

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number 90312)

Call and Put Warrants (UK Public) Base Prospectus

This Supplement (the **Supplement**) to the Prospectus dated 26 September 2008 (the **Prospectus**) (which comprises a base prospectus), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by The Royal Bank of Scotland plc (the **Issuer**).

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has 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.

Disclosure:

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

Documents Incorporated by Reference:

In the Prospectus, the section headed “Documents Incorporated by Reference” shall be deleted in its entirety and replaced with the following:

“DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, except the documents incorporated by reference therein, which have been previously published and which have been approved by the Financial Services Authority or filed with it:

- (i) the Prospectus dated 26th September 2008 relating to the Issuer’s Certificate and Warrant Programme (except the documents incorporated therein by reference and excluding the sections entitled “Summary of the Programme”, “Risk Factors” and “Form of Final Terms”) (the **Programme Prospectus**);
- (ii) the audited consolidated annual financial statements for the financial years ended 31st December 2006 and 2007 of the Issuer together, in each case, with the audit report thereon;
- (iii) the announcement by the Issuer dated 2nd September 2008 of its unaudited “Results for the half year ended 30 June 2008” save for the section entitled “Statement of directors’ responsibilities” on page 17 (the **RBS Interim Results**);

- (iv) the following sections of the Placing and Open Offer Prospectus dated 4th November 2008 (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 placees 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; (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; 7 (Directors’ interests) on pages 129 to 134; 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; and
- (v) the following section of the document dated 4th November 2008 which comprises a circular prepared for the purposes of the General Meeting of RBSG to be held on 20th November 2008: paragraph 7 (HM Treasury’s Intentions) of the Appendix to the Letter from the Chairman of RBS on page 17.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the information which is incorporated herein by reference. Written or oral requests for such information should be directed to the Issuer at its principal office.

For the period of twelve months from the date of this Prospectus, copies of the RBS Interim Results will be available for inspection during normal business hours at the registered office of the Issuer and at the specified offices of each of the Certificate and Warrant Agents for the time being.”.

Summary:

Description of the Issuer

In the Prospectus, the section headed “Description of the Issuer” in the Summary on page 6 shall be deleted in its entirety and replaced with the following:

The Issuer (together with its subsidiaries the **Issuer Group**) is a wholly owned subsidiary of The Royal Bank of Scotland Group plc (**RBSG** (RBSG together with its subsidiaries, the **Group**)). RBSG is the holding company of one of the world's largest banking and financial services groups. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, RBS and National Westminster Bank Plc (**NatWest**). RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than ABN AMRO businesses and the general insurance business (primarily the Direct Line Group and Churchill Insurance). RBS is a public limited company incorporated in Scotland. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens Financial Group, Inc. is ranked the tenth-largest commercial banking organisation by deposits at 31st March 2008. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers in over 50 countries.

The Group had total assets of £1,948.7 billion and owners' equity of £61.6 billion at 30th June 2008. The Group's capital ratios, which included the equity minority interest of Fortis and Santander in ABN AMRO, were: a total capital ratio of 13.2 per cent., a Core Tier 1 capital ratio of 6.7 per cent. and Tier 1 capital ratio of 9.1 per cent. as at 30th June 2008. RBS had total assets of £1,202.8 billion and shareholders' equity of £58.0 billion at 30th June 2008. RBS capital ratios were: a total capital ratio of 15.6 per cent. and Tier 1 capital ratio of 10.2 per cent. as at 30th June 2008.

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

On 3rd October 2008, the State of the Netherlands acquired Fortis Bank Nederland (Holding) N.V. including its participation in RFS Holdings that represents the acquired activities of ABN AMRO. The benefits from the integration of the Group-acquired ABN AMRO businesses are proceeding ahead of schedule. RBSG expects that the State of the Netherlands' purchase of Fortis Bank Nederland (Holding) N.V., including its interests in RFS Holdings, will not materially affect the integration benefits envisaged by the Group, nor will it affect the businesses to be retained by the Group. Fortis Bank Nederland (Holding) N.V. has already paid in full in cash for its shares in RFS Holdings, and subject to the acceptance of certain conditions RBSG and Santander have consented to the State of the Netherlands joining their consortium.

On 13th October 2008, the Group announced a £20 billion capital raising, comprising £15 billion of ordinary shares and £5 billion of preference shares (to be subscribed by HM Treasury). The capital raising is expected to close in November 2008.”

Return on the Expiration Date

In the Prospectus, in the section headed “Return on the Expiration Date” in the Summary on page 7, the following sentence shall be added immediately before paragraph 1:

“The Cash Amount will be converted if necessary into the Settlement Currency at either the prevailing exchange rate or, if so specified in the applicable Final Terms, at a fixed exchange rate.”.

Risk Factors

In the Prospectus, in the section headed “Risk Factors” in the Summary on page 8, the following shall be added as a new third paragraph:

“If the Cash Amount is converted into the Settlement Currency at the prevailing Exchange Rate, investors are exposed to fluctuations between the relevant currency exchange rates.”.

In the Prospectus, at the end of the section headed “Risk Factors” in the Summary on page 9, the following shall be added:

If RBSG does not raise sufficient capital as contemplated by the Placing and Open Offer Prospectus (including as a result of resolutions not being approved or termination of the commitments of HM Treasury), it may be unable to find alternative methods of increasing its core Tier 1 and Tier 1 capital ratios and its business, financial condition, results of operations and share price will suffer.

The Issuer Group's businesses, earnings and financial condition have been and will continue to be affected by the current crisis in the global financial markets and the deterioration in the global economic outlook. Lack of liquidity is a risk to its business and its ability to access sources of liquidity has been, and will continue to be, constrained.

Governmental liquidity schemes are subject to cancellation or change, which may have a negative impact on the availability of funding in the markets in which the Issuer Group operates.

The actual or perceived failure or worsening credit of other financial institutions and counterparties could adversely affect the Issuer Group.

The Issuer Group's earnings and financial condition have been, and its future earnings and financial condition could continue to be, affected by depressed asset valuations resulting from poor market conditions and the value or effectiveness of any credit protection that the Issuer Group has purchased depends on the financial condition of the counterparties.

The financial performance of the Issuer Group will be affected by borrower credit quality.

Changes in interest rates, foreign exchange rates, bond, equity and commodity prices and other market factors have significantly affected and will continue to affect the Issuer Group's business.

The Issuer Group's borrowing costs and its access to the debt capital markets depend significantly on its credit ratings. Its business performance could be affected if its capital is not managed effectively.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates which may change over time or may ultimately not turn out to be accurate.

The Issuer Group operates in markets that are highly competitive and consolidating. If it is unable to perform effectively, its business and results of operations will be adversely affected.

Each of the Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how the Group conducts its business and on its results of operations and financial condition. The Group's results could be adversely affected in the event of goodwill impairment.

The Issuer Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.

The Issuer Group is subject to litigation and regulatory investigations that may impact its businesses. Operational risks are inherent in its operations.

The Issuer Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates.

The Issuer Group's insurance businesses are subject to inherent risks involving claims.

The Issuer Group's future earnings and financial condition in part depend on the success of the Group's strategic refocus on core strengths and its disposal programme.

Change of control provisions will be triggered if HM Treasury acquires control of the Group which may lead to adverse consequences for the Group.

The Issuer Group could fail to attract or retain senior management or other key employees. The restructuring proposals for ABN AMRO are complex and may not realise the anticipated benefits for the Group.

The Issuer Group's operations have inherent reputational risk and its business and earnings may be affected by geopolitical conditions.

In the United Kingdom and other jurisdictions, the Issuer Group may be responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.

Subject to certain terms and conditions, any shares not subscribed for as contemplated by the Placing and Open Offer Prospectus by existing RBSG shareholders and new placees 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 the Issuer Group. HM Treasury may take actions that are not in the interests of minority shareholders; and

RBSG has agreed to certain undertakings in relation to the operation of its business in the placing and open offer agreement effective as of 13th October 2008 between RBSG, HM Treasury, Merrill Lynch International and UBS Limited.

Risk Factors:

In the Prospectus, in the section headed "Risk Factors" on page 10, the following shall be added as a new third paragraph:

"If the Cash Amount is converted into the Settlement Currency at the prevailing Exchange Rate, investors are exposed to fluctuations between the relevant currency exchange rates."

Terms and Conditions:

Definitions

In the Prospectus, in the paragraph headed "Definitions" on page 13, the definition of "Exchange Rate" shall be deleted in its entirety and replaced with the following:

“**Exchange Rate** means, where the Strike Currency is different to the Settlement Currency, either (i) the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time and references in the Programme Prospectus to such term shall be construed accordingly or (ii) if a Fixed Exchange Rate is specified in the applicable Final Terms, the relevant Fixed Exchange Rate;”.

In the Prospectus, in the paragraph headed “Definitions” on page 14, the following shall be added after the definition of “Final Reference Price”:

“**Fixed Exchange Rate** means the rate (if any) specified in the applicable Final Terms.”.

In the Prospectus, in the paragraph headed “Definitions” on page 16, “Iceland” shall be deleted from the definition of “Standard Currency”.

Product Conditions

In Product Condition 4.1 on page 18, the word “and” shall be deleted at the end of paragraph (j).

A new paragraph (k) shall be added to Product Condition 4.1 on page 18 (and the existing paragraph (k) shall become paragraph (l)) as follows:

“(k) “Limit-up” or “Limit-down”: If “Limit-up” or “Limit-down” is specified as applicable in the Final Terms, there is a suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, by reason of movements in price of one or more Contracts exceeding limits (up in the case of Limit-up or down in the case of Limit-down) permitted by the relevant Exchange or Related Exchange and such suspension or limitation is continuing at the Valuation Time; and”.

In Product Condition 4.5 on page 23 the word “and” shall be deleted at the end of paragraph (i).

A new paragraph (j) shall be added to Product Condition 4.5 on page 23 (and the existing paragraph (j) shall become paragraph (k)) as follows:

“(j) “Limit-up” or “Limit-down”: If “Limit-up” or “Limit-down” is specified as applicable in the Final Terms, there is a suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, by reason of movements in price of one or more component securities of the relevant Index exceeding limits (up in the case of Limit-up or down in the case of Limit-down) permitted by the relevant Exchange or Related Exchange and such suspension or limitation is continuing at the Valuation Time; and”.

A new Product Condition 5 shall be added on page 26 as follows:

“Indices of futures contracts

Where an Index comprises futures contracts, reference in the Conditions to the component securities of an Index shall be construed as references to the component futures contracts.”.

Form of Final Terms:

In each of the forms of Final Terms for the various product types between pages 32 and 49 (except for Commodity Forward Contracts and Commodity Futures Contracts Securities and Index Securities), the following new row shall be added below the row relating to “Settlement Currency”:

“Fixed Exchange Rate: [Applicable: *[insert rate]*][Not Applicable]”.

In the form of Final Terms relating to Commodity Forward Contracts and Commodity Futures Contracts Securities on page 34 and Index Securities on page 41, the following new rows shall be added below the row relating to “Settlement Currency”:

“Fixed Exchange Rate: [Applicable: *[insert rate]*][Not Applicable]

Limit up: [Applicable][Not Applicable]

Limit down: [Applicable][Not Applicable]”.

If any document which is incorporated by reference into the Prospectus by this Supplement itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Prospectus or this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference into the Prospectus by this Supplement, or attached to this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement or any document incorporated by reference into the Prospectus by this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.