

Part 6 The Bank of Scotland Scheme

215813

SCHEME OF ARRANGEMENT

under section 425 of the Companies Act 1985

between

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

and

THE HOLDERS OF SCHEME STOCK UNITS

(as hereinafter defined)

PRELIMINARY

(a) In this Scheme the following expressions bear the following respective meanings:

the "Act" means the Companies Act 1985 (as amended);

"Bank of Scotland", "Bank" or "Company" means the Governor and Company of the Bank of Scotland, constituted by Act of the Parliament of Scotland in 1695;

"Bank of Scotland Ordinary Stock Unit" means 25 pence nominal of Ordinary Stock in the capital of Bank of Scotland;

"Bank of Scotland 9% per cent. Preference Stock Unit" means £1 nominal of 9% per cent. Non-Cumulative Irredeemable Preference Stock in the capital of Bank of Scotland;

"Bank of Scotland 9% per cent. Preference Stock Unit" means £1 nominal of 9% per cent. Non-Cumulative Irredeemable Preference Stock in the capital of Bank of Scotland;

"Bank of Scotland Preference Stock Units" means Bank of Scotland 9% per cent. Preference Stock Units and Bank of Scotland 9% per cent. Preference Stock Units;

"Bank of Scotland Stock Units" means Bank of Scotland Ordinary Stock Units and Bank of Scotland Preference Stock Units;

"business day" means a day on which London Stock Exchange plc is open for the transaction of business;

"certificated" or "in certificated form" means, in relation to a share, stock unit or other security, that the share, stock unit or other security is not in uncertificated form (that is, is not in CREST);

"Court" means the Court of Session in Scotland;

"Court Meetings" means the Ordinary Stock Court Meeting, the First Preference Stock Court Meeting and the Second Preference Stock Court Meeting;

"CREST" means the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Regulations;

“CRESTCo” means CRESTCo Limited;

“CREST Manual” means the CREST manual referred to in agreements entered into by CRESTCo;

“Effective Date” means the date on which this Scheme becomes effective in accordance with clause 6 of this Scheme;

“Excluded Ordinary Stock Units” means Bank of Scotland Ordinary Stock Units of which Halifax or any subsidiary or subsidiary undertaking of Halifax is the beneficial owner;

“Excluded 9¼ per cent. Preference Stock Units” means Bank of Scotland 9¼ per cent. Preference Stock Units of which Halifax or any subsidiary or subsidiary undertaking of Halifax is the beneficial owner;

“Excluded 9¼ per cent. Preference Stock Units” means Bank of Scotland 9¼ per cent. Preference Stock Units of which Halifax or any subsidiary or subsidiary undertaking of Halifax is the beneficial owner;

“Excluded Stock Units” means Excluded Ordinary Stock Units, Excluded 9¼ per cent. Preference Stock Units and Excluded 9¼ per cent. Preference Stock Units;

“Extraordinary General Meeting” means the general meeting of holders of Bank of Scotland Stock Units convened for Tuesday, 24 July 2001 to consider and, if thought fit, to approve certain matters required for the purpose of implementing this Scheme, including any adjournment thereof;

“First Preference Stock Court Meeting” means the separate meeting of the holders of Bank of Scotland 9¼ per cent. Preference Stock Units (other than Excluded 9¼ per cent. Preference Stock Units) convened for Tuesday, 24 July 2001 at the direction of the Court pursuant to section 425 of the Act to consider and, if thought fit, to approve this Scheme, including any adjournment thereof;

“First Preference Stock Voting Record Time” means 6.00 p.m. on the day which is two days before the First Preference Stock Court Meeting or, if the First Preference Stock Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the time fixed for the adjourned meeting;

“Halifax” means Halifax Group plc;

“Halifax Group Scheme” means the scheme of arrangement between Halifax Group plc and the holders of ordinary shares of 20 pence each in Halifax Group plc to be made under section 425 of the Act;

“HBOS plc” means HBOS plc, incorporated in Scotland under the Act with registered number SC218813;

“holder” means, in respect of any Bank of Scotland Stock Unit, a registered holder thereof together with any person(s) entitled to deal therewith, including any executor, personal representative, trustee in sequestration, trustee in bankruptcy, guardian of a registered holder under the age of legal capacity, or judicial factor;

“New HBOS plc Shares” means New Ordinary Shares and New Preference Shares;

“New Ordinary Shares” or “HBOS plc Ordinary Shares” means ordinary shares of 25 pence each in the capital of HBOS plc;

“New 9¼ per cent. Preference Shares” means 9¼ per cent. non-cumulative irredeemable preference shares of £1 each in the capital of HBOS plc;

“New 9¼ per cent. Preference Shares” means 9¼ per cent. non-cumulative irredeemable preference shares of £1 each in the capital of HBOS plc;

“New Preference Shares” or “HBOS plc Preference Shares” means New 9¼ per cent. Preference Shares and New 9¼ per cent. Preference Shares;

“Order” means the interlocutor pronounced by the Court sanctioning this Scheme;

“Order Date” means the date on which the Order is pronounced;

“Ordinary Stock Court Meeting” means the separate meeting of the holders of Bank of Scotland Ordinary Stock Units (other than Excluded Ordinary Stock Units) convened for Tuesday, 24 July 2001 at the direction of the Court pursuant to section 425 of the Act to consider and, if thought fit, to approve this Scheme, including any adjournment thereof;

“Ordinary Stock Voting Record Time” means 6.00 p.m. on the day which is two days before the Ordinary Stock Court Meeting or, if the Ordinary Stock Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the time fixed for the adjourned meeting;

“Regulations” means the Uncertificated Securities Regulations 1995 (SI 1995 No. 3272);

“Relevant Holder” means a holder of one or more Scheme Stock Units whose name appears in the stock ledger of Bank of Scotland as the registered holder of such Scheme Stock Unit(s) at the Scheme Record Time;

“Scheme” means this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;

“Scheme Ordinary Stock Units” means any Bank of Scotland Ordinary Stock Units which are Scheme Stock Units;

“Scheme 9¼ per cent. Preference Stock Units” means any Bank of Scotland 9¼ per cent. Preference Stock Units which are Scheme Stock Units;

“Scheme 9½ per cent. Preference Stock Units” means any Bank of Scotland 9½ per cent. Preference Stock Units which are Scheme Stock Units;

“Scheme Record Time” means 6.00 p.m. on the Effective Date (in the event that the Effective Date is a business day and this Scheme becomes effective in accordance with its terms after 6.00 p.m. on the Effective Date) or 6.00 p.m. on the business day before the Effective Date (in any other event);

“Scheme Stock Units” means:

- (i) if at the Ordinary Stock Court Meeting the resolution to be proposed thereat is passed with the requisite majority and at the Extraordinary General Meeting resolution 1 to be proposed thereat is passed with the requisite majority, then, regardless of the outcome of the First Preference Stock Court Meeting and regardless of the outcome of the Second Preference Stock Court Meeting:
 - (A) the Bank of Scotland Ordinary Stock Units in issue at the date of this Scheme; and
 - (B) any Bank of Scotland Ordinary Stock Units issued after the date of this Scheme and prior to the Ordinary Stock Voting Record Time; and
 - (C) any Bank of Scotland Ordinary Stock Units issued at or after the Ordinary Stock Voting Record Time and prior to 6.00 p.m. on the day before the Order Date; and
- (ii) if at the Ordinary Stock Court Meeting and the First Preference Stock Court Meeting the resolutions to be proposed thereat are passed with the requisite majorities and at the Extraordinary General Meeting resolution 1 to be proposed thereat is passed with the requisite majority, then, regardless of the outcome of the Second Preference Stock Court Meeting, in addition to the Bank of Scotland Ordinary Stock Units referred to in (i) above:
 - (A) the Bank of Scotland 9¼ per cent. Preference Stock Units in issue at the date of this Scheme; and

- (B) any Bank of Scotland 9¼ per cent. Preference Stock Units issued after the date of this Scheme and prior to the First Preference Stock Voting Record Time; and
 - (C) any Bank of Scotland 9¼ per cent. Preference Stock Units issued at or after the First Preference Stock Voting Record Time and prior to 6.00 p.m. on the day before the Order Date; and
- (iii) if at the Ordinary Stock Court Meeting and the Second Preference Stock Court Meeting the resolutions to be proposed thereat are passed with the requisite majorities, and at the Extraordinary General Meeting resolution 1 to be proposed thereat is passed with the requisite majority then, regardless of the outcome of the First Preference Stock Court Meeting, in addition to the Bank of Scotland Ordinary Stock Units referred to in (i) above:
- (A) the Bank of Scotland 9¼ per cent. Preference Stock Units in issue at the date of this Scheme; and
 - (B) any Bank of Scotland 9¼ per cent. Preference Stock Units issued after the date of this Scheme and prior to the Second Preference Stock Voting Record Time; and
 - (C) any Bank of Scotland 9¼ per cent. Preference Stock Units issued at or after the Second Preference Stock Voting Record Time and prior to 6.00 p.m. on the day before the Order Date;

“Second Preference Stock Court Meeting” means the separate meeting of the holders of Bank of Scotland 9¼ per cent. Preference Stock Units (other than Excluded 9¼ per cent. Preference Stock Units) convened for Tuesday, 24 July 2001 at the direction of the Court pursuant to section 425 of the Act to consider and, if thought fit, to approve this Scheme, including any adjournment thereof;

“Second Preference Stock Voting Record Time” means 6.00 p.m. on the day which is two days before the Second Preference Stock Court Meeting or, if the Second Preference Stock Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the time fixed for the adjourned meeting; and

“subsidiary” and “subsidiary undertaking” have the respective meanings given by the Act;

“uncertificated” or “in uncertificated form” means, in relation to a share, stock unit or other security, that the share, stock unit or other security is recorded on the relevant register as being held in uncertificated form in CREST, and that title to such share, stock unit or other security may, by virtue of the Regulations, be transferred by means of CREST.

- (b) The authorised and issued capital of Bank of Scotland at the date of this Scheme is as follows:

	Number of Units	Nominal Value (£)
Authorised Bank of Scotland Ordinary Stock Units	1,524,593,137	381,148,284.25
Issued Bank of Scotland Ordinary Stock Units	1,307,891,079	326,972,769.75
Authorised Bank of Scotland 9¼ per cent. Preference Stock Units	375,000,000	375,000,000.00
Issued Bank of Scotland 9¼ per cent. Preference Stock Units	300,000,000	300,000,000.00
Authorised Bank of Scotland 9% per cent. Preference Stock Units	125,000,000	125,000,000.00
Issued Bank of Scotland 9% per cent. Preference Stock Units	100,000,000	100,000,000.00
Authorised Bank of Scotland 8.117 per cent. Non-Cumulative Perpetual Preference Stock, Class A, in units of £10 nominal amount each (none of which is in issue)	250,000	2,500,000
Authorised Bank of Scotland 7.754 per cent. Non-Cumulative Perpetual Preference Stock, Class B, in units of £10 nominal amount each (none of which is in issue)	150,000	1,500,000

- (c) HBOS plc was incorporated on 3 May 2001 under the Act as a public company limited by shares.
- (d) The authorised share capital of HBOS plc at the date of this Scheme is £50,000 divided into 200,000 ordinary shares of 25 pence each, all of which are in issue and fully paid. At an extraordinary general meeting of HBOS held on 12 June 2001, special resolutions were passed increasing the authorised share capital of HBOS and authorising the directors to allot shares sufficient for the issues of New HBOS plc Shares that will be required on (i) this Scheme taking effect, conditional on this Scheme taking effect, and (ii) the Halifax Group Scheme taking effect, conditional on the Halifax Group Scheme taking effect.
- (e) HBOS plc and the holders of the Excluded Stock Units will approve this Scheme in writing and will undertake in writing to each other and to the Court: (i) to be bound thereby; (ii) to execute, deliver and do or procure to be executed, delivered and done all such documents, deeds, acts and things as may be necessary or desirable to be executed or delivered or done by them or on their behalf for the purpose of giving effect to this Scheme; and (iii) to refrain from taking any action that would cause any one or more Excluded Stock Units to cease to be Excluded Stock Units, including without limitation by selling or transferring the same or any beneficial interest therein to a purchaser or transferee that is not Halifax or a subsidiary or subsidiary undertaking of Halifax, at any time from and including 6.00 p.m. on the day which is five business days before the Ordinary Stock Voting Record Time (or, as the case may be, the First Preference Stock Voting Record Time or the Second Preference Stock Voting Record Time) up to and including the Scheme Record Time, other than on terms that any such purchaser or transferee (as the case may be) confirms to HBOS and to the Court that it or he will comply with and perform this undertaking *mutatis mutandis* as if the original giver thereof.

THE SCHEME

1 Transfer of Scheme Stock Units

- (a) The Scheme Stock Units shall be transferred to HBOS plc (or to a person or persons nominated by it) and any person may be nominated by HBOS plc to execute as transferor an instrument of transfer of any of the Scheme Stock Units and every instrument of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Stock Units thereby transferred.
- (b) With effect from the Effective Date, all holders of Scheme Stock Units shall hold all such Scheme Stock Units on trust for HBOS plc and the provisions of clause 5 shall have effect. The holders of Scheme Stock Units authorise Bank of Scotland to intimate the creation of such trusts to HBOS plc.

2 Allotment and issue of New HBOS plc Shares

- (a) In sole consideration for the transfer of the Scheme Stock Units to HBOS plc (or to a person or persons nominated by HBOS plc), HBOS plc shall, subject to sub-clause (e) of this clause 2, allot and issue New HBOS plc Shares credited as fully paid to and amongst the Relevant Holders on the following basis:

for each Scheme Ordinary Stock Unit	one New Ordinary Share
for each Scheme 9¼ per cent. Preference Stock Unit	one New 9¼ per cent. Preference Share
for each Scheme 9¼ per cent. Preference Stock Unit	one New 9¼ per cent. Preference Share

PROVIDED THAT, in respect of any Relevant Holder who on the date of such allotment and issue is already the registered holder of any ordinary shares of 25 pence each in the capital of HBOS plc, the number of New Ordinary Shares to be allotted and issued to him as aforesaid shall be reduced by the number of such ordinary shares of 25 pence each then registered in his name.

- (b) The New HBOS plc Shares to be issued pursuant to this clause 2 shall rank *pari passu* with all other HBOS plc shares of the same class in issue on the Effective Date, the New Ordinary Shares shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the ordinary share capital of HBOS plc and the New Preference Shares shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the relevant preference share capital of HBOS plc.
- (c) Immediately after the Scheme becomes effective, HBOS plc shall make all such allotments of and shall issue all such New HBOS plc Shares as are required to be allotted and issued to give effect to this Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in sub-clause (d), but subject to sub-clause (e), of this clause 2.
- (d) Settlement of the consideration shall be effected as follows:
 - (i) In respect of a holding of Scheme Stock Units in uncertificated form immediately prior to the Scheme Record Time, HBOS plc shall procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the Relevant Holder with such Relevant Holder's entitlement to New HBOS plc Shares immediately following their issue. HBOS plc shall have the right to treat all or any part of the consideration referred to in this sub-clause (d)(i) for all or any Relevant Holders in the manner referred to in sub-clause (d)(ii) of this clause 2 (as if it were in respect of a holding of Scheme Stock Units in certificated form) if, for any reason, it wishes to do so.
 - (ii) In respect of a holding of Scheme Stock Units in certificated form immediately prior to the Scheme Record Time, the New HBOS plc Shares to which the Relevant Holder is entitled shall be issued in certificated form and a share certificate for those New HBOS plc Shares shall be issued by the fourteenth day following the Effective Date.
- (e) (i) The provisions of this clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme

Stock Units with a registered address in a jurisdiction outside the United Kingdom, HBOS plc is advised that the allotment and/or issue of New HBOS plc Shares pursuant to this clause 2 would or may infringe the laws of such jurisdiction or would or may require HBOS plc to obtain or observe any governmental or other consent or any registration, filing or other formality with which HBOS plc is unable to comply or which HBOS plc regards as unduly onerous to comply with, HBOS plc may, in its sole discretion, either:

- (A) determine that New HBOS plc Shares shall not be allotted and issued to such holder under this clause 2 but shall instead be allotted and issued to a nominee appointed by HBOS plc as trustee for such holder on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New HBOS plc Shares so allotted and issued at the best price which can reasonably be obtained at the time of sale and account for the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) by sending a cheque or creating an assured payment obligation in accordance with the provisions of sub-clause (e)(ii) of this clause 2. In the absence of bad faith or wilful default, none of Bank of Scotland, HBOS plc or the nominee shall have any liability for any loss or damage arising as a result of the timing or terms of such sale; or
 - (B) determine that such New HBOS plc Shares shall be sold for the account of such holder, in which event the New HBOS plc Shares shall be allotted and issued to such holder and HBOS plc shall appoint a person to act pursuant to this sub-clause (e)(i)(B) and such person shall be authorised on behalf of such holder to procure that any New HBOS plc Shares in respect of which HBOS plc has made such determination shall as soon as practicable following the Effective Date be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) shall be paid to such holder by sending a cheque or creating an assured payment obligation in accordance with the provisions of sub-clause (e)(ii) of this clause 2. To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give such instructions and to do all such other acts and things as he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Bank of Scotland, HBOS plc or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.
- (ii) (A) In the case of Scheme Stock Units in uncertificated form immediately prior to the Scheme Record Time, HBOS plc shall on behalf of any nominee or person appointed pursuant to sub-clause (e)(i) of this clause 2 make any payment pursuant to sub-clause (e)(i) of this clause 2 by arranging for the creation of an assured payment obligation in favour of the payment bank of the Relevant Holder(s) of such Scheme Stock Units in accordance with the CREST assured payment arrangements (as set out in the CREST Manual) provided that HBOS plc may (if, for any reason, it wishes to do so) determine that all or part of such consideration shall be paid by cheque in sterling drawn on a UK clearing bank delivered by post and in such case sub-clause (e)(ii)(B) of this clause 2 shall apply, to the extent it is appropriate; or
- (B) In the case of Scheme Stock Units in certificated form immediately prior to the Scheme Record Time, HBOS plc shall on behalf of any nominee or person appointed pursuant to sub-clause (e)(i) of this clause 2 make any payment pursuant to sub-clause (e)(i) of this clause 2 by delivering to the persons respectively entitled thereto, or as they may direct, cheques in sterling drawn on a UK clearing bank by post by the fourteenth day following the Effective Date.
- (f) All deliveries of notices, documents of title and cheques required to be made by this clause 2 shall be effected by posting the same by first-class post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the stock ledger of Bank of

Scotland (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the stock ledger in respect of the joint holding) at the Scheme Record Time.

- (g) Neither Bank of Scotland nor HBOS plc shall be responsible for any loss or delay in the transmission of documents of title or cheques posted in accordance with sub-clauses (d), (e) and (f) respectively of this clause 2, which shall be posted at the risk of the addressee.
- (h) All cheques and warrants shall be made payable to the holder or, in the case of joint holders, to the person to whom in accordance with the foregoing provisions of this clause 2 the envelope containing the same is addressed and the encashment of any such cheque or warrant or the creation of any such assured payment obligation as is referred to in sub-clause (e) of this clause 2 shall be a complete discharge to HBOS plc for the monies represented thereby.
- (i) Prior to the issue of certificates in respect of New HBOS plc Shares to Relevant Holders pursuant to sub-clause (d)(ii) of this clause 2, transfers of the New HBOS plc Shares issued to them pursuant to this Scheme shall be certified against the register of members of HBOS plc. Existing certificate(s) for Scheme Stock Units shall, on and from the Effective Date, cease to have effect as documents of title to the Scheme Stock Units comprised therein. In respect of those Relevant Holders who hold their Scheme Stock Units in uncertificated form immediately prior to the Scheme Record Time, such Scheme Stock Units will be disabled for settlement in CREST with effect from the Scheme Record Time and will then be withdrawn from CREST, such that all of the Scheme Stock Units will become certificated prior to the Scheme becoming effective.

3 Mandated payments

Each mandate relating to the payment of dividends on any Scheme Stock Units and other instructions given to Bank of Scotland by holders of Scheme Stock Units in force at the Scheme Record Time shall, unless and until amended or revoked, be deemed as from the Effective Date to be an effective mandate or instruction to HBOS plc in respect of the corresponding New HBOS plc Shares to be allotted and issued pursuant to this Scheme, provided however that mandates in respect of the Bank of Scotland ordinary dividend stock alternative scheme contemplated by Regulation 109 of the Regulations for the Management and Administration of Bank of Scotland will cease to be valid as from the Effective Date.

4 Certificates representing Scheme Stock Units

On and from the Effective Date every holder of Scheme Stock Units shall be bound on the request of HBOS plc to deliver up to HBOS plc the certificate(s) for his holding thereof.

5 Authorities

As from the time when this Scheme has become effective in accordance with clause 6 and pending the registration of HBOS plc or a person or persons nominated by it as the holder or holders of the Scheme Stock Units, then (without prejudice to the trusts created by clause 1(b)):

- (i) HBOS plc shall be entitled to attend all general meetings of the holders of any or all of such Scheme Stock Units, or any class of them, in lieu of such holders and, at its absolute discretion, to cast all votes on any resolution on which the rights attached to such Scheme Stock Units entitle their holders to vote;
- (ii) HBOS plc shall be entitled to receive notice of all such meetings in lieu of such holders and to receive all other notices, warrants or other communications which may be required to be sent to them as proprietors of Bank of Scotland;
- (iii) HBOS plc shall be empowered, at its discretion, to execute any consent to short notice of any such meeting and/or to execute a form of proxy in respect of any such Scheme Stock Units for the purposes of any such meeting;
- (iv) HBOS plc shall be empowered to appoint a person nominated by the directors of HBOS plc to act as attorney on behalf of each and all of the holders of such Scheme Stock Units in

accordance with such directions as HBOS plc may give in relation to any dealings with or disposals of any such Scheme Stock Units (or any interest therein), or any of them, exercising any rights attaching thereto or receiving any distribution or other benefits accruing, payable or receivable in respect thereof; and

- (v) holders of such Scheme Stock Units shall exercise all such rights attaching to such Scheme Stock Units in accordance with the directions of HBOS plc but not otherwise.

6 Operation of this Scheme

- (a) Subject to the Court's pronouncing an interlocutor sanctioning this Scheme under section 425 of the Act, this Scheme shall become effective as soon as a certified copy of the Order has been duly delivered to the Registrar of Companies in Scotland for registration.
- (b) Unless this Scheme becomes effective on or before 31 December 2001 or such later date, if any, as Bank of Scotland may agree and the Court may allow, it shall lapse.
- (c) Bank of Scotland and HBOS plc may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

Dated 13 June 2001.



Paul Needham
Technical Adviser
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Tel: 0117 925 7183
Fax: 0117 925 3599

Messrs Herbert Smith
Exchange House
Primrose Street
LONDON EC2A

Your ref: 2086/2870/30817541
21 September 2001.

Dear Sirs,

Re: HBOS plc – Section 77 FA 1986.

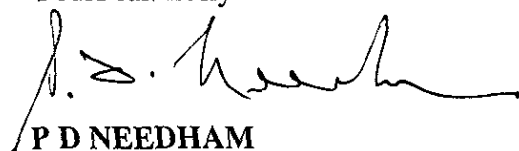
Thank you for your letter of 13 September.

I return herewith the stock transfer forms sent with your letter of application, which have been adjudicated as being not chargeable with any duty.

Form 88(2) is not a stampable document. For the purposes of registering the allotment of the HBOS plc shares at Companies House it is our practice to issue confirmation by letter that can be produced to Companies House that Stamp Duty on the transaction has been accounted for.

You may therefore produce this letter to Companies House that having adjudicated that the associated share transfers qualify for relief under Section 77 Finance Act 1986, I am able to confirm that the Court Order sanctioning the Scheme of Arrangement under Section 425 Companies Act 1985, does not give rise to any liability to Stamp Duty or Stamp Duty Reserve Tax.

Yours faithfully



P D NEEDHAM