

Final Terms dated 24 April 2008

HBOS PLC

Issue of EUR175,000,000 HICP Inflation Index Linked Instruments due 2023

under the US\$120,000,000,000 Programme for the Issuance of Debt Instruments of HBOS plc and Bank of Scotland plc (acting through its Treasury Division, London office and Australia branch)

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Instruments described herein and shall amend and replace the Final Terms dated 7 April 2008 representing the Instruments described herein in its entirety with effect from 7 April 2008.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated 1 May 2007 and the Supplemental Prospectuses dated 1 August 2007, 17 September 2007 and 28 February 2008 issued by the Issuer, which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") (the "**Prospectus**"). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus and the Supplemental Prospectuses are available for viewing at the offices of Shepherd and Wedderburn LLP, Level 2, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ET, and at the specified office of the Principal Paying Agent.

1	Issuer:	HBOS plc
2	(i) Series Number:	HBOS 0036
	(ii) Tranche Number:	1
3	Specified Currencies:	Currency or Euro ("EUR")
4	Aggregate Principal Amount:	EUR 175,000,000
5	Issue Price:	100 per cent. of the Aggregate Principal Amount

6	Specified Denominations:	<p>EUR50,000 and higher integral multiples of EUR 1,000 up to and including EUR 99,000. No Definitive Instruments will be issued with a denomination above EUR 99,000. For the avoidance of doubt the wording in parentheses in Condition 1.07 shall not apply to this Series.</p> <p>For the purposes of calculating interest in accordance with Condition 5C (other rates) only, the smallest denomination shall be EUR 1,000.</p> <p>In relation to any issue of Instruments which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Instruments may be traded in amounts in excess of EUR 50,000 that are not integral multiples of EUR 50,000. In such a case an Instrumentholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Instrument in respect of such holding (should definitive Instruments be printed) and would need to purchase a principal amount of Instruments such that its holding amounts to a Specified Denomination.</p>
7	Issue Date:	8 April 2008
8	Maturity Date:	The final Interest Payment Date falling in April 2023
9	Interest Basis:	<p>Interest-bearing</p> <p>Condition 5C (other rates) is applicable</p> <p>Index Linked Interest (further particulars specified below)</p>
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	(i) Status of the Instruments:	<p>Subordinated</p> <p>Conditions 3B.01 and 3B.02 (Subordinated Instruments (other than Undated Instruments)).</p>

(iii) Date Board approval for issuance of Instruments obtained: Not Applicable

14 Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15 **Fixed Rate Instrument Provisions** Not Applicable

16 **Floating Rate Instrument Provisions** Not Applicable

17 **Non Interest Bearing Instrument Provisions** Not Applicable

18 **Index Linked Interest Instruments** Applicable

(i) Index/Formula/other variable: See paragraph 18(iii) under Part A below and paragraph 1 of the Appendix

(ii) Determination Agent responsible for calculating the interest due: Principal Paying Agent

(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: The Interest Amount per Instrument payable on each Interest Payment Date is equal to:

The applicable Rate of Interest x Specified Denomination x Day Count Fraction

Where:

“**Rate of Interest**” applicable to an Interest Payment Date means a percentage determined by the Determination Agent as equal to:

$6.5\% + \text{Max}\{ \text{CPTFEMU YoY} - 2.5\%, 0\% \}$

See the Appendix for the definition of “**CPTFEMU YoY**”

(iv) Interest Determination Date(s): The fifth Business Day prior to the applicable Interest Payment Date.

For the purpose of this paragraph 18(iv) of Part A, “Business Day” means a day on which the TARGET System is operating and on which

commercial banks are open for business and foreign exchange markets settle payments in London.

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| (v) | Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | See paragraph 3 of the Appendix |
| (vi) | Interest or Calculation Period(s): | The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each subsequent period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date

For the avoidance of doubt each Interest Period shall be unadjusted for the purpose of calculating the Interest Amount payable in respect of the principal amount of each Specified Denomination |
| (vii) | Interest Payment Dates: | Annually on 8 April, commencing on 8 April 2009 and ending on the Maturity Date |
| (viii) | Business Day Convention: | Following Business Day Convention |
| (ix) | Relevant Financial Centre(s): | TARGET Settlement Day and London |
| (x) | Minimum Rate/amount of Interest: | 6.5% per annum |
| (xi) | Maximum Rate/amount of Interest: | Not Applicable |
| (xii) | Day Count Fraction: | Actual/Actual (ISDA) |
| (xiii) | Other terms relating to the calculation of interest in respect of Index Linked Interest Instruments: | See the Appendix |
| (xiv) | Minimum | Not Applicable |

	Indexation Factor:	
(xv)	Maximum Indexation Factor:	Not Applicable
(xvi)	Limited Indexation Month(s):	Not Applicable
(xvii)	Base Index Figure:	Not Applicable
(xviii)	Reference Gilt:	Not Applicable
19	Dual Currency Instruments Provisions	Not Applicable
20	Other Rates (Instruments to which Condition 5C.05 applies)	See paragraph 18 under Part A above and the Appendix

PROVISIONS RELATING TO REDEMPTION

21	Call Option (Instruments to which Condition 6.06 applies)	Not Applicable
22	Put Option (Instruments to which Condition 6.09 applies)	Not Applicable
23	Final Redemption Amount of each Instrument	100% of the Specified Denomination per Instrument
24	Early Redemption Amount	
	Early Redemption Amount(s) of each Instrument payable on redemption for taxation reasons or on default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	Such amount(s) determined by the Calculation Agent which shall represent the fair market value of each Instrument on the date of redemption, including accrued interest (if any), adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

25	Form of Instruments:	Bearer Instruments. Condition 1.02(i) applies
		Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments only in the limited circumstances upon the occurrence

of an Exchange Event, as specified in the Permanent Global Instrument.

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| 26 | Relevant Financial Centre(s) or other special provisions relating to Payment Dates: | TARGET Settlement Day and London |
| 27 | Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature): | No |
| 28 | Details relating to Partly Paid Instruments: 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 Instruments and interest due on late payment: | Not Applicable |
| 29 | Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 30 | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 31 | New Global Instrument: | No |
| 32 | Other final terms: | See the Appendix |

DISTRIBUTION

- | | | |
|----|------------------------------------|--|
| 33 | If syndicated, names of Managers: | Not Applicable |
| 34 | If non-syndicated, name of Dealer: | Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom |
| 35 | Additional selling restrictions: | Not Applicable |

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Instruments described herein pursuant to the US\$120,000,000,000 Programme for the Issuance of Debt Instruments 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. The Issuer confirms that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and does not omit anything likely to affect its import.

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application will be made for the Instruments to be admitted to trading on the Regulated Market of the London Stock Exchange with effect on or before 8 May 2008.
- (iii) Estimate of total expenses relating to admission to trading: GBP 4,100

2 RATINGS

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

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save for any fees payable to Goldman Sachs International, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- Reasons for the offer: See the section headed "Use of Proceeds" in the Base Prospectus

5 INDEX LINKED INTEREST INSTRUMENT OR OTHER VARIABLE-LINKED INSTRUMENTS ONLY – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, AND OTHER INFORMATION CONCERNING THE UNDERLYING

See the Appendix

6 OPERATIONAL INFORMATION

- ISIN Code: XS0355554717
- Common Code: 035555471
- Any clearing system(s) (and the address of such clearing) Not Applicable

system(s)) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: No

7 POST ISSUANCE INFORMATION

The Issuer does not intend to provide post issuance information.

APPENDIX

1 Formula

“**Calculation Agent**” means Goldman Sachs International, of Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom

(Email: GSICalculationAgent@ln.email.gs.com).

“**CPTFEMU YoY**” means, in respect of an Interest Payment Date, a number determined by the Calculation Agent as equal to:

CPTFEMU Ratio applicable to such Interest Payment Date - 1.

“**CPTFEMU**” or “**Index**” means the Harmonized index of consumer prices (**HICP**) excluding Tobacco for Eurozone, published every month by the Index Sponsor on the Bloomberg Page “CPTFEMU <INDEX>” (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion for the purpose of displaying the Index).

“**CPTFEMU Ratio**” means a number determined by the Calculation Agent as equal to:

$(\text{CPTFEMU January } [t] / \text{CPTFEMU January } [t - 1])$,

Where:

- t is the year associated with the relevant Interest Payment Date; and
- **CPTFEMU January [t]** means the level of the Index published by the Index Sponsor for January of year t and as determined by the Calculation Agent without regard to any subsequently published correction, subject to adjustment in accordance with paragraph 3 of the Appendix to these Final Terms below; and
- **CPTFEMU January [t - 1]** means the level of the Index published by the Index Sponsor for January of the year immediately preceding year t and as determined by the Calculation Agent without regard to any subsequently published correction, subject to adjustment in accordance with paragraph 3 of the Appendix to these Final Terms below.

For the avoidance of doubt, in respect of each scheduled Interest Payment Date, the CPTFEMU YoY in respect of such Interest Payment Date is as follows:

Scheduled Interest Payment Date falling in	CPTFEMU Ratio
April 2009	CPTFEMU January 2009 / CPTFEMU January 2008
April 2010	CPTFEMU January 2010 / CPTFEMU January 2009

April 2011	CPTFEMU January 2011 / CPTFEMU January 2010
April 2012	CPTFEMU January 2012 / CPTFEMU January 2011
April 2013	CPTFEMU January 2013 / CPTFEMU January 2012
April 2014	CPTFEMU January 2014 / CPTFEMU January 2013
April 2015	CPTFEMU January 2015 / CPTFEMU January 2014
April 2016	CPTFEMU January 2016 / CPTFEMU January 2015
April 2017	CPTFEMU January 2017 / CPTFEMU January 2016
April 2018	CPTFEMU January 2018 / CPTFEMU January 2017
April 2019	CPTFEMU January 2019 / CPTFEMU January 2018
April 2020	CPTFEMU January 2020 / CPTFEMU January 2019
April 2021	CPTFEMU January 2021 / CPTFEMU January 2020
April 2022	CPTFEMU January 2022 / CPTFEMU January 2021
April 2023	CPTFEMU January 2023 / CPTFEMU January 2022

“Indexation Adviser” means Goldman Sachs International.

“Index Sponsor” means EUROSTAT, or its successor.

“Principal Paying Agent” means Citibank, N.A., or its successor in its capacity as such.

2 Calculation Agent and Determination Agent

- (a) The Issuer appoints Goldman Sachs International as the Calculation Agent and the Principal Paying Agent as the Determination Agent for the purposes of these Final Terms.
- (b) The Calculation Agent and the Determination Agent shall not act as agent or trustee of the Instrumentholders. All quotations, calculations and determinations given or made by the Calculation Agent and/or the Determination Agent in relation to the Instruments shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Instrumentholders. None of the Issuer, the Trustee, the Paying Agents, the Calculation Agent or the Determination Agent shall have any responsibility to any person for any errors or omissions in (i) any calculation by the Calculation Agent and/or the Determination Agent of any amount due in respect of the Instruments; or (ii) any determination made by the Calculation Agent and/or the Determination Agent.

3 Index Delay and Disruption Event

3.1 Change in base of the Index

For the purposes of these Final Terms, Condition 5G.03(i) shall be deleted and replaced with the following:

“If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of the Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the Calculation Agent pursuant to the terms and conditions of the Fallback Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Fallback Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Instruments.”

3.2 Delay in publication of the Index

For the purposes of these Final Terms, Condition 5G.03(ii) shall be deleted and replaced with the following:

“(a) If any level of the Index for January of an Interest Period which is relevant to the calculation of the interest payable in respect of such Interest Period under the Instruments (a "**Relevant Level**") has not been published or announced by the relevant Interest Determination Date, the Calculation Agent shall determine a Substitute Index Level (in place of such Relevant Level) by using the following methodology:

- (i) If applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the Calculation Agent pursuant to the terms and conditions of the Fallback Bond;
- (ii) If (i) does not result in a Substitute Index Level for the Affected Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

Where:

“**Affected Payment Date**” means each Interest Payment Date in respect of which the Index has not been published or announced.

“**Base Level**” means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12

calendar months prior to the month for which the Substitute Index Level is being determined.

"Latest Level" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated.

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond is redeemed the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Reference Level" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

- (b) If a Relevant Level is published or announced at any time after the Interest Determination Date prior to the next Interest Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this paragraph 3.2 of this Appendix, will be the definitive level for January in the relevant Interest Period.”

3.3 *Cessation of and Material Modification to the Index*

For the purposes of these Final Terms, Condition 5G.05 shall be deleted and replaced with the following:

“5G.05 Cessation of or Material Modification to the Index

- (i) Cessation of the Index: If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine

a Successor Index (in lieu of any previously applicable Index) for the purposes of the Instruments by using the following methodology:

- (a) If at any time, a successor index has been designated by the Calculation Agent pursuant to the terms and conditions of the Fallback Bond, such successor index shall be designated a "Successor Index" for the purposes of all subsequent Interest Payment Dates in relation to the Instruments, notwithstanding that any other Successor Index may previously have been determined under Condition 5G.05(b), (c) or (d) hereof ; or
 - (b) If a Successor Index has not been determined under (a) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index for purposes of the Instruments from the date that such replacement Index comes into effect; or
 - (c) If a Successor Index has not been determined under (a) or (b) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If fewer than three responses are received, the Calculation Agent will proceed to subsection (d) hereof; or
 - (d) If no Successor Index has been deemed under (a), (b) or (c) above by the Interest Determination Date prior to the next Affected Payment Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index".
- (ii) Material Modification: If, on or prior to the Interest Determination Date before an Interest Payment Date, the Index Sponsor announces that it will make a material change to an Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Fallback Bond, or, if there is no Fallback Bond, only those adjustments necessary for the modified Index to continue as the Index.”

3.4 Manifest Error in Publication

If, within thirty days of publication, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the Issuer and the Instrumentholders of (i) that correction, (ii)

the amount that is payable as a result of that correction and (iii) take such other action as it may deem necessary to give effect to such correction.

4 Index Disclaimer

The Instruments are not sponsored, endorsed, sold, or promoted by the Index or the Index Sponsor, and the Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. None of the Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor does not make any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any liability to the other party for any act or failure to act by the Index Sponsor in connection with the valuation, adjustment or maintenance of the Index.

Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is accepted by the Issuer, the Calculation Agent or their affiliates as to the accuracy, completeness and timeliness of information concerning the Index.

5 Information about the Index

Information about the past and future performance of the Index and its volatility can be obtained at Bloomberg Page “CPTFEMU <INDEX>”.

Further details about the Index may also be viewed on the website of the Index Sponsor at:

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=EUROIND&root=EUROIND/shorties/euro_cp/cp240