

SUPPLEMENTARY OFFERING MEMORANDUM DATED DECEMBER 1, 2008



The Royal Bank of Scotland Group plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC045551)

as Issuer and Guarantor

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)

as Issuer

**U.S.\$35,000,000,000 Medium-Term Note Program
Due Six Months or More From Date of Issue**

This Supplement (the "Supplement") to the Offering Memorandum (the "Offering Memorandum") dated June 27, 2008, which comprises, except as set out therein, a base prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "FSMA") and is prepared in connection with the U.S.\$35,000,000,000 Medium-Term Note Program (the "Program") established by The Royal Bank of Scotland Group plc ("RBSG" or the "Guarantor") and The Royal Bank of Scotland plc ("RBS") (each, an "Issuer" and together, the "Issuers"). Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum and the documents incorporated by reference therein. This Supplement should also be read and construed in conjunction with the Supplementary Offering Memorandum dated September 29, 2008 which has been previously published and has been approved by the Financial Services Authority (the "FSA") and filed with it and which forms part of the Offering Memorandum.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuers and the Guarantor (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.

The Commissioners of Her Majesty's Treasury ("HM Treasury") have neither reviewed this Supplement or the Offering Memorandum nor verified the information contained in either of them, and HM Treasury makes no representation with respect to, and does not accept any responsibility for, the contents of this Supplement or the Offering Memorandum or any other statement made or purported to be made on its behalf in connection with the Issuers, the Guarantor or the issue and offering of the Notes. HM Treasury accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Supplement or the Offering Memorandum or any such statement.

UK Government Measures

On October 8, 2008, the UK Government announced measures intended, *inter alia*, to provide sufficient liquidity to the banking sector, to make available new capital to UK banks (including RBS) and to ensure that the banking system has the funds necessary to maintain lending in the medium term. In the context of liquidity provision, the UK government stated that “the Bank of England will take all actions necessary to ensure that the banking system has access to sufficient liquidity. In its provision of short term liquidity the Bank of England will extend and widen its facilities in whatever way is necessary to ensure the stability of the system. At least £200 billion will be made available to banks under the special liquidity scheme. Until markets stabilise, the Bank of England will continue to conduct auctions to lend sterling for three months, and also US dollars for one week, against extended collateral. It will review the size and frequency of those operations as necessary. Bank debt that is guaranteed under the Government's guarantee scheme will be eligible in all of the Bank of England's extended-collateral operations.”

Credit Guarantee Scheme

On October 13, 2008 the UK Government announced a credit guarantee scheme for bank and building society debt issuance (the “Scheme”).

RBS applied to take part in the Scheme and was named as an initial eligible institution in the deed of guarantee executed by HM Treasury and dated October 13, 2008 (as amended, the “Deed of Guarantee”). HM Treasury will unconditionally and irrevocably guarantee the due payment of all sums due and payable by RBS under debt instruments in respect of which an eligibility certificate has been issued by HM Treasury pursuant to the Rules of the Scheme (an “Eligibility Certificate”). HM Treasury's obligations in that respect are contained in the Deed of Guarantee, the form of which is available at www.dmo.gov.uk. The holders of the instruments for which an Eligibility Certificate has been issued by HM Treasury pursuant to the Rules of the Scheme will be the beneficiaries of the Deed of Guarantee.

Eligibility Certificates may be issued in respect of instruments which meet the Instrument Eligibility Criteria set out in Annex 4 of the Rules of the Scheme, which includes requirements that the instruments be senior unsecured debt instruments with standard market terms (and not being complex instruments), that they have a scheduled maturity date falling before April 13, 2012 (or such later date as HM Treasury in its discretion may determine), and that they be denominated in sterling, U.S. Dollars or Euro.

The Deed of Guarantee will be available in respect of debt instruments issued by RBS until (and including) April 9, 2009, subject to any extension at the discretion of HM Treasury. Notwithstanding this, RBS is entitled to apply, after April 9, 2009, for an Eligibility Certificate in respect of an eligible debt instrument provided that the instrument is to be issued by RBS solely for the purpose of refinancing a liability of RBS which had the benefit of the Deed of Guarantee on the date of the latter instrument's scheduled maturity, provided that the issue of the relevant debt instrument must in any event take place not less than seven days before April 13, 2012. The proceeds of any debt instruments issued with the benefit of the Deed of Guarantee are required to be applied by RBS in refinancing liabilities of RBS and its directly or indirectly wholly-owned subsidiaries incorporated in the United Kingdom which mature after October 13, 2008.

Where (i) the applicable Final Terms of an issue of Notes indicates that such Notes are to benefit from the Scheme and (ii) an Eligibility Certificate has been issued in respect of such Notes, then, in respect of those Notes, HM Treasury will unconditionally and irrevocably guarantee the due payment of all sums due and payable by RBS under the Senior Indenture and the relevant Notes. Any such Notes issued with the benefit of the Deed of Guarantee will be exempt from the

Prospectus Directive in accordance with Article 1.2(d) thereof and no prospectus approved by the FSA will be prepared in connection therewith.

Capital Raising

On October 13, 2008, RBSG published a “Press Release Regarding Capital Raising and Other Matters” (the “Press Release”) announcing that, in light of the current market concerns and their impact upon RBSG, the Board of RBSG had decided to raise an additional £20 billion of capital.

The Press Release announced a placing and open offer of ordinary shares (the “Placing and Open Offer”) to shareholders to raise proceeds of approximately £15 billion of core tier 1 capital. The Placing and Open Offer has been fully underwritten by HM Treasury. A prospectus (the “Placing and Open Offer Prospectus”) detailing the terms and conditions of the Placing and Open Offer was published on November 4, 2008. The Placing and Open Offer was approved by the shareholders of RBSG at a general meeting held on November 20, 2008. The results of the Placing and Open Offer were announced on November 28, 2008.

The Press Release also announced that HM Treasury would subscribe for £5 billion of preference shares in RBSG.

The closing of the Placing and Open Offer and issue of the preference shares is expected to take place on December 1, 2008.

Disincorporation of Information Incorporated by Reference in the Offering Memorandum

The following information incorporated by reference in the Offering Memorandum shall, by virtue of this Supplement, no longer be so incorporated:

- (a) the Registration Document for RBSG dated September 26, 2008;
- (b) the Registration Document for RBS dated September 26, 2008;
- (c) the following parts of the unaudited consolidated interim results for the half year ended June 30, 2008 of RBSG, which were published via the Regulatory News Service of the London Stock Exchange plc on August 8, 2008: (i) Presentation of Information (excluding the section entitled “Pro forma results”) (page 4); (ii) the section entitled “ABN AMRO integration” of the Group Chief Executive’s Review on page 9; (iii) the section entitled “Outlook” of the Group Chief Executive’s Review on page 11; (iv) the section entitled “Credit Market Exposures” (pages 42-43); (v) the statutory results of RBSG in respect of the six months ended June 30, 2008 and the notes thereon, together with the related financial review and balance sheet overview, independent review report of Deloitte & Touche LLP, regulatory ratios and other additional disclosures, as well as the principal risks and uncertainties for the Group in the second half of 2008, all as set out on pages 63-80 and 86-92; and (vi) Appendix 2 – Credit market and related exposures – additional information; and
- (d) the following sections of the document dated April 30, 2008 (which comprises (A) a circular prepared in compliance with Listing Rules 13.4.3(3)-(5) of the UK Listing Authority made under section 73A FSMA, (B) a circular prepared for the purposes of the General Meeting of RBSG held on May 14, 2008 and (C) a prospectus relating to the proposed rights issue to raise proceeds of £12 billion, net of expenses, prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A FSMA): (i) Important Information on pages 17-19; (ii) pages 24 and 25 of the Letter from the Chairman of RBS; (iii) paragraphs 4 (Dividends and dividend policy), 5 (Capital), 6 (Board and management), 8 (Further information) and 13 (Directors’ intentions) on pages 27 to 33 of the Letter from

the Chairman of RBS; (iv) paragraphs 3 (Subordinated liabilities) and 4 (Capital resources and liquidity management) of Part V (Overview of Business Performance and Operating and Financial Review of RBS) on pages 68-73; (v) Part VI (Financial Information on RBS); (vi) Part VII (Operating and Financial Review of ABN AMRO); (vii) Part VIII (Financial Information on ABN AMRO); (viii) Part IX (Unaudited Pro Forma Financial Information); (ix) Part XII (Additional Information) on pages 92-136, excluding paragraph 4.2 (Articles of Association) on pages 95-100, paragraph 6 (Directors of the Company) on pages 101-107, paragraph 16 (Litigation) on pages 128-129, paragraph 17 (Investigations) on pages 129-131, paragraph 22 (Working Capital) on page 134 and paragraph 23 (No Significant Change) on page 134; (x) Part XIV (Definitions) on pages 140-146; and (xi) Annex A (Three-Year Track Record of ABN AMRO).

Incorporation of Information by Reference in the Offering Memorandum

The following documents, which have been (1) previously published and (2) approved by the FSA or filed with it shall be deemed to be incorporated in, and form part of, the Offering Memorandum:

- (a) the following parts of the unaudited consolidated interim results for the half year ended June 30, 2008 of RBSG, which were published via the Regulatory News Service of the London Stock Exchange plc on August 8, 2008: (i) Presentation of Information (excluding the section entitled "Pro forma results") (page 4); (ii) the statutory results of RBSG in respect of the six months ended 30th June 2008 and the notes thereon, together with the related financial review and balance sheet overview, independent review report of Deloitte & Touche LLP, regulatory ratios and other additional disclosures, as well as the principal risks and uncertainties for the Group in the second half of 2008, all as set out on pages 63-80 and 86-92; and (iii) Appendix 2 – Credit market and related exposures – additional information (items (i) to (iii) above together referred to herein as the "RBSG Interim Information");
- (b) the following sections of the Placing and Open Offer Prospectus which comprises a prospectus prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the FSMA: (i) "Placing and Open Offer Statistics" on page 13; (ii) "Expected Timetable of Principal Events" on page 14; (iii) the following sections in "Risk Factors" on pages 15 to 25: the first two paragraphs, the section "Risks Related to RBS" and the risk factors in the section "Risks relating to the New Shares and the Placing and Open Offer" entitled "Subject to certain terms and conditions, any New Shares not subscribed for in the Placing and Open Offer by existing RBS Shareholders and new places will be taken up by HM Treasury, which could therefore acquire a significant shareholding in the Group. This may lead to adverse tax consequences for RBS. HM Treasury may take actions that are not in the interests of minority shareholders" and "RBS has agreed to certain undertakings in relation to the operation of its business in the Placing and Open Offer Agreement"; (iv) "Important Information" on pages 26 to 30; (v) "Directors, Company Secretary, Registered Office and Advisers" on pages 31 to 32; (vi) Part I (Letter From the Chairman of RBS) on pages 33 to 35; (vii) Appendix to the Letter From the Chairman of RBS on pages 36 to 48 excluding paragraph 11 (Overseas Shareholders) on page 47, paragraph 12 (UK and US Taxation) on page 47 and paragraph 13 (Action to be taken in respect of the Open Offer) on pages 47 to 48; (viii) paragraphs 1 (Introduction), 2 (The Open Offer) and 3 (Conditions and further terms of the Open Offer) of Part III (Terms and Conditions of the Open Offer) on pages 56 to 58; (ix) Part IV (Information on RBS) on pages 84 to 86; (x) Part V (Overview of Business Performance and Operating and Financial Review of RBS) on pages 87 to 90 excluding paragraph 1 (Business performance and operating and financial review) on page 87; (xi) Part IX (Unaudited Pro

Forma Financial Information) on pages 94 to 105 excluding paragraph 4 (Report on the unaudited pro forma financial information of the RBS Group) on pages 104 to 105; (xii) Part XI (Additional Information) on pages 112 to 160, excluding paragraphs 1 (Responsibility) on page 112; 4.2 (Articles of Association) on pages 115 to 121; 5 (Mandatory takeover bids, squeeze-out and sell-out rules) on page 121; 8 (Remuneration details, Directors' service contracts and letters of appointment) on pages 134 to 140; 10 (Significant shareholdings) on page 142; 12 (Employees) on page 143; 13 (RBS Employee Share Plans) on pages 143 to 150; 15 (Environmental issues) on page 150; 19 (Other contingencies) on page 158; 20 (Related party transactions) on page 158; 23 (Consents) on page 159; and 24.2 to 24.6 inclusive on page 159; and (xiii) Part XIII (Definitions) on pages 165 to 172;

- (c) the following section of the document dated November 4, 2008 which comprises a circular prepared for the purposes of the General Meeting of RBSG to be held on November 20, 2008: paragraph 7 (HM Treasury's Intentions) of the Appendix to the Letter from the Chairman of RBS on page 12; and
- (d) The press release headed "The Royal Bank of Scotland Group plc – Result of Placing and Open Offer" dated November 28, 2008 issued by RBSG announcing the results of the Placing and Open Offer.

Disclosure

The Prospectus Directive contains certain requirements for disclosure in relation to an issuer of debt securities. The Issuers and the Guarantor previously complied with those requirements by way of the Registration Document for RBSG dated September 26, 2008 and the Registration Document for RBS dated September 26, 2008. Those requirements are now complied with by virtue of the information included in this Supplement or incorporated by reference in the Offering Memorandum by virtue of this Supplement.

Ratings Information

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "A+"; senior notes issued by RBSG with a maturity of less than one year "A-1"; dated subordinated notes issued by RBSG "A"; and both undated tier 2 and tier 1 notes issued by RBSG "BBB+", all with a stable outlook. Fitch Ratings Limited ("Fitch") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "AA-"; senior notes issued by RBSG with a maturity of less than one year "F1+"; and dated subordinated notes, undated tier 2 notes and tier 1 notes issued by RBSG "A+", all with a stable outlook. Moody's Investors Service Limited ("Moody's") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "Aa2"; dated subordinated notes issued by RBSG "Aa3"; undated tier 2 notes issued by RBSG "Aa3"; tier 1 notes issued by RBSG "A1" and senior notes issued by RBSG with a maturity of less than one year "P-1", all with a stable outlook. Tier 3 notes issued by RBSG will be rated on a case-by-case basis.

Standard & Poor's is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA-"; senior notes issued by RBS with a maturity of less than one year "A-1+"; dated subordinated notes issued by RBS "A+"; and undated tier 2 notes issued by RBS "A-", all with a stable outlook. Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA-"; senior notes issued by RBS with a maturity of less than one year "F1+"; and both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS "A+", all with a stable outlook. Moody's is expected to rate: senior notes issued by RBS with a maturity of one

year or more “Aa1”; both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS “Aa2”; and senior notes issued by RBS with a maturity of less than one year “P-1”, all with a stable outlook. Tier 3 notes issued by RBS will be rated on a case-by-case basis.

As defined by Standard & Poor’s, an “AA” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is very strong, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is extremely strong. As defined by Standard & Poor’s, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. An “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it but that this capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings. As defined by Fitch, an addition of a plus (+) or minus (-) denotes relative status within the major rating categories. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.

As defined by Moody’s, an “Aa” rating means that the capacity of the Issuer to meet its obligations on the relevant notes issued by it is of high quality and subject to very low credit risk. An “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered upper-medium grade and subject to low credit risk. As defined by Moody’s the addition of a “1” indicates that the obligation ranks in the higher end of its rating category, a “2” indicates a mid-range ranking and a “3” indicates a ranking in the lower end of that rating category. As defined by Moody’s, a “P-1” rating means that the Issuer has a superior ability to repay its short term debt obligations on the relevant notes issued by it.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

Material Adverse Change

Save as regards (i) the continued market deterioration, credit market write-downs and increase in risk weighted assets as outlined in the paragraph entitled “Introduction” on page 40 of the Placing and Open Offer Prospectus which is incorporated by reference herein, the increased market volatility, further slowing of income growth and rising impairments (both recorded and yet to be determined) as outlined in the paragraph entitled “Outlook” on page 42 of the Placing and Open Offer Prospectus which is incorporated by reference herein and the credit market write-downs in “Credit Market Exposures” on pages 43 to 46 of the Placing and Open Offer Prospectus which is incorporated by reference herein; and (ii) the results of the Group in the first six months of 2008 as disclosed on pages 63 to 80 of the RBSG Interim Information, which is incorporated by reference herein, and the results of the Group as set out in the pro forma financial information set out on pages 94 to 98 and 103 of the Placing and Open Offer Prospectus which is incorporated by reference herein, there has been no material adverse change in the prospects of the Group and RBS and its subsidiaries taken as a whole since December 31, 2007 (the date to which the latest audited published financial information of each of the Group and RBS and its subsidiaries taken as a whole was prepared).

United Kingdom Taxation

The following wording shall be added after the section “Taxation – United Kingdom Taxation – Withholding on Payments Under the Guarantee” on page 75 of the Offering Memorandum:

“Withholding on Payments Under the Deed of Guarantee

Noteholders should be aware that the withholding tax treatment of payments under the Deed of Guarantee is not free from uncertainty. The following guidance does not purport to be comprehensive or to deal with all possible circumstances, and any Noteholder who is in any doubt as to the tax treatment of payments under the Deed of Guarantee is advised to obtain professional advice.

Where a payment is made under the Deed of Guarantee in respect of Notes which carry a right to interest and are listed on a recognised stock exchange (as defined in section 1005 of the Act), the better view is considered to be that such payment should be made without withholding or deduction for or on account of United Kingdom income tax. In addition, no withholding should apply to payments under the Deed of Guarantee in respect of Notes with a maturity of less than 365 days (and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of 365 days or more).

In other circumstances, subject to the availability of any other relief, payments under the Deed of Guarantee may be subject to United Kingdom withholding tax at a maximum rate of 20 per cent. Investors should note that in the event that any payment made by HM Treasury in respect of the Deed of Guarantee is made subject to deduction or withholding for or on account of any taxes, duties, assessments of governmental charges of any nature, no additional amounts shall be payable by the Issuer, H.M. Treasury, any Paying Agent or any other person in respect of such deduction or withholding.”

A copy of any or all of the information which is incorporated by reference in the Offering Memorandum can be obtained from the website of RBSG at www.rbs.com and from the London Stock Exchange plc's website at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

If the documents which are incorporated by reference in the Offering Memorandum by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Offering Memorandum for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Offering Memorandum by virtue of this Supplement.

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

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

Investors should be aware of their rights under Section 87Q(4) of the FSMA.