

The Royal Bank of Scotland Group plc

# Placing and Open Offer

## Shareholder Guide for holders of RBS shares in certificated form

This document is not a Prospectus. You should take no action in relation to the Placing and Open Offer except on the basis of information and the terms and conditions of the Placing and Open Offer contained in the Prospectus and the Application Forms, if applicable. The Prospectus is available at [www.rbs.com](http://www.rbs.com). Copies can also be obtained from the Company's Registrar, Computershare Investor Services PLC (Telephone: **+44 870 702 0135**).

The new RBS shares, to be issued pursuant to the Placing and Open Offer, have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

This document is not for release or distribution in or into the United States, Australia, South Africa or into any other jurisdiction where such release or distribution would be unlawful.

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

# Placing and Open Offer

## Shareholder Guide

### CONTENTS

<b>Part A</b>	
Key Dates	Page 3
<b>Part B</b>	
What to do next	Page 4
<b>Part C</b>	
Questions and Answers	Page 5
<b>Part D</b>	
How to complete the Application Form	Page 16
<b>Part E</b>	
Your Checklist	Page 18

## Part **A** Key Dates

### **RECORD DATE<sup>1</sup>**

6:00 pm on Friday 31 October 2008

### **'EX' ENTITLEMENT DATE<sup>2</sup>**

8:00 am on Monday 10 November 2008

### **PROXY FORMS TO BE RECEIVED<sup>3,4</sup>**

3:00 pm on Tuesday 18 November 2008

### **GENERAL MEETING**

3:00 pm on Thursday 20 November 2008

### **OPEN OFFER CLOSING DATE - APPLICATION FORMS AND PAYMENT TO BE RECEIVED<sup>3,4</sup>**

11:00 am on Tuesday 25 November 2008

### **NEW RBS SHARES ALLOTTED**

Monday 1 December 2008

### **NEW SHARE CERTIFICATES DESPATCHED**

Friday 5 December 2008

<sup>1</sup> See question 2 on page 5 for further details.

<sup>2</sup> See question 8 on page 8 for further details.

<sup>3</sup> If you return your Proxy or Application Form(s) by post, allow sufficient time for delivery.

<sup>4</sup> If your shares are held in a nominee account, contact your nominee as soon as possible to confirm the relevant timings as nominees may set earlier dates than the Open Offer Closing Date.

## Part **B** What to do next

### 1. **VOTE AT THE GENERAL MEETING:**

You can vote in person or by completing and returning the enclosed Proxy Form.

### 2. **RESPOND TO THIS OPEN OFFER - YOU HAVE FOUR OPTIONS:**

- A. You can decide to buy the pro-rated number of new RBS shares you are entitled to (based on your current RBS shareholding). This is your basic entitlement as detailed in the enclosed Application Form.
- B. You can decide to buy a greater number of new RBS shares than your basic entitlement.
- C. You can decide to buy a lesser number of new RBS shares than your basic entitlement.
- D. You can decline to take up the offer to buy new RBS shares, in which case you should do nothing.

**For instructions on how to complete your Application Form see Part D of this booklet.**

## PLACING AND OPEN OFFER

### 1. WHAT IS A PLACING AND OPEN OFFER?

A Placing and Open Offer is a way for companies to raise money. Companies do this by giving their existing shareholders the right to buy further shares at a fixed price in proportion to their existing shareholdings (the **Open Offer**) and an offer to investors to buy any shares not bought by the Company's existing shareholders (the **Placing**). The fixed price is normally at a discount to the market price of the existing shares at the time the Open Offer is announced.

### 2. HOW DOES THE PLACING AND OPEN OFFER AFFECT ME?

RBS is making approximately 22.9 billion new RBS shares available under its Open Offer, subject to satisfaction of certain conditions of the Placing and Open Offer. Existing RBS shareholders (other than shareholders resident or located in certain jurisdictions, with some exceptions, details of which can be found in the Prospectus) will be able to apply for new RBS shares at a price of 65.5 pence per RBS share, which is an 8.6% discount to the closing price on Friday 10 October 2008. Any new RBS shares that are not taken up under the Open Offer or through the Placing will be acquired by HM Treasury.

Your Application Form shows the pro-rated number of new RBS shares you are entitled to apply for based on your shareholding at 6:00 pm on Friday 31 October 2008 (the **Record Date**). You can, however, apply to acquire additional shares in excess of your basic entitlement or fewer shares if you would prefer. There is no upper limit on the number of new RBS shares you can apply for, although if the Open Offer is oversubscribed, excess applications will be scaled back (see question 13 on page 11 of this Guide).

## APPLYING FOR NEW RBS SHARES

### 3. WHAT DO I NEED TO DO IF I WANT TO APPLY FOR NEW RBS SHARES?

If you would like to apply for the number of new RBS shares detailed in Box 2 of your Application Form, you should sign and date the Application Form and return it, together with your cheque or banker's draft for the amount shown in Box 3, in the reply-paid envelope provided.

If you would like to apply for a lesser or greater number of new RBS shares than detailed on your Application Form, please refer to the instructions contained in Part D of this Guide.

### 4. HOW MANY NEW RBS SHARES AM I ENTITLED TO APPLY FOR?

Although your basic entitlement is shown in Box 2 of your Application Form, you are free to apply for a greater or lesser number of new RBS shares.

**5. DO I HAVE TO APPLY FOR ALL THE SHARES I AM ENTITLED TO APPLY FOR?**

No. You can apply for any number of new RBS shares you wish.

**6. WHAT IF I DO NOT WANT TO APPLY?**

If you do not wish to apply for new RBS shares then you need take no further action and you should neither complete nor return your Application Form. You will not receive any new RBS shares. Neither will you receive any money when the new RBS shares you could have applied for are purchased by other investors or HM Treasury. You cannot sell or otherwise transfer your entitlement to anyone else, unless you transferred your RBS shares prior to 8:00 am on Monday 10 November 2008. See question 8 on page 8 of this Guide for further details.

If you do not take up your basic entitlement of new RBS shares then your proportion of ownership and voting interest in RBS will be reduced. If you take more than your basic entitlement of new RBS shares your proportion of ownership and voting interest in RBS will be increased.

## Part **C** Questions and Answers (continued)

### 7. WHAT IF I CHANGE MY MIND?

Once you have sent your Application Form and payment, you cannot withdraw your application or change the number of new RBS shares that you have applied for, except for the very limited circumstances set out in the Prospectus.

### 8. WHAT SHOULD I DO IF I HAVE SOLD OR TRANSFERRED SOME OR ALL OF MY RBS SHARES?

If you hold shares in RBS and you sold or transferred some or all of these shares before 8:00 am on Monday 10 November 2008 (this is the **'Ex' Entitlement Date**) you should consult your broker or other professional adviser as soon as possible as the invitation to acquire new RBS shares under the Open Offer may be a benefit which may be claimed by the transferee.

The second page of the Application Form should be completed if you have sold some or all of the shares shown in Box 1 of your Application Form on or before 8:00 am on Monday 10 November 2008.



**9. WHAT DO I DO IF MY SHARES ARE HELD IN A NOMINEE ACCOUNT?**

For administrative reasons your nominee may require receipt of your instruction and payment for new RBS shares at an earlier date than the closing date set for the Open Offer. You should check the terms and conditions and timing with your nominee **as soon as possible**.

**10. HOW DO I PAY?**

You should return your Application Form together with a cheque drawn in pounds sterling on a UK Bank or Building Society or banker's draft in the reply-paid envelope. Cheques should be drawn on a personal account of the shareholder who is applying for the new RBS shares. The funds should be made payable to 'Computershare re RBS Group plc Open Offer'. The cheque should be crossed 'Account Payee only'.

Payments via CHAPS, BACS or electronic transfer will not be accepted.

**11. WHY HAVE I RECEIVED MORE THAN ONE APPLICATION FORM?**

Some shareholders may receive more than one Application Form. For example, holders of RBS shares may also be employees holding shares under an employee profit sharing scheme, or shareholders may have more than one holding on the register because the RBS shares are registered slightly differently.

The Application Forms (or Election Forms for Employee Plan Participants) and Proxy Forms (or Forms of Direction for Employee Plan Participants) are colour coded as follows:

<b>Holders of Ordinary Shares</b>	<b>Grey</b> Application Form and Proxy Form
<b>Employee Share Ownership Plan Participants</b>	<b>Red</b> Election Form and Form of Direction
<b>Irish Profit Sharing Scheme Participants</b>	<b>Green</b> Election Form and Form of Direction
<b>Ulster Bank Group Employee Incentive Scheme Participants</b>	<b>Yellow</b> Election Form and Form of Direction

If you hold RBS shares in more than one of these different ways you will need to complete each of the relevant Application Forms or Election Forms to apply for the relevant RBS shares. You will need to send in a separate cheque or banker's draft with each Application Form.

## 12. WHERE DO I SEND MY APPLICATION FORM?

You should send your completed Application Form(s) and payment(s) **by post** to arrive by 11:00 am on Tuesday 25 November 2008 in the enclosed reply-paid envelope to:

Computershare Investor Services PLC, Corporate Actions 1,  
The Pavilions, Bridgwater Road, Bristol BS99 6AF.

You can also deliver your Application Form(s) and payment(s) **by hand** (between the hours of 8:00 am and 6:00 pm on weekdays and also between 9:00 am and 1:00 pm on Saturday 22 November and Sunday 23 November only) to any of the Computershare offices, as detailed on page 19 of this Guide.

## 13. WHAT WILL HAPPEN IF THE NEW RBS SHARES ARE OVERSUBSCRIBED?

If applications for new RBS shares exceed the number of new RBS shares available, the Open Offer will be oversubscribed. If this happens, your application for shares in excess of your basic entitlement will be scaled back pro rata to the number of excess RBS shares applied for by all shareholders. You will then be sent a share certificate for the scaled back amount together with a cheque for the balance of funds we received from you.

## Part **C** Questions and Answers (continued)

### **14. WHAT IF I DO NOT LIVE IN THE UK?**

Shareholders in the UK, the Netherlands, France, Germany, Ireland, Spain and Canada are generally eligible to participate in the Open Offer. Shareholders outside these jurisdictions may be prevented from participating by laws and regulations in their jurisdiction and should contact a professional adviser to determine if they are eligible. Additional information on this can be found in paragraph 6 of Part III of the Prospectus, which is available at [www.rbs.com](http://www.rbs.com).

### **15. IF I APPLY FOR NEW RBS SHARES WHEN WILL MY SHARE CERTIFICATE BE SENT OUT?**

Computershare Investor Services PLC will send, by first class post, all new share certificates on or around Friday 5 December 2008.

## GENERAL MEETING

### 16. WHY IS A GENERAL MEETING BEING HELD?

The General Meeting is necessary in order to obtain shareholder approval of the following resolutions:

1. To increase the authorised share capital of RBS and obtain authority for the Directors to allot ordinary shares; and
2. To approve the disapplication by The Panel on Takeovers and Mergers of the requirements of Rule 9 of the Takeover Code (which would require HM Treasury to make a mandatory bid for the entire share capital of RBS if, as a result of the Placing and Open Offer, HM Treasury acquired an interest in the shares of RBS which carried 30% or more of the voting rights of RBS).

### 17. HOW DO I VOTE AT THE GENERAL MEETING?

You can either vote in person by attending the General Meeting which will be held at The Assembly Hall, Mound Place, Edinburgh, EH1 2LU on Thursday 20 November 2008 at 3:00 pm, or you can complete and return the enclosed Proxy Form.

### 18. WHERE DO I SEND MY PROXY FORM?

You should send your completed Proxy Form to arrive no later than 3:00 pm on Tuesday 18 November 2008 in the enclosed reply-paid envelope to:

Computershare Investor Services PLC, Corporate Actions 1,  
The Pavilions, Bridgwater Road, Bristol BS99 6AF .

### 19. IF I VOTE IN FAVOUR OF THE RELEVANT RESOLUTIONS AT THE GENERAL MEETING, DO I HAVE TO BUY NEW RBS SHARES?

No, these decisions are separate. The relevant resolutions must first be approved at the General Meeting for the Placing and Open Offer to proceed. Separately, shareholders can, but are not obliged to, apply for new RBS shares under the Placing and Open Offer.

## FURTHER INFORMATION

### 20. WHERE CAN I SEE A COPY OF THE PROSPECTUS?

The Prospectus is available on the RBS website, [www.rbs.com](http://www.rbs.com), and may also be inspected at the registered office of RBS, 36 St Andrew Square, Edinburgh, EH2 2YB, and at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, during usual business hours on any weekday up to and including Monday 1 December 2008. It will also be available for inspection at the General Meeting for at least 15 minutes prior to and during the General Meeting. Copies can also be obtained, free of charge, from the Registrar (see below).

### 21. WHERE CAN I GET FURTHER INFORMATION?

Further details on the actions to be taken in respect of the General Meeting and Placing and Open Offer are set out in the enclosed Circular and in the Prospectus. You should take no action in relation to the Placing and Open Offer except on the basis of the information, and the terms and conditions of the Placing and Open Offer, contained in the Prospectus, the Circular and on the Application Forms, if applicable.

You can also contact the Registrar to RBS, Computershare Investor Services PLC, on **0870 702 0135** or, if calling from overseas, **+44 870 702 0135**. Computershare will only be able to answer any questions about your Application Form and the process for applying for new RBS shares. They will not be able to give you financial, tax or investment advice or provide comments on the merits of the Placing and Open Offer.

#### **Registrar's postal contact details:**

Computershare Investor Services PLC  
Corporate Actions 1  
The Pavilions  
Bridgwater Road  
Bristol BS99 6AF

**Telephone:** 0870 702 0135

## QUICK PAYMENT GUIDE

Some shareholders may have in mind a fixed amount of money that they wish to spend in applying for new RBS shares under the Open Offer. The following table is designed to assist shareholders by showing worked examples of the calculations at different levels of money to be invested. Shareholders wishing to invest an amount not covered in the table below, should refer to the instructions in Part D on page 16 and 17 of this Guide.

Original Value	Exact Shares	Shares to apply for <sup>1</sup>	Exact Money	Money to Pay <sup>2</sup>
£ 1.00	1.52671	1	£ 0.6550	£ 0.65
£ 5.00	7.63358	7	£ 4.5850	£ 4.58
£ 10.00	15.26717	15	£ 9.8250	£ 9.82
£ 100.00	152.67175	152	£ 99.5600	£ 99.56
£ 500.00	763.35877	763	£ 499.7650	£ 499.76
£ 1,000.00	1526.71755	1526	£ 999.5300	£ 999.53
£ 5,000.00	7633.58778	7633	£ 4,999.6150	£ 4,999.61
£ 10,000.00	15267.17557	15267	£ 9,999.8850	£ 9,999.88

<sup>1</sup> The number of shares should be rounded down to the nearest whole number.

<sup>2</sup> Fractions of a penny should be rounded down to the nearest whole penny.

## Part **D** How to complete the Application Form

### OPTION A: Take up all of your basic entitlement

1. Make out a cheque, in pounds sterling, payable to 'Computershare re RBS Group plc Open Offer', for the full amount indicated in Box 3 on the enclosed Application Form. Write your SRN on the reverse of the cheque (as detailed on the top of your Application Form) and, if using a Building Society cheque or banker's draft, make sure your name is on the reverse.
2. Sign and date the Application Form.
3. Attach the cheque to the Application Form.
4. Put the Application Form in the reply-paid envelope provided.
5. Post this to reach Computershare in good time before the deadline of 11:00 am on Tuesday 25 November 2008. Allow at least four working days for delivery.

**Deadline**  
11:00 am  
25 Nov  
2008

### OPTION B: Take up all of your basic entitlement and apply for additional shares

1. Indicate how many additional shares you would like to apply for by writing your basic entitlement in Box 4 and the number of additional new RBS shares in Box 5 on the enclosed Application Form.
2. Add the two numbers together and write the total number of shares in Box 6.
3. Calculate the total amount payable: Amount in Box 6 x £0.655 (where this value results in a fraction of a penny, please round down to the nearest whole penny). Please refer to the Quick Payment Guide on page 15 for help with this calculation. Write this amount in Box 7.
4. Make out a cheque, in pounds sterling, payable to 'Computershare re RBS Group plc Open Offer', for the full amount which you have written in Box 7. Write your SRN on the reverse of the cheque (as detailed on the top of your Application Form) and, if using a Building Society cheque or banker's draft, make sure your name is on the reverse.
5. Sign and date the Application Form.
6. Attach the cheque to the Application Form.
7. Put the Application Form in the reply-paid envelope provided.
8. Post this to reach Computershare in good time before the deadline of 11:00 am on Tuesday 25 November 2008. Allow at least four working days for delivery.

**Deadline**  
11:00 am  
25 Nov  
2008



### OPTION C: Take up part of your basic entitlement

1. Indicate how many shares you would like to take up by writing the amount in Box 4.
2. Calculate the total amount payable: Amount in Box 4 x £0.655 and write this amount in Box 7 (where this value results in a fraction of a penny, please round down to the nearest whole penny). Please refer to the Quick Payment Guide on page 15 for help with this calculation.
3. Make out a cheque, in pounds sterling, payable to 'Computershare re RBS Group plc Open Offer', for the full amount which you have written in Box 7. Write your SRN on the reverse of the cheque (as detailed on the top of your Application Form) and, if using a Building Society cheque or banker's draft, make sure your name is on the reverse.
4. Sign and date the Application Form.
5. Attach the cheque to the Application Form.
6. Put the Application Form in the reply-paid envelope provided.
7. Post this to reach Computershare in good time before the deadline of 11:00 am on Tuesday 25 November 2008. Allow at least four working days for delivery.

**Deadline**  
**11:00 am**  
**25 Nov**  
**2008**

### OPTION D: Do nothing

If you do not wish to apply for any new RBS shares, you do not need to take any action and should not complete or return your Application Form. You should note that if you take no action, you will receive no money from any subsequent sale of the new RBS shares for which you could have applied.

## Part E Your Checklist

- Cheques should be drawn on your own account; payment must be in pounds sterling. Third party cheques may be returned, and your application may not be processed. If you use a Building Society cheque or banker's draft ensure that your name is on the reverse to enable us to link your payment to your application. Cheques over £12,000 may be subject to anti-money laundering verification.
- Make sure any cheque is made payable to 'Computershare re RBS Group plc Open Offer' and crossed 'Account Payee Only'. Write your SRN (Shareholder Reference Number) on the reverse of the cheque (as detailed on the top of your Application Form).
- Payments in respect of applications for an odd number of shares should be rounded down to the nearest whole penny.
- Please do not post-date your cheque.
- Make sure your form is filled in properly, as indicated in the instructions on pages 16 and 17 of this Guide. Incorrect or incomplete forms may not be accepted.
- ENSURE YOU SIGN BOTH THE APPLICATION FORM AND CHEQUE.
- If you wish to apply for new RBS shares through the Open Offer, you must return your cheque or banker's draft and the completed Application Form in good time before the required deadline.
- All joint holders must sign the Application Form.

Please note, completed Application Forms can be delivered by hand (between the hours of 8:00 am and 6:00 pm on weekdays and also between 9:00 am and 1:00 pm on Saturday 22 November and Sunday 23 November only) to any of the following addresses.

Forms delivered by hand cannot be checked upon delivery and no receipts can be provided.

#### **BRISTOL**

Computershare Investor  
Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE  
United Kingdom

#### **EDINBURGH**

Computershare Investor  
Services PLC  
7 Lochside Avenue  
Edinburgh Park  
Edinburgh  
EH12 9DJ  
United Kingdom

#### **DUBLIN**

Computershare Investor  
Services (Ireland) Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland

#### **LONDON**

Computershare Investor  
Services PLC  
2nd Floor  
Vintners' Place  
68 Upper Thames Street  
London  
EC4V 3BJ  
United Kingdom



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