.73	0.04%	103	0.05%
May 2012	11,193,990.72	19,466,349.86	0.05%	116	0.06%

<b>Month/year in which fixed rate period ends</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
June 2012	24,722,943.78	42,993,199.23	0.10%	234	0.11%
July 2012	6,954,969.81	12,094,692.50	0.03%	75	0.04%
August 2012	10,424,437.83	18,128,097.39	0.04%	102	0.05%
September 2012	32,142,860.99	55,896,435.26	0.13%	318	0.16%
October 2012	40,258,618.82	70,009,738.13	0.17%	414	0.20%
November 2012	115,541.36	200,926.43	0.00%	2	0.00%
December 2012	602,641.20	1,047,993.05	0.00%	10	0.00%
January 2013	32,576,972.20	56,651,354.66	0.14%	376	0.18%
February 2013	5,133,437.98	8,927,048.65	0.02%	54	0.03%
March 2013	3,972,095.21	6,907,473.57	0.02%	58	0.03%
May 2013	2,201,039.18	3,827,607.13	0.01%	31	0.02%
June 2013	759,725.17	1,321,162.07	0.00%	16	0.01%
August 2013	441,145.92	767,152.75	0.00%	8	0.00%
September 2013	467,237.29	812,525.65	0.00%	10	0.00%
October 2013	900,412.71	1,565,817.70	0.00%	17	0.01%
April 2014	4,662,405.53	8,107,923.22	0.02%	54	0.03%
May 2014	2,050,894.94	3,566,506.30	0.01%	27	0.01%
June 2014	9,106,879.08	15,836,862.72	0.04%	119	0.06%
August 2014	6,872,626.09	11,951,496.77	0.03%	78	0.04%
September 2014	16,592,422.63	28,854,222.95	0.07%	184	0.09%
October 2014	7,943,075.21	13,813,007.79	0.03%	95	0.05%
November 2014	11,188,442.52	19,456,701.54	0.05%	135	0.07%
January 2015	12,651,647.43	22,001,214.88	0.05%	165	0.08%
February 2015	72,996,332.05	126,940,621.43	0.30%	696	0.34%
April 2015	21,873,275.45	38,037,626.01	0.09%	220	0.11%
May 2015	14,204,506.03	24,701,635.99	0.06%	159	0.08%
June 2015	40,131,399.48	69,788,503.70	0.17%	400	0.20%
July 2015	11,883,092.06	20,664,697.09	0.05%	123	0.06%
August 2015	13,060,847.53	22,712,813.85	0.05%	132	0.06%
September 2015	64,977,036.52	112,995,066.51	0.27%	599	0.29%
October 2015	76,881,275.18	133,696,537.54	0.32%	771	0.38%
January 2016	53,298,489.04	92,686,072.44	0.22%	544	0.27%
February 2016	4,882,156.14	8,490,069.53	0.02%	50	0.02%
March 2016	1,768,544.80	3,075,499.41	0.01%	23	0.01%
May 2016	1,590,518.19	2,765,911.13	0.01%	10	0.00%
January 2017	131,513.01	228,701.12	0.00%	3	0.00%
November 2017	196,845.65	342,314.59	0.00%	2	0.00%
December 2017	217,338.89	377,952.33	0.00%	3	0.00%
January 2018	4,106,835.05	7,141,786.15	0.02%	67	0.03%
February 2018	121,223.76	210,808.12	0.00%	4	0.00%
March 2018	2,752,595.52	4,786,763.61	0.01%	46	0.02%
May 2018	3,977,531.55	6,916,927.37	0.02%	71	0.03%
June 2018	2,250,223.50	3,913,138.67	0.01%	32	0.02%
August 2018	316,998.46	551,260.32	0.00%	4	0.00%
September 2018	1,194,333.64	2,076,946.20	0.00%	19	0.01%
October 2018	1,502,738.80	2,613,262.77	0.01%	18	0.01%
April 2019	4,469,989.36	7,773,311.50	0.02%	46	0.02%
May 2019	4,911,891.45	8,541,779.23	0.02%	47	0.02%
June 2019	12,387,827.82	21,542,432.58	0.05%	118	0.06%
August 2019	11,211,935.90	19,497,556.53	0.05%	117	0.06%
September 2019	15,039,077.43	26,152,955.65	0.06%	166	0.08%
October 2019	8,132,077.69	14,141,683.10	0.03%	94	0.05%
November 2019	13,091,626.86	22,766,339.11	0.05%	147	0.07%
January 2020	16,365,433.56	28,459,488.96	0.07%	179	0.09%

<b>Month/year in which fixed rate period ends</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
February 2020	79,925,538.74	138,990,511.87	0.33%	732	0.36%
April 2020	21,038,795.65	36,586,465.64	0.09%	202	0.10%
May 2020	15,304,387.84	26,614,330.45	0.06%	156	0.08%
June 2020	43,884,929.28	76,315,892.02	0.18%	413	0.20%
July 2020	11,906,472.49	20,705,355.66	0.05%	118	0.06%
August 2020	16,908,844.84	29,404,481.18	0.07%	144	0.07%
September 2020	64,695,134.29	112,504,838.53	0.27%	622	0.31%
October 2020	79,391,112.52	138,061,144.67	0.33%	756	0.37%
January 2021	58,337,639.84	101,449,155.68	0.24%	571	0.28%
February 2021	3,401,793.19	5,915,718.36	0.01%	37	0.02%
March 2021	2,708,679.31	4,710,393.32	0.01%	28	0.01%
May 2021	1,140,551.39	1,983,418.87	0.00%	11	0.01%
<b>Total</b>	<b>24,018,973,659.04</b>	<b>41,768,995,193.07</b>	<b>100.00%</b>	<b>203,837</b>	<b>100.00%</b>

### ***Repayment terms***

<b>Type of repayment Plan</b>	<b>Aggregate current balance (£)</b>	<b>Aggregate current balance (US\$)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
Endowment	1,496,384,445.58	2,602,212,550.86	3.56%	18,556	4.60%
Interest Only	13,373,565,430.47	23,256,630,283.59	31.85%	89,120	22.08%
Pension Policy	41,751,916.76	72,606,583.25	0.10%	423	0.10%
Personal Equity Plan	56,464,565.92	98,191,880.13	0.13%	765	0.19%
Repayment	27,021,654,969.98	46,990,657,992.80	64.35%	294,700	73.02%
<b>Total</b>	<b>41,989,821,328.71</b>	<b>73,020,299,290.63</b>	<b>100.00%</b>	<b>403,564</b>	<b>100.00%</b>

### ***Arrears and loss experience***

The following tables show the arrears and repossession experience in respect of the cut-off date mortgage portfolio.

The mortgage loans used in the tables below are administered in accordance with Northern Rock's administration policies. The method by which Northern Rock classifies mortgage loans as being in arrears is described in the prospectus under "**The servicer and the administration agreement – Arrears and default procedures**" and is important in helping to understand the arrears and repossession information in respect of the cut-off date mortgage portfolio set forth in the following tables.

**As at or for the year ended**

	December 31, 2003 <sup>(1)</sup>			December 31, 2004 <sup>(1)</sup>			December 31, 2005 <sup>(1)</sup>		
	£(m)	\$(m)	%	£(m)	\$(m)	%	£(m)	\$(m)	%
Current Balance	13,035	22,668	n/a	20,864	36,282	n/a	37,545	65,291	n/a
Number of Mortgage Loans Outstanding	177,469	177,469	n/a	245,813	245,813	n/a	369,522	369,522	n/a
Current Balance of Mortgage Loans in Arrears									
1 – 2 Months	103.63	180.21	0.80	192.27	334.36	0.92	433.16	753.27	1.15
2 – 3 Months	33.15	57.65	0.25	61.40	106.77	0.29	145.89	253.70	0.39
3 – 4 Months	10.62	18.47	0.08	25.28	43.96	0.12	57.66	100.27	0.15
4 – 5 Months	8.56	14.89	0.07	14.67	25.51	0.07	26.78	46.57	0.07
5 – 6 Months	4.54	7.90	0.03	7.68	13.36	0.04	22.82	39.68	0.06
6 – 7 Months	3.05	5.30	0.02	5.26	9.15	0.03	15.69	27.28	0.04
7 – 8 Months	1.80	3.13	0.01	2.06	3.58	0.01	5.88	10.23	0.02
8 – 9 Months	1.45	2.52	0.01	1.77	3.08	0.01	4.36	7.58	0.01
9 – 10 Months	0.56	0.97	0.00	0.06	0.10	0.00	1.04	1.81	0.00
10 – 11 Months	0.71	1.23	0.01	0.52	0.90	0.00	0.44	0.77	0.00
11 – 12 Months	0.12	0.21	0.00	0.39	0.68	0.00	0.36	0.63	0.00
12 – 13 Months	0.19	0.33	0.00	0.00	0.00	0.00	0.16	0.29	0.00
13 – 14 Months	0.17	0.29	0.00	0.00	0.00	0.00	0.03	0.05	0.00
14 – 15 Months	0.33	0.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15 – 16 Months	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.10	0.00
16 – 17 Months	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total current Balance of Mortgage Loans in Arrears</b>	<b>168.88</b>	<b>293.68</b>	<b>1.30</b>	<b>311.36</b>	<b>541.46</b>	<b>1.49</b>	<b>714.34</b>	<b>1,242.24</b>	<b>1.90</b>
Number of Mortgage Loans Outstanding in Arrears									
1 – 2 Months	1,485	1,485	0.84	2,204	2,204	0.90	4,190	4,190	1.13
2 – 3 Months	523	523	0.29	735	735	0.30	1,434	1,434	0.39
3 – 4 Months	172	172	0.10	340	340	0.14	590	590	0.16
4 – 5 Months	134	134	0.08	180	180	0.07	291	291	0.08
5 – 6 Months	76	76	0.04	102	102	0.04	238	238	0.06
6 – 7 Months	50	50	0.03	67	67	0.03	163	163	0.04
7 – 8 Months	25	25	0.01	31	31	0.01	60	60	0.02
8 – 9 Months	22	22	0.01	25	25	0.01	42	42	0.01
9 – 10 Months	13	13	0.01	2	2	0.00	12	12	0.00
10 – 11 Months	10	10	0.01	6	6	0.00	5	5	0.00
11 – 12 Months	3	3	0.00	3	3	0.00	2	2	0.00
12 – 13 Months	3	3	0.00	0	0	0.00	1	1	0.00
13 – 14 Months	2	2	0.00	0	0	0.00	1	1	0.00
14 – 15 Months	5	5	0.00	0	0	0.00	0	0	0.00
15 – 16 Months	0	0	0.00	0	0	0.00	1	1	0.00
16 – 17 Months	0	0	0.00	0	0	0.00	0	0	0.00
<b>Total Number of Mortgage Loans Outstanding in Arrears</b>	<b>2,523</b>	<b>2,523</b>	<b>1.42</b>	<b>3,695</b>	<b>3,695</b>	<b>1.50</b>	<b>7,030</b>	<b>7,030</b>	<b>1.90</b>
Repossessions	73	73	0.04	167	167	0.07	669	669	0.18
Amount of Mortgage Loan Losses	0.01	0.02	n/a	0.00	0.01	n/a	0.81	1.40	n/a
Mortgage Loan Losses as % of Total Current Balance	0.00%	0.00%	n/a	0.00%	0.00%	n/a	0.00%	0.00%	n/a

(1) Provided by Northern Rock. Data in respect of arrears and repossessions regarding the mortgage loans in the mortgages trust for periods prior to 2003 (i.e. the years ended December 31, 2002 and December 31, 2001) is not provided, as such information is not available for such years.

Repossessions expresses the number of mortgaged properties that the servicer has taken into possession during the period, as a percentage of the number of mortgage loans outstanding at the end of the period.

All information sourced from a third party has been accurately reproduced and that so far as the issuing entity and Funding 2 are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Characteristics of the United Kingdom residential mortgage market

### **CPR rates**

The following table shows the actual annualized constant payment rate (“CPR”) experience of the mortgage loans that have been assigned to the mortgages trustee between March 26, 2001 and February 2006. It should be noted that the table covers a relatively short period of time and that the actual annualized CPR experience of the seller may differ over time from the data presented below. Since the seller may assign new mortgage loans and their related security to the mortgages trustee after the Funding 2 program date, it should be noted that the actual annualized CPR experience of any new mortgage loans assigned to the mortgages trustee after the any closing date may also differ from the data presented below and in the base prospectus.

<b>Month</b>	<b>Annualized CPR</b>	<b>Month</b>	<b>Annualized CPR</b>
April 2001	25.94%	October 2003	44.14%
May 2001	27.72%	November 2003	42.70%
June 2001	28.23%	December 2003	45.04%
July 2001	32.05%	January 2004	35.49%
August 2001	31.87%	February 2004	37.16%
September 2001	28.84%	March 2004	54.19%
October 2001	29.28%	April 2004	46.85%
November 2001	28.40%	May 2004	44.67%
December 2001	27.76%	June 2004	49.41%
January 2002	31.34%	July 2004	44.04%
February 2002	33.33%	August 2004	46.16%
March 2002	27.52%	September 2004	44.04%
April 2002	41.78%	October 2004	42.82%
May 2002	41.90%	November 2004	57.89%
June 2002	33.57%	December 2004	50.35%
July 2002	44.13%	January 2005	34.48%
August 2002	44.89%	February 2005	48.38%
September 2002	38.65%	March 2005	41.72%
October 2002	42.50%	April 2005	45.31%
November 2002	44.26%	May 2005	44.95%
December 2002	43.42%	June 2005	55.33%
January 2003	37.28%	July 2005	43.37%
February 2003	48.30%	August 2005	44.57%
March 2003	44.60%	September 2005	47.65%
April 2003	44.77%	October 2005	54.40%
May 2003	49.23%	November 2005	47.54%
June 2003	48.24%	December 2005	39.55%
July 2003	44.96%	January 2006	35.90%
August 2003	42.03%	February 2006	37.72%
September 2003	38.12%		

Source: Northern Rock

The quarterly CPR data presented below was calculated by dividing the amount of scheduled and unscheduled repayments of mortgage loans in a quarter by the quarterly balance of mortgage loans outstanding for mortgage lenders in the UK. These quarterly scheduled and unscheduled repayment rates were then annualized using standard methodology. The CPR data presented below and in the base prospectus is based upon a percentage of the total UK residential mortgage market, but because the seller's CPR data (which calculates the amount of scheduled and unscheduled repayments on a monthly basis) for all mortgage loans originated by the seller (and thus gives an indication of anticipated CPR for the mortgage trust) includes the effect of product switches, which results in a higher CPR, the data presented below is on a basis which undercounts CPR relative to the seller's method of calculating CPR.

For the four quarter rolling average CPR between March 1999 and January 2006, see "**Certain characteristics of the United Kingdom residential mortgage market**" in the base prospectus.

Over the past 7 years, quarterly CPR experienced in respect of residential mortgage loans made by mortgage lenders has been between 16.0% and 26.0% for approximately 75.0% of that time. See "**Certain characteristics of the United Kingdom residential mortgage market**" in the base prospectus.

Maximum CPR (%)	Aggregate quarters over 7 years	Maximum CPR (%)	Aggregate quarters over 7 years	Maximum CPR (%)	Aggregate quarters over 7 years	Maximum CPR (%)	Aggregate quarters over 7 years	Maximum CPR (%)	Aggregate quarters over 7 years
12.5	0	16.0	2	19.5	10	23.0	16	26.5	25
13.0	0	16.5	2	20.0	10	23.5	18	27.0	25
13.5	1	17.0	4	20.5	11	24.0	18	27.5	27
14.0	1	17.5	7	21.0	12	24.5	19	28.0	28
14.5	1	18.0	8	21.5	12	25.0	19	28.5	28
15.0	2	18.5	8	22.0	15	25.5	22		
15.5	2	19.0	9	22.5	16	26.0	23		

Source of repayment and outstanding mortgage information: Bank of England

Over the past 7 years, the highest single quarter CPR experienced in respect of residential mortgage loans made by mortgage lenders was recorded in December 2003 at a level of 27.74%. The lowest level was 13.20% in March 1999. The highest four quarter rolling average CPR over the same 7 year period was 25.83%. The lowest was 16.43%.

The prior CPR table presents the historical CPR experience of mortgage lenders in the UK. During the late 1990's, a number of former building societies (including Northern Rock) converted to stock form UK banks. For the CPR experience of building societies, see "**Certain characteristics of the United Kingdom residential mortgage market**" in the base prospectus.

### **Repossession rate**

The repossession rate of residential mortgaged properties in the UK has generally declined since 1991.

<b>Year</b>	<b>Repossessions (%)</b>	<b>Year</b>	<b>Repossessions (%)</b>	<b>Year</b>	<b>Repossessions (%)</b>
1982	0.11	1990	0.47	1998	0.31
1983	0.12	1991	0.77	1999	0.27
1984	0.17	1992	0.69	2000	0.20
1985	0.25	1993	0.58	2001	0.15
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	0.05
1989	0.17	1997	0.31	2005	0.09

Source: Council of Mortgage Lenders

In January 2006, the Council of Mortgage Lenders published arrears figures for the year ended 2005, which showed that the repossession rate in the United Kingdom was 0.09%, coming from a 25-year low in 2004 of 0.05%. No assurance can be given as to whether, or for how long, these low levels will continue.

### **Arrears information**

The percentage of mortgage loans in arrears in the UK has generally declined since 1993.

<b>Year</b>	<b>Arrears 6-12 months (%)</b>	<b>Arrears of 12 months + (%)</b>	<b>Year</b>	<b>Arrears 6-12 months (%)</b>	<b>Arrears of 12 months + (%)</b>
1985	0.74	0.17	1996	0.95	0.63
1986	0.64	0.16	1997	0.69	0.42
1987	0.67	0.18	1998	0.68	0.32
1988	0.50	0.12	1999	0.52	0.27
1989	0.73	0.15	2000	0.43	0.19
1990	1.31	0.38	2001	0.37	0.16
1991	1.87	0.93	2002	0.30	0.15
1992	2.07	1.48	2003	0.25	0.11
1993	1.62	1.50	2004	0.23	0.10
1994	1.28	1.12	2005	0.28	0.12
1995	1.20	0.81			

Source: Council of Mortgage Lenders

The arrears table above shows the number of mortgage loans in arrears at the end of the period as a percentage of the total number of mortgage loans outstanding at the end of the period.

### **House price to earnings ratio**

The following table shows ratios of simple average house prices and incomes of borrowers. 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	3.24	2000	3.56
1995	3.16	2001	3.68
1996	3.16	2002	3.97
1997	3.24	2003	4.59
1998	3.30	2004	5.21
1999	3.41		

Source: Office of Deputy Prime Minister

### **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 UK bank.

The housing market has been through three economic cycles since 1976. High year to year increases in the Housing Indices occurred in the late 1970s and late 1980s with greatest decrease in the early 1990s. The Housing Indices have generally increased since 1996. The Housing Indices experienced in respect of residential mortgage loans by building societies between the fourth quarter of 1973 and the fourth quarter of 2005 are presented in the section “**Certain characteristics of the United Kingdom residential mortgage market**” in the base prospectus. The following table sets out the quarterly Housing Indices beginning with the first quarter of 2006.

Time in quarters	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change <sup>(1)</sup>	Index	% annual change <sup>(1)</sup>	Index	% annual change <sup>(1)</sup>
2006 Q1	195.0	2.3	319.8	3.9	559.8	6.0

<sup>(1)</sup> The percentage annual change 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.

Source: Office for National Statistics, Nationwide, Halifax.

### **Use of proceeds**

The gross proceeds from the issue of the series 2006-2 notes will (after exchanging, where applicable, the proceeds of the notes for sterling, calculated by reference to the applicable specified currency exchange rate) be used by the issuing entity to make available loan tranches to Funding 2 pursuant to the terms of the global intercompany loan agreement. Funding 2 will use the gross proceeds of each loan tranche to make a further contribution to the mortgages trustee.

## Interests of Natural and Legal Persons involved in the issue

Not applicable

## 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 of the UK Listing Authority and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market pursuant to the £20 billion Mortgage Backed Note Programme of Granite Master Issuer plc.

## Responsibility

The Issuing entity accepts responsibility for the information contained in these Final Terms. Signed on behalf of the Issuing entity:

By:

Duly authorised

*If the applicable Final Terms specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Condition 1, 4, 5, 6 (except Condition 6(b)), 13 or 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange), they will not necessitate the preparation of a supplementary prospectus. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplementary prospectus will be prepared, if appropriate.*

