

FINAL TERMS DATED May 20, 2008

**HBOS PLC****Issue of USD2,000,000,000 6.75 per cent. Notes due May 21, 2018 (the "Notes")****under the USD120,000,000,000 Program for the Issuance of Notes of HBOS plc and Bank of Scotland plc (acting through its Treasury Division, London office and Australia branch)****PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the section entitled "Description of the Notes and the Guarantees" (the "**Conditions**") set forth in the Prospectus dated May 13, 2008, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing in respect of HBOS plc at the offices of Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL and at the specified office of the Principal Paying Agent.

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| 1.  | (i) Issuer:                                     | HBOS plc  |
|     | (ii) Guarantor[s]:                              | Not Applicable  |
| 2.  | Series Designation of Notes:                    | HBOS 0037/08  |
| 3.  | Specified Currency or Currencies:               | United States Dollars (" <b>USD</b> ")  |
| 4.  | Aggregate Principal Amount:                     | USD 2,000,000,000   |
| 5.  | Issue Price:                                    | 99.584 per cent. of the Aggregate Principal Amount  |
| 6.  | Specified Denominations:                        | The Specified Denomination of the Notes will be USD100,000 and integral multiples of USD1,000 in excess thereof.  |
| 7.  | (i) Issue Date:                                 | May 21, 2008  |
|     | (ii) Interest Commencement Date:                | May 21, 2008  |
| 8.  | Stated Maturity:                                | May 21, 2018  |
| 9.  | Interest:                                       | Interest bearing 6.75 per cent. Fixed Rate<br><br>(further particulars specified below at Item 14 below)  |
| 10. | Redemption/Payment Basis:                       | Redemption at par   |
| 11. | Change of Interest of Redemption/Payment Basis: | Not Applicable  |
| 12. | (i) Status of the Notes:                        | Subordinated Notes, see "Description of the Notes and the Guarantees - Subordinated Notes (other than Undated Notes) issued by Issuers other than Bank of Scotland – Subordination," in the Prospectus. |

- (ii) Status of the Guarantee: Not Applicable
- (iii) Date Board approval for issuance of Notes obtained: Not Applicable

13. Method of distribution: Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Note Provisions** Applicable
- (i) Rate of Interest: 6.75 per cent. per annum payable semi-annually in arrear
  - (ii) Interest Period(s): From and including the Issue Date to but excluding the first Interest Payment Date, and thereafter from and including each Interest Payment Date to but excluding the following Interest Payment Date.  
  
For the avoidance of doubt each Interest Period shall be unadjusted for the purpose of calculating the Fixed Coupon Amount payable in respect of the principal amount of each Specified Denomination.
  - (iii) Interest Payment Date(s): May 21 and November 21 in each year, adjusted for the purposes of payment only in accordance with the Following Business Day Convention, commencing on November 21, 2008 up to and including the Stated Maturity.
  - (iv) Fixed Coupon Amount(s): Not Applicable
  - (v) Broken Amount(s): Not Applicable
  - (vi) Day Count Fraction: 30/360
  - (vii) Interest Determination Dates: Not Applicable
  - (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable
15. **Floating Rate Note Provisions** Not Applicable
16. **Index Notes** Not Applicable
17. **Foreign Currency Note Provisions** Not Applicable
18. **Discount Notes** Not Applicable
19. **Other rates:** Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

20. **Optional Redemption (Notes to which the section entitled "Optional Redemption" as set forth in the Conditions):** Not Applicable

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| 21. | <b>Repayment at Holder's Option (Notes to which the section entitled "Repayment at Holders' Option, Repurchase" as set forth in the Conditions):</b>   | Not Applicable   |
| 22. | <b>Final Redemption Amount of each Note</b>  | USD100,000 per Note of USD100,000 Specified Denomination and USD1,000 per Note of USD1,000 Specified Denomination. |
| 23. | <b>Optional Tax Redemption</b><br><br>Optional Tax Redemption amount(s) of each Note payable on redemption for taxation reasons and/or the method of calculating the same (if required or if different from that set out in the Conditions): | Not Applicable   |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

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| 24. | Form of Notes:  | Registered Global Notes: Exchangeable for a Definitive Note in the limited circumstances upon the occurrence of an Exchange Event, as specified in the Global Note. |
| 25. | Relevant Business Day or other special provisions relating to dates for payment of any amount due in respect of any Note:   | New York and London   |
| 26. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: | Not Applicable  |
| 27. | Details relating to Amortizing Notes: amount of each installment, date on which each payment is to be made:   | Not Applicable  |
| 28. | Redenomination, reprincipalization and [reconvening] provisions:  | Not Applicable  |
| 29. | Other/Additional Provisions; Addendum:  | Not Applicable  |

**DISTRIBUTION**

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|-----|--------------------------------------|---|
| 30. | (i) If syndicated, names and Agents: | Goldman, Sachs & Co.<br>Lehman Brothers Inc.<br>Morgan Stanley & Co. Incorporated |
|     | (ii) Stabilizing Agent(s) (if any):  | Not Applicable  |

31. If non syndicated, name of Agent: Not Applicable
32. Additional selling restrictions: Not Applicable

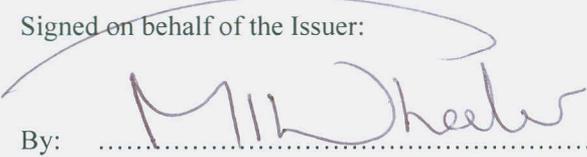
**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the London Stock Exchange of the Notes described herein pursuant to the USD120,000,000,000 Program for the issuance of Notes of HBOS plc and Bank of Scotland plc (acting through its Treasury Division, London office and Australia branch).

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:  .....  
Duly authorized 

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: London
- (ii) Admission to trading: Application will be made for the Notes to be admitted to the Official List of the UK Listing Authority and to be admitted to trading on the Regulated Market of the London Stock Exchange on or about the Issue Date.
- (iii) Estimate of total expenses related to admission to trading: GBP4,200

### 2. RATINGS

- Ratings: The Notes to be issued are expected to have the following ratings:
- S & P: A+
- Moody's: Aa3 (Negative outlook)
- Fitch: AA (Negative outlook)

### 3. NOTIFICATION

Not Applicable

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Plan of Distribution", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: See "Use of Proceeds" in the Prospectus
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: Not Applicable

### 6. YIELD

- Indication of yield: 6.808 per cent.
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 7. PERFORMANCE OF INDEX/ FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

Not Applicable

### 8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Not Applicable

9. **OPERATIONAL INFORMATION**

CUSIP:	Regulation S: 4041A3AH5 Rule 144A: 4041A2AH7
ISIN Code:	Regulations S: US4041A3AH52 Rule 144A: US4041A2AH79
Common Code:	Not Applicable
Any clearing system(s) (and the address of such clearing system(s)) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, société anonyme:	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

10. **ADDITIONAL INFORMATION**

Not Applicable