



**Bank of Scotland plc**

*(Incorporated with limited liability in Scotland with registered number SC 32700)*

€60 billion Covered Bond Programme unconditionally guaranteed by

**HBOS plc**

*(Incorporated with limited liability in Scotland with registered number SC218813)*

and

Unconditionally and irrevocably guaranteed as to payments of interest and principal by

**HBOS Covered Bonds LLP**

*(a limited liability partnership incorporated in England and Wales)*

This Supplement (the **Supplement**) to the offering circular dated 9 May 2007 as supplemented by a supplement to the offering circular dated 28 August 2007 (together, the **Offering Circular**) constitutes a supplement to the Offering Circular pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities and is prepared in connection with the €60 billion Covered Bond Programme (the **Programme**) of Bank of Scotland plc (the **Bank**) originally established by HBOS Treasury Services plc (**HBOSTS**) (see below) and unconditionally guaranteed by HBOS plc (**HBOS**) (formerly, unconditionally guaranteed on a joint and several basis by both HBOS and the Bank (formerly The Governor and Company of the Bank of Scotland (see below)) and also unconditionally and irrevocably guaranteed as to payments of interest and principal by HBOS Covered Bonds LLP (the **LLP**).

Terms defined in the Offering Circular have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in connection with, the Offering Circular issued by HBOSTS.

The Issuer and HBOS accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and HBOS (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

*HBOS Group Reorganisation Act 2006*

Pursuant to the provisions of the HBOS Group Reorganisation Act 2006 (the **HBOS Group Reorganisation Act**), on 17 September 2007 (the **Effective Date**) The Governor and Company of the Bank of Scotland was registered as a public company under the Companies Act 1985 and changed its name to Bank of Scotland plc. In addition, the undertakings and all assets and liabilities of each of Capital Bank plc, Halifax plc (**Halifax**) and HBOSTS (each, a "transferor company" for the purposes of the HBOS Group Reorganisation Act) were transferred to the Bank.

The transfer of the businesses and all property and liabilities of Halifax and HBOSTS to the Bank in accordance with the HBOS Group Reorganisation Act operated notwithstanding any provisions of the transaction documents in respect of the Programme (the **Transaction Documents**) to which Halifax and/or HBOSTS (as the case may be) was a party that required consent to be obtained before Halifax and/or HBOSTS (as the case may be) assigned or transferred its rights and obligations under such Transaction Documents. There was also no need for the parties to the Transaction Documents to which Halifax and/or HBOSTS (as the case may be) was a party to enter into any further documents in order to construe such

Transaction Documents as referring to the Bank in place of Halifax and/or HBOSTS (as the case may be), since the HBOS Group Reorganisation Act provides that every existing contract relating to Halifax and/or HBOSTS (as the case may be) shall be construed and have effect on and from the Effective Date (being the "appointed day" for the purposes of the HBOS Group Reorganisation Act) as if the Bank had been a party thereto instead of Halifax and/or HBOSTS (as the case may be) and as if any reference (however worded and whether express or implied) to Halifax and/or HBOSTS (as the case may be) were substituted with a reference to the Bank.

Accordingly, the Bank has become the Issuer and the Covered Bond Swap Provider (roles formerly undertaken by HBOSTS), the Original Seller, the Original Servicer, the Cash Manager and the Original Interest Rate Swap Provider (roles formerly undertaken by Halifax) in accordance with the HBOS Group Reorganisation Act and all references in the Offering Circular to those roles shall be construed accordingly. The Bank will remain the GIC Provider and the Account Bank but any reference in the Offering Circular to "Bank of Scotland" shall be construed as a reference to Bank of Scotland plc.

Certain of the Transaction Documents to which HBOSTS and/or the Bank is a party will notwithstanding the provisions of the HBOS Group Reorganisation be amended on the Effective Date so that the representations and warranties and covenants contained therein reflect that they will be given by a company incorporated in Scotland and registered as a public company under the Companies Act 1985 and to reflect that the Bank and Connery Limited (the **Liquidation Member**) will be the two designated members of the LLP.

The guarantee given by the Bank (as it was formerly The Governor and Company of the Bank of Scotland) prior to the Effective Date has been discharged as a consequence of the Bank both assuming the obligations of HBOSTS as Issuer and being unable to maintain an action against itself. Notwithstanding this, as of the Effective Date, the guarantee given by HBOS prior to this date continues to survive. Halifax and HBOSTS have remained companies incorporated in England under the Companies Act 1985 since the transfer of their businesses and all their property and liabilities to the Bank and will continue to exist without any property and liabilities until such time as the Bank requests the registrar of companies to strike them from the register.

The HBOS group's management structure cuts across its legal entities and across its brands, so that a number of departments have responsibility for one or more brands. The HBOS group's reorganisation is not expected to have a large impact on the way management is organised.

This Supplement, the documents deemed to be incorporated into this Supplement by reference and the documents deemed to be incorporated into the Offering Circular by reference are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular has arisen or been noted, as the case may be, since the publication of the Offering Circular.

Investors who have already agreed to purchase and subscribe for the Covered Bonds before this Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances.