

## SUPPLEMENT TO PROGRAMME MEMORANDUM

DATED: 29 August 2007

### **LUNAR FUNDING I LIMITED LUNAR FUNDING III LIMITED LUNAR FUNDING IV LIMITED**

*(incorporated with limited liability in the Cayman Islands)*

### **LUNAR FUNDING V PLC**

*(incorporated as a public company with limited liability in Ireland)*

**US\$5,000,000,000**

## **Secured Asset-Backed Medium Term Note Programme**

### General

We refer to the U.S.\$5,000,000,000 Secured Asset Backed Medium Term Note Programme (the "**Programme**") under which Lunar Funding I Limited, Lunar Funding III Limited and Lunar Funding IV Limited (each an "**Initial Issuer**" and together, the "**Initial Issuers**"), Lunar Funding V PLC (the "**New Issuer**") and, together with the Initial Issuers and each in relation to the Notes issued by it, an "**Issuer**", may issue from time to time notes on the terms set out in the programme memorandum dated 23 October 2006 relating to the Programme (the "**Programme Memorandum**") as supplemented. This memorandum ("**Supplemental Memorandum**") is supplemental to, and should be read in conjunction with, the Programme Memorandum. Except where otherwise defined, terms defined in the Programme Memorandum have the same meaning in this Supplemental Memorandum. This Supplemental Memorandum constitutes a base prospectus supplement for the purposes of the Prospectus Directive.

The Issuers accept responsibility for the information contained in this Supplemental Memorandum. To the best of the knowledge and belief of the Issuers (which have taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority in Ireland (the "**Competent Authority**") for the purposes of the Prospectus Directive, for this Supplemental Memorandum to be approved.

### Increase of Programme Size

Pursuant to subsection 11.1 (*Increase*) of the Dealer Agreement dated 23 October 2006 between the Issuers, The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc., the Issuers, The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc have agreed to increase the aggregate principal amount of the Programme from U.S.\$5,000,000,000 to U.S.\$10,000,000,000 with effect as of 28 August 2007. Accordingly, all references in the Programme Memorandum being in the aggregate principal amount of U.S.\$5,000,000,000 shall be deemed to be references to the Programme being in the aggregate principal amount of U.S.\$10,000,000,000.

### Additional Disclosure

The following section shall be added after the section entitled *DESCRIPTION OF LUNAR FUNDING V PLC* on pages 97 to 99 of the Programme Memorandum:

## DESCRIPTION OF THE ROYAL BANK OF SCOTLAND PLC

### The Group

The Royal Bank of Scotland Group plc (“**RBSG**”) is a public limited company incorporated in Scotland with registration number 45551. RBSG was incorporated under Scots law on 25 March 1968 under the name “National and Commercial Banking Group Limited” and its name was changed to “The Royal Bank of Scotland Group Limited” by Special Resolution passed on 4 July 1979. By Resolution of the Directors passed on 28 January 1982, pursuant to section 8 of the Companies Act, 1980, the name of RBSG was changed to “The Royal Bank of Scotland Group public limited company”. RBSG (together with its subsidiaries, the “**Group**”) is the holding company of one of the world’s largest banking and financial services groups, based on a market capitalisation of £59.9 billion as at 30 June 2007. The Group’s operations are conducted principally through The Royal Bank of Scotland plc (“**RBS**”) and its subsidiaries including National Westminster Bank Plc (“**NatWest**”), other than the general insurance business (primarily Direct Line Group and Churchill Insurance). RBS is a public limited company incorporated in Scotland with registration number 90312, having been incorporated under Scots law on 31 October 1984. Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. 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.

The Group had total assets of £1,011.3 billion and shareholders’ equity of £41.5 billion at 30 June 2007. RBS had total assets of £848.2 billion and shareholders’ equity of £37.9 billion at 31st December 2006. The Group is strongly capitalised with a total capital ratio of 12.5 per cent and tier 1 capital ratio of 7.4 per cent as at 30 June 2007.

### Organisational structure and business overview

The Group’s activities are organised in the following business divisions: Corporate Markets (comprising Global Banking & Markets and UK Corporate Banking), Retail Markets (comprising Retail and Wealth Management), Ulster Bank, Citizens, RBS Insurance and Manufacturing. A description of each of the divisions is given below.

#### Corporate Markets

**Corporate Markets** is focused on the provision of debt and risk management services to medium and large businesses and financial institutions in the UK and around the world. Its activities are organised into two businesses, Global Banking & Markets and UK Corporate Banking, in order to enhance the Group’s focus on the distinct needs of these two customer segments.

**Global Banking & Markets** is a banking partner to major corporations and financial institutions around the world, providing an extensive range of debt financing, risk management and investment services to its customers.

**UK Corporate Banking** is a provider of banking, finance and risk management services to UK corporate customers. Through its network of relationship managers across the country it distributes the full range of Corporate Markets’ products and services to companies.

#### Retail Markets

**Retail Markets** leads the co-ordination and delivery of the Group’s multi-brand retail strategy across the Group’s product range, and comprises Retail and Wealth Management.

**Retail** comprises both The Royal Bank of Scotland and NatWest retail brands. It offers a full range of banking products and related financial services to the personal, premium and small business markets (SMEs) through a network of branches and ATMs in the UK, as well as through telephone and internet banking. Retail issues a comprehensive range of credit and charge cards and other financial products

through The Royal Bank of Scotland, NatWest and other brands, including MINT, First Active UK and Tesco Personal Finance.

**Wealth Management** provides private banking and investment services to its global clients through Coutts Group, Adam & Company, The Royal Bank of Scotland International and NatWest Offshore.

**Ulster Bank**, including First Active, provides a comprehensive range of retail and wholesale financial services in the Republic of Ireland and Northern Ireland. Retail Banking has a network of branches throughout Ireland and operates in the personal, commercial and wealth management sectors. Corporate Markets provides a wide range of services in the corporate and institutional markets.

**Citizens** is engaged in retail and corporate banking activities through its branch network in 13 states in the United States and through non-branch offices in other states. Citizens Financial Group includes the seven Citizens Banks, Charter One, RBS National Bank, the Group's US credit card business, RBS Lynk, the Group's US merchant acquiring business, and Kroger Personal Finance, the Group's credit card joint venture with a US supermarket group.

**RBS Insurance** sells and underwrites retail and SME insurance over the telephone and internet, as well as through brokers and partnerships. Direct Line, Churchill and Privilege sell general insurance products direct to the customer. Through its International Division, RBS Insurance sells general insurance, mainly motor, in Spain, Germany and Italy. The Intermediary and Broker Division sells general insurance products through 2,500 independent brokers.

**Manufacturing** supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services.

### **Principal subsidiary undertakings**

RBSG's shares are widely held and, to the best of its knowledge, RBSG is not directly or indirectly controlled by anyone.

RBS is wholly-owned by RBSG and supervised by the Financial Services Authority as a bank.

RBSG's direct principal operating subsidiaries are RBS and RBS Insurance Group Limited. The principal subsidiary undertakings of RBS are shown below. Their capital consists of ordinary and preference shares, which are unlisted with the exception of certain preference shares issued by NatWest.

All of the subsidiary undertakings are owned directly or indirectly through intermediate holding companies and are wholly-owned. All of the subsidiaries shown below are included in the consolidated financial statements of RBSG and RBS and have an accounting reference date of 31 December.

Citizens Financial Group, Inc.  
Coutts & Co  
Greenwich Capital Markets, Inc.  
National Westminster Bank Plc  
Ulster Bank Limited

### **Recent Developments**

On 20 July 2007, RBSG, Fortis N.V., Fortis SA/NV and Banco Santander Central Hispano, S.A. (collectively, the "**Banks**"), acting through RFS Holdings B.V. ("**RFS**"), offered to acquire all of the issued and outstanding ABN AMRO Holding N.V. ("**ABN AMRO**") ordinary shares, nominal value of €0.56 per share (the "**ABN AMRO Ordinary Shares**") and all of the issued and outstanding ABN AMRO American depositary shares, evidenced by American depositary receipts, (the "**ABN AMRO ADS**"), each ABN AMRO ADS representing one ABN AMRO Ordinary Share (the "**Offer**").

RFS, a company jointly owned by the Banks, offered to exchange for each ABN AMRO Ordinary Share or each ABN AMRO ADS, €38.40, comprising €35.60 in cash, plus 0.296 new ordinary shares of 25p each to be issued by RBSG (the “**New RBSG Shares**”).

RFS will be controlled by RBSG and, if the Offer is successful, will acquire ABN AMRO. In due course RFS will implement an orderly separation of the business units of ABN AMRO which have been acquired by it. In connection therewith, if the Offer is successful, RBSG will acquire the Global Wholesale Businesses (including the Netherlands but excluding Brazil) and the International Retail Businesses of ABN AMRO (collectively, the “**ABN AMRO Businesses**”).

Under the Offer, the total consideration payable by the Banks to ABN AMRO shareholders will be €71.1 billion (£48.2 billion). Approximately 93 per cent., or €66 billion, of the Offer consideration will be payable in cash, and the remaining 7 per cent., or €5 billion, comprises New RBSG Shares. Of the total consideration, RBSG will contribute 38.3 per cent. to buy the ABN AMRO Businesses, of which €22.2 billion will be payable in cash and €5 billion will comprise New RBSG Shares. Net of the proceeds of the sale of LaSalle Bank Corporation (“**LaSalle**”) to Bank of America Corporation, the effective consideration payable by RBSG will be €16 billion, including €5 billion of New RBSG shares.

The Offer is subject to certain conditions customary for transactions of this type. The Offer is not subject to pre-conditions or conditions relating directly to any proceedings, claims or actions asserted against ABN AMRO (or any member of ABN AMRO and its subsidiaries and subsidiary undertakings) by Bank of America Corporation or any of its affiliates, in each case arising out of or related to the Purchase and Sale Agreement, dated as of 22 April 2007, between Bank of America Corporation and ABN AMRO Bank N.V. in respect of ABN AMRO North America Holding Company, the holding company for LaSalle, including the subsidiaries LaSalle Bank N.A. and LaSalle Bank Midwest N.A., including any amendment thereto.

In all other respects the Programme Memorandum remains unaltered.

Save as disclosed, there has been no significant change and no significant new matter has arisen since the publication of the Base Prospectus

Registered Office of the Initial Issuers

**LUNAR FUNDING I LIMITED  
LUNAR FUNDING III LIMITED  
LUNAR FUNDING IV LIMITED**

c/o PO Box 1093GT  
Queensgate House  
South Church Street  
Grand Cayman  
Cayman Islands

Registered Office of Lunar Funding V PLC

**LUNAR FUNDING V PLC**  
5 Harbourmaster Place  
International Financial Service Centre  
Dublin 1

***TRUSTEE***

**DEUTSCHE TRUSTEE COMPANY LIMITED**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

***ACCOUNT BANK***

**THE ROYAL BANK OF SCOTLAND plc**  
135 Bishopsgate  
London EC2M 3UR

***CUSTODIAN***

**DEUTSCHE BANK AG, LONDON BRANCH**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

***ISSUING AND PAYING AGENT AND  
TRANSFER AGENT***

**DEUTSCHE BANK AG, LONDON BRANCH**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

***IRISH PAYING AGENT AND TRANSFER  
AGENT***

**DEUTSCHE INTERNATIONAL  
CORPORATE SERVICES (IRELAND)  
LIMITED**  
5 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

**REGISTRAR AND  
PAYING AGENT**

**DEUTSCHE BANK LUXEMBOURG S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg

**REGISTRAR**  
*in the case of Series of Notes including  
Restricted Notes*

**DEUTSCHE BANK TRUST COMPANY  
AMERICAS**  
Four Albany Street  
New York NY 10006

**LEGAL ADVISERS**

*to the Initial Issuers as to the laws  
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*to the Dealers and the Trustee as to English  
and United States law*

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*to Lunar Funding V PLC as to the laws of Ireland*

**A&L GOODBODY**  
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**LISTING AGENT**  
*in the case of Notes admitted to the Official List of  
the Irish Stock Exchange*

**A&L Listing Limited**  
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**AUDITORS**

*to Lunar Funding V PLC*

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