ROYAL BANK OF SCOTLAND PLC
Form 424B5
December 13, 2011

PRODUCT PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 18, 2010)

Product Prospectus Supplement No. CYN-1 to
Registration Statement Nos. 333-162219 and
333-162219-01
Dated December 13, 2011
Rule 424(b)(5)

The Royal Bank of Scotland plc
RBS NotesSM
fully and unconditionally guaranteed by
The Royal Bank of Scotland Group plc

Callable Yield Notes

- Callable Yield Notes (which we refer to, together with the related guarantees, as the "securities") are unsecured and unsubordinated obligations of The Royal Bank of Scotland plc, and are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc. The securities are not principal protected. Any payment on the securities (including any coupon payment and the payment at maturity) is subject to the ability of The Royal Bank of Scotland plc, as issuer of the securities, and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations under the securities, to pay their respective obligations as they become due. You may lose some or a significant portion of your investment in the securities.

- This product prospectus supplement (which we refer to as the "product supplement") describes the general terms of the securities and the general manner in which they may be offered and sold. For each offering of the securities, we will provide you with a term sheet or pricing supplement (which we refer to as a "pricing supplement") that will describe the specific terms of that offering. The pricing supplement will identify any additions or changes to the terms specified in this product supplement. The pricing supplement will also identify one or more underlying market measures to which the securities are linked, which we refer to each as an "Underlying Market Measure" and each of which may be equity-based or commodity-based indices, commodities, exchange-traded funds or any other statistical or numerical measure of economic or financial performance.

- During the term of the securities and if the securities have not been previously redeemed, you will be entitled to receive a periodic cash coupon per security (each, a "Coupon Payment"). The Coupon Payment will be equal to the product of the Original Offering Price, the Coupon Rate and the applicable day-count fraction for the coupon period. Generally, the Coupon Rate will be equal to a fixed percentage per annum specified in the applicable pricing supplement. However, the applicable pricing supplement may specify that the Coupon Rate will equal (a) a maximum fixed percentage per annum for so long as a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Maximum Coupon Rate") and (b) a minimum fixed percentage per annum once a Knock-Out Event has occurred (i.e., a Buffer Value is reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Minimum Coupon Rate"). Coupon Payments may be payable annually, semi-annually, quarterly, monthly, or at such other intervals as set forth in the applicable pricing supplement.

- At maturity and if the securities have not been previously redeemed, you will be entitled to receive a cash payment per security (the "Payment at Maturity") based upon the performance of the Underlying Market Measure to which your securities are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure (as defined herein). Specifically, the Payment at Maturity will depend on whether the closing value of any Underlying Market Measure has been equal to or less than its Buffer Value on any Monitoring Day(s) or during the Monitoring Period (each as defined below), as applicable (we refer to such event as a "Knock-Out Event"), during the term of your securities. Each "Buffer Value" will be a particular level of an Underlying Market Measure that is less than the Initial Value of such Underlying Market Measure; we refer to the corresponding percentage decrease from each Initial Value to its corresponding Buffer Value as the "Buffer Amount" for such Underlying Market Measure.

- If a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached), the Payment at Maturity will equal the Original Offering Price.

- If a Knock-Out Event has occurred (i.e., a Buffer Value is reached), you will be exposed to any decrease (but not any increase) on a one-for-one basis in the closing value of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be. If the closing value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, has decreased from its Initial Value to its Final Value, the Payment at Maturity will be less than the Original Offering Price per security and you could lose some or a significant portion of your investment in the securities. The Payment at Maturity will not exceed the Original Offering Price.

- The securities may be subject to an automatic early redemption or may be redeemable at our option on or prior to the maturity date, in each case in whole but not in part, on any of the Redemption Dates specified in the applicable pricing supplement, at a price equal to the Original Offering Price per security plus any accrued and unpaid Coupon Payment to but excluding such Redemption Date, unless otherwise specified in the applicable pricing supplement.

- The applicable pricing supplement will specify the Coupon Rate, Maximum Coupon Rate and Minimum Coupon Rate, if applicable, Monitoring Day(s) or Monitoring Period, Buffer Value(s) and/or Buffer Amount(s) and the terms of any automatic or optional early redemption for your securities. We may determine the actual Coupon Rate, Maximum Coupon Rate and Minimum Coupon Rate, if applicable, Monitoring Day(s) or Monitoring Period, Buffer Value(s) and/or Buffer Amount(s) and the terms of any automatic or optional early redemption on the "pricing date" of the securities, which will be the date the securities are priced for initial sale to the public.

- Each security will have an initial public offering price as set forth in the applicable pricing supplement (the "Original Offering Price"). The securities will be issued in denominations of the Original Offering Price or in integral multiples thereof. The pricing supplement may also set forth a minimum number of securities that you must purchase.

- Unless provided for in the applicable pricing supplement, the securities will not be listed on any securities exchange or quotation system.

The securities involve risks not associated with an investment in conventional debt securities. See "Risk Factors" beginning on S-16. The securities are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other government agency.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this product supplement or prospectus or any applicable pricing supplement are truthful or complete. Any representation to the contrary is a criminal offense.

RBS Securities Inc.

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PRODUCT SUPPLEMENT

PROSPECTUS

ABOUT THIS PRODUCT SUPPLEMENT

As used in this product supplement, “RBS plc,” “we,” “us,” “our” and the “Bank” refer to The Royal Bank of Scotland plc, “RBSG” refers to The Royal Bank of Scotland Group plc, “Group” means The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, “RBSSI” refers to RBS Securities Inc., and references to “dollars” and “$” are to United States dollars.

The securities are our unsecured and unsubordinated obligations issued as part of our RBS NotesSM program and guaranteed by RBSG. RBS NotesSM is a service mark of The Royal Bank of Scotland N.V., one of our affiliates.

This product supplement, together with the applicable pricing supplement, set forth certain terms of the securities and supplements the prospectus dated May 18, 2010 relating to our securities of which the securities are part. This product supplement is a "prospectus supplement" referred to in the prospectus. You may access the prospectus on the Securities and Exchange Commission (“SEC”) website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Prospectus dated May 18, 2010: http://www.sec.gov/Archives/edgar/data/729153/000095010310001492/dp17682_424b2.pdf

Our Central Index Key, or CIK, on the SEC website is 729153.

This product supplement, together with the applicable pricing supplement and the prospectus described above, contains the terms of the securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, fact sheets, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in this product supplement, as the securities involve risks not associated with conventional debt securities. You should consult your investment, legal, tax, accounting and other advisers before deciding to invest in the securities.

It is important for you to read and consider all information contained in the applicable pricing supplement, this product supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information contained in the documents identified in “Where You Can Find More Information” in the accompanying prospectus.

We have not authorized anyone to provide information other than contained in this product supplement, the applicable pricing supplement and the accompanying prospectus with respect to the securities. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This document may only be used where it is legal to sell these securities. We are offering to sell these securities and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. Neither the delivery of this product supplement or the accompanying prospectus, nor any sale made hereunder and thereunder will, under any circumstances, create any implication that there has been no change in the affairs of RBS plc or RBSG since the date of the product supplement or that the information contained or incorporated by reference in the accompanying prospectus is correct as of any time subsequent to the date of such information.

The information set forth in this product supplement is directed to prospective purchasers who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States of any matters arising under foreign law that may affect the purchase of or holding of, or receipt of payments on, the securities. These persons should consult their own legal and financial advisors concerning these matters.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

RBSG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith, RBSG files reports and other information with the SEC. You may read and copy these documents at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. The SEC also maintains an Internet website that contains reports and other information regarding RBSG that are filed through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) System. This website can be accessed at www.sec.gov. You can find information RBSG has filed with the SEC by reference to file number 1-10306.

The SEC allows us to incorporate by reference much of the information RBSG files with it, which means that we and RBSG can disclose important information to you by referring you to those publicly available documents. The information that we and RBSG incorporate by reference in this product supplement is considered to be part of this product supplement. Because we and RBSG are incorporating by reference future filings with the SEC, this product supplement is continually updated and those future filings may modify or supersede some of the information included or incorporated in this product supplement. This means that you must look at all of the SEC filings that we and RBSG incorporate by reference to determine if any of the statements in this product supplement or in any document previously incorporated by reference have been modified or superseded. This product supplement incorporates the Annual Report on Form 20-F below, all Form 6-Ks filed with the SEC subsequent to such Annual Report, as of the date hereof, that are specifically incorporated by reference into the Registration Statement of which this product supplement is a part, all subsequent Annual Reports filed on Form 20-F and any future filings we or RBSG make with the SEC (including any Form 6-Ks RBSG subsequently files with the SEC and specifically incorporates by reference into the Registration Statement of which this product supplement is a part) under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act that are identified in such filing as being specifically incorporated by reference into the Registration Statement of which this product supplement is a part until we and RBSG complete our offering of the securities to be issued under the registration statement or, if later, the date on which any of our affiliates cease offering and selling these securities:

- Annual Report on Form 20-F of RBSG for the year ended December 31, 2010, filed on March 31, 2011.

You may request, at no cost to you, a copy of these documents (other than exhibits not specifically incorporated by reference) by writing or telephoning us at:

The Royal Bank of Scotland plc
RBS Gogarburn
P.O. Box 1000
EH12 1HQ Edinburgh, Scotland
+44-131-626-0000

SUMMARY

This product supplement relates only to the securities and does not relate to any underlying asset(s) that comprise each Underlying Market Measure described in any pricing supplement. This summary includes questions and answers that highlight selected information from the prospectus and this product supplement to help you understand the securities. You should read carefully the entire prospectus and product supplement, together with the applicable pricing supplement, to understand fully the terms of your securities, as well as the tax and other considerations important to you in making a decision about whether to invest in any of the securities. In particular, you should review carefully the section in this product supplement entitled "Risk Factors," which highlights a number of risks of an investment in the securities, to determine whether an investment in the securities is appropriate for you. If information in this product supplement is inconsistent with the prospectus, this product supplement will supersede the prospectus. However, if information in any pricing supplement is inconsistent with this product supplement, that pricing supplement will supersede this product supplement.

Certain capitalized terms used and not defined in this product supplement have the meanings ascribed to them in the prospectus.

You are urged to consult with your own attorneys and business and tax advisors before making a decision to purchase any of the securities.

The information in this "Summary" section is qualified in its entirety by the more detailed explanation set forth elsewhere in this product supplement and in the prospectus, as well as the applicable pricing supplement. You should rely only on the information contained in those documents. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor any selling agent is making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this product supplement and prospectus, together with the pricing supplement, is accurate only as of the date on their respective front covers.

What are the securities?

The securities are senior unsecured obligations issued by us, The Royal Bank of Scotland plc ("RBS plc"), and are fully and unconditionally guaranteed by our parent company, The Royal Bank of Scotland Group plc ("RBSG"). The securities will rank equally with all of our other unsecured senior indebtedness from time to time outstanding, and any payments due on the securities, including any repayment of your investment, will be subject to our credit risk, as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities.

Each series of the securities will mature on the date set forth in the applicable pricing supplement. The securities are not repayable at the option of the holder prior to the maturity date. However, the securities may be subject to an automatic early redemption or may be redeemable at our option on or prior to the maturity date as further described in the applicable pricing supplement and under "Description of the Securities—Early Redemption; Defeasance" in this product supplement.

Unless the applicable pricing supplement provides otherwise, and if the securities have not been previously redeemed, you will be entitled to receive a periodic cash coupon per security at the coupon rate specified in the applicable pricing supplement. At maturity, and if the securities have not been previously redeemed, you will be entitled to receive a cash payment per security based upon the performance of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Underlying Market Measure with the lowest Reference

Return of such Underlying Market Measures (the “Least Performing Underlying Market Measure”), and based upon whether a Knock-Out Event has occurred. The "Reference Return" for each Underlying Market Measure, measures the performance of such Underlying Market Measure from its Initial Value to its Final Value, as described under "Description of the Securities—Payment at Maturity" below.

In no event will the Payment at Maturity exceed the Original Offering Price, and your return on investment on the securities will never exceed the periodic coupon payments during the term of your securities. The securities are not principal protected. You may lose some or a significant portion of your investment in the securities.

Who might consider investing in the securities?

The securities are designed for investors who are seeking exposure to one or more Underlying Market Measures, who have a view that each Underlying Market Measure will perform within a moderate range, who seek periodic cash coupons per security based on the performance of each Underlying Market Measure, and who are willing to accept the risk of losing some or a significant portion of their investment.

The securities are not suitable for all investors. You may consider an investment in the securities if:

- you anticipate that the value of each Underlying Market Measure will remain unchanged or will increase or decrease moderately over the term of the securities. You do not believe that the value of any Underlying Market Measure will decrease from its Initial Value by a percentage that exceeds its Buffer Amount;

- you seek periodic cash coupons, you understand that such cash coupons will comprise the only return, if any, on your investment and you believe that such cash coupons will provide a sufficient return on investment;

- you accept that your investment may result in a loss, which could be significant, if a Knock-Out Event has occurred and the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be, is less than its Initial Value and, in such event, you understand that the periodic cash coupons may not be sufficient to offset potential losses at maturity;

- you accept that the return on the securities, if any, will not exceed the Coupon Rate and that the Payment at Maturity or the payment upon early redemption will not exceed the Original Offering Price;

- you are willing to accept the risk that we may redeem the securities on or prior to the scheduled maturity date and you may be unable to reinvest the proceeds of such redemption in other investments with similar returns;

- you seek exposure to the Underlying Market Measure to which the securities are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, with no expectation of dividends or other benefits of owning such Underlying Market Measure(s) or the underlying asset(s) comprising such Underlying Market Measure(s);

- you are willing to forgo market rates of interest on the securities such as fixed or floating rate interest paid on conventional interest-bearing debt securities;

- you are willing to accept that a trading market is not expected to develop for the securities, and you understand that secondary market prices for the securities, if any, will be affected by various factors, including our actual and perceived creditworthiness;

- you are able to and willing to hold the securities until maturity if the securities are not automatically redeemed; and

- you are willing to make an investment, the payments on which depend on the creditworthiness of RBS plc, as the issuer of the securities, and RBSG, as the guarantor of the issuer's obligations under the securities.

You should carefully consider whether the securities are suited to your particular circumstances before you decide to purchase them. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the securities.

What is an Underlying Market Measure?

An Underlying Market Measure may consist of one or more of any of the following:

- U.S. broad-based equity indices, U.S. sector or style-based equity indices, non-U.S. or global equity indices or commodity-based indices, each of which we refer to as an "Underlying Index." We refer to an Underlying Index comprised of securities as an "Underlying Equity Index" and to an Underlying Index comprised of commodities or commodity futures contracts as an "Underlying Commodity Index."

- A commodity, which we refer to as an "Underlying Commodity."

- An exchange-traded fund, which we refer to as an "Underlying Fund." We refer to an Underlying Fund that tracks an equity index or basket of stocks as an "Underlying Equity Fund" and to an Underlying Fund that tracks a commodity, commodity index or basket of commodities or commodity futures contracts as an "Underlying Commodity Fund." We refer to the index that an Underlying Fund tracks as a "Target Index."

- Any other statistical or numerical measure of U.S. or non-U.S. economic or financial performance.

When we refer to the value of an Underlying Market Measure in this product supplement, we mean the level of an index, the price of the shares of an exchange-traded fund, or the rate of a statistical or numerical measure of economic or financial performance, in each case as specified in the applicable pricing supplement.

The applicable pricing supplement will set forth information as to the specific Underlying Market Measure(s), including information as to the historical values of each Underlying Market Measure. However, historical values of each Underlying Market Measure are not indicative of the future performance of each Underlying Market Measure or the performance of your securities.

How are the periodic cash coupons determined?

Subject to our credit risk as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities, and unless the applicable pricing supplement provides otherwise, we will pay a periodic cash coupon per security (each, a "Coupon Payment") if the securities have not been previously redeemed. Unless otherwise specified in the applicable pricing supplement, the Coupon Payment for any coupon period will be paid periodically in arrears and will equal:

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Original Offering Price x Coupon Rate x (day - count fraction for the coupon period),

where the “day-count fraction” will be the number of days in such coupon period (calculated on the basis of a 360-day year of twelve 30-day months) divided by 360, unless otherwise specified in the applicable pricing supplement. The Coupon Payment will be payable on the relevant Coupon Payment Date for each period, as specified in the applicable pricing supplement. Coupon Payments may be payable annually, semi-annually, quarterly, monthly, or at such other intervals as set forth in the applicable pricing supplement.

Each “coupon period” (other than the first coupon period) will commence on, and will include, a Coupon Payment Date, and will extend to, but will exclude, the next succeeding Coupon Payment Date, the maturity date or the Redemption Date, as applicable, unless otherwise specified in the applicable pricing supplement. The first coupon period will commence on, and will include, the original date of issuance of the securities, and will extend to, but will exclude, the first Coupon Payment Date.

Generally, the “Coupon Rate” will be equal to a fixed percentage per annum specified in the applicable pricing supplement. However, the applicable pricing supplement may specify that the Coupon Rate will equal (a) a maximum fixed percentage per annum for so long as a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the “Maximum Coupon Rate”) and (b) a minimum fixed percentage per annum once a Knock-Out Event has occurred (i.e., a Buffer Value is reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the “Minimum Coupon Rate”).

Coupon Payments will accrue from and including the issuance date of the securities to but excluding the maturity date or, if the securities are redeemed, to but excluding the applicable Redemption Date. Coupon Payments will be paid in arrears on each Coupon Payment Date to but excluding the maturity date or, if the securities are redeemed, to but excluding the applicable Redemption Date. Coupon Payments will be payable to the person in whose name a security is registered at the close of business on the record date before each Coupon Payment Date. Coupon Payments payable at maturity or, if the securities are redeemed, the Redemption Date, as applicable, will be payable to the person to whom principal is payable, and the paying agent will make the Coupon Payment on the maturity date or Redemption Date, as applicable, whether or not that date is a Coupon Payment Date. Unless otherwise set forth in the applicable pricing supplement, the “record date” for a Coupon Payment Date is the date that is 15 calendar days prior to that Coupon Payment Date, whether or not that date is a business day.

The “Coupon Payment Dates” will be as specified in the applicable pricing supplement, provided that if a scheduled Coupon Payment Date is not a business day, then the applicable Coupon Payment will be made on the next succeeding business day following such scheduled Coupon Payment Date; provided further that the final Coupon Payment Date will be the maturity date, in each case subject to postponement as described under “Description of the Securities—Coupon Payments” and “Description of the Securities—Market Disruption Events” below, and in each case, no adjustment will be made to the length of the corresponding coupon period and no interest will accrue or be payable as a result of the delayed payment.

How is the Payment at Maturity determined?

At maturity and if the securities have not been previously redeemed, subject to our credit risk as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities, and unless the applicable pricing supplement provides otherwise, you will be entitled to receive a cash payment per security (the “Payment at Maturity”) that you hold, denominated in U.S. dollars, calculated as described in “Description of the Securities—Payment at Maturity” below. Unless the applicable pricing supplement provides otherwise, the Payment at Maturity that you will be entitled to receive will be based upon the performance of the Underlying Market Measure to which your securities

are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure (as defined herein). Specifically, the Payment at Maturity will depend on whether the closing value of any Underlying Market Measure has been equal to or less than its Buffer Value on any Monitoring Day(s) or during the Monitoring Period (each as defined below), as applicable (we refer to such event as a "Knock-Out Event"), during the term of your securities.

- If a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached), the Payment at Maturity will equal to the Original Offering Price.

- If a Knock-Out Event has occurred (i.e., a Buffer Value is reached), you will be exposed to any decrease (but not any increase) on a one-for-one basis in the closing value of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be. If the closing value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, has decreased from its Initial Value to its Final Value, the Payment at Maturity will be less than the Original Offering Price per security and you could lose some or a significant portion of your investment in the securities. The Payment at Maturity will not exceed the Original Offering Price.

You should not invest in the securities if you are unable or unwilling to bear the risk of loss of some or a significant portion of your investment.

Any payment on the securities (including any coupon payment and the payment at maturity) is subject to the creditworthiness (i.e., the ability to pay) of RBS plc, as the issuer of the securities, and RBSG, as the guarantor of the issuer's obligations under the securities.

How does the contingent buffer work and what is a Knock-Out Event?

The Payment at Maturity will be based on the performance of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, in each case, subject to the terms of a contingent buffer. The level of each buffer, or each "Buffer Value," will be a specified value of any Underlying Market Measure that is less than the Initial Value of such Underlying Market Measure. Each "Buffer Amount" represents the corresponding percentage decrease from each Initial Value to its corresponding Buffer Value for such Underlying Market Measure. Each Buffer Value and/or Buffer Amount will be set forth in the applicable pricing supplement, and each actual Buffer Value will be determined on the pricing date upon determination of the Initial Value for such Underlying Market Measure.

Your securities will be protected against a specified level of decrease only if the closing value of any Underlying Market Measure has not been equal to or less than its corresponding Buffer Value on any Monitoring Day(s) or during the Monitoring Period, as applicable, as described below; in other words, your securities will be protected against a specified level of decrease only if the closing value of any Underlying Market Measure has not decreased from the Initial Value for such Underlying Market Measure by a percentage that is equal to or greater than its corresponding Buffer Amount on any Monitoring Day(s) or during the Monitoring Period, as applicable, as described below. If the closing value of any Underlying Market Measure has been equal to or less than its corresponding Buffer Value, or in other words, the closing value of any Underlying Market Measure has decreased from the Initial Value for such Underlying Market Measure by a percentage that is equal to or greater than its corresponding Buffer Amount on any applicable Monitoring Day(s) or during the Monitoring Period (which we refer to in this product supplement as a "Knock-Out Event"), your investment in the securities will no longer be protected by any buffer, and you will be exposed to the full downside movement in the value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure,

the Least Performing Underlying Market Measure. You should not invest in the securities if you are unable or unwilling to bear the risk of loss of some or a significant portion of your investment.

The applicable "Monitoring Day" (or "Monitoring Days") or the duration of the "Monitoring Period" will be as specified in the applicable pricing supplement. For example, the applicable pricing supplement may specify that the Monitoring Period consists of each Market Measure Business Day from the pricing date to and including the final valuation date. The applicable pricing supplement may also specify that the Monitoring Day(s) will be the applicable valuation date(s). Alternatively, the applicable pricing supplement may specify that the Monitoring Days consist of the last calendar day of each month, commencing and ending on specified dates, or may specify weekly or monthly specified day(s) during a week or month.

Unless otherwise specified in the applicable pricing supplement, the calculation agent will determine whether a Knock-Out Event has occurred. Unless otherwise provided in the applicable pricing supplement, if any day within a Monitoring Period is not a Market Measure Business Day, or if a Market Disruption Event occurs or is continuing on a Market Measure Business Day within a Monitoring Period, that day will be ignored for purposes of determining whether a Knock-Out Event will have occurred. Unless otherwise provided in the applicable pricing supplement, if any specified Monitoring Day is not a Market Measure Business Day, or if a Market Disruption Event occurs or is continuing on that Monitoring Day, the impacted Monitoring Day will be postponed to the immediately succeeding Market Measure Business Day on which no Market Disruption Event has occurred or is continuing, as further described under "Description of the Securities—Contingent Buffer and Knock-Out Event" and "Description of the Securities—Market Disruption Events."

How will the Initial Value be determined?

Underlying Equity Indices and Underlying Funds

Unless otherwise specified in the applicable pricing supplement, the "Initial Value" for an Underlying Market Measure that is one or more Underlying Equity Indices or Underlying Funds, will equal the closing level of the Underlying Equity Index or the closing price of the shares of the Underlying Fund, at a specific time on the pricing date, as determined by the calculation agent, as set forth in the section "Description of the Securities—The Initial Value and the Final Value."

Underlying Commodities and Underlying Commodity Indices

Unless otherwise specified in the applicable pricing supplement, the "Initial Value" for an Underlying Market Measure that are Underlying Commodities or one or more Underlying Commodity Indices, will equal the price or value of the Underlying Commodity or the closing level of the Underlying Commodity Index on the pricing date, as determined by the calculation agent; provided that if a Market Disruption Event (as defined in "Description of the Securities—Market Disruption Events") occurs or is continuing on the pricing date the calculation agent will establish the Initial Value as set forth in the section "Description of the Securities—The Initial Value and the Final Value."

How will the Final Value be determined?

The calculation agent will determine the "Final Value" for an Underlying Market Measure either (i) by reference to a single value of an Underlying Market Measure in respect of a single valuation date (as defined below), or (ii) by reference to the arithmetic average of the values of an Underlying Market Measure in respect of two or more valuation dates. The applicable pricing supplement will specify how the Final Value for your securities will be determined, and will set forth the valuation date or valuation dates applicable to your securities. In the event of a Market Disruption Event (as defined in "Description of the Securities—Market Disruption Events") on a scheduled valuation date, or if a scheduled valuation

date is not a Market Measure Business Day (as defined in “Description of the Securities—The Initial Value and the Final Value”), such valuation date will be postponed as described under “Description of the Securities—The Initial Value and the Final Value” and “Description of the Securities—Market Disruption Events.”

Underlying Equity Indices

Unless otherwise specified in the applicable pricing supplement, the “Final Value” for an Underlying Market Measure that is one or more Underlying Equity Indices will equal either (i) the closing level of the Underlying Equity Index, at a specific time on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the closing levels of the Underlying Equity Index, at specific times on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent, subject to the terms and provisions which we describe in “Description of the Securities—The Initial Value and the Final Value,” “Description of the Securities—Market Disruption Events” and “Description of the Securities—Discontinuation or Modification of an Underlying Market Measure.”

Underlying Commodities and Underlying Commodity Indices

Unless otherwise specified in the applicable pricing supplement, the “Final Value” for an Underlying Market Measure that are Underlying Commodities or one or more Underlying Commodity Indices will equal either (i) the price or value of the Underlying Commodity or the closing level of the Underlying Commodity Index on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the prices or values of the Underlying Commodity or the closing levels of the Underlying Commodity Index on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent; provided that if a Market Disruption Event (as defined below) occurs or is continuing on one or more valuation dates or if any scheduled valuation date is determined by the calculation agent not to be a Market Measure Business Day, then the calculation agent will establish the value of an Underlying Market Measure on the affected valuation date as set forth in the section “Description of the Securities—The Initial Value and the Final Value,” “Description of the Securities—Market Disruption Events” and “Description of the Securities—Discontinuation or Modification of an Underlying Market Measure.”

Underlying Funds

Unless otherwise specified in the applicable pricing supplement, the “Final Value” for an Underlying Market Measure that is one or more Underlying Funds will equal either (i) the closing price of the shares of the Underlying Fund on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the closing prices of the shares of the Underlying Fund on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent, in each case multiplied by the Adjustment Factor, subject to the terms and provisions which we describe in “Description of the Securities—The Initial Value and the Final Value,” “Description of the Securities—Market Disruption Events” and “Description of the Securities—Discontinuation or Modification of an Underlying Market Measure.” With respect to the Underlying Fund, the “Adjustment Factor” will be set initially at 1.0, but will be subject to adjustment upon the occurrence of certain corporate events affecting such Underlying Fund. See “Description of the Securities—Adjustment Events for Underlying Funds” below.

A “valuation date” means either (i) the single Market Measure Business Day (as defined below) on which the Final Value will be calculated, or (ii) two or more Market Measure Business Days over which an arithmetic average of the closing values of an Underlying Market Measure will be determined in order to calculate the Final Value, in each case as specified in the applicable pricing supplement; provided that, other than with respect to Underlying Commodities or one or more Underlying Commodity Indices, and

unless otherwise specified in the applicable pricing supplement, (i) if a Market Disruption Event has occurred or is continuing on any such Market Measure Business Day(s) or (ii) if a scheduled valuation date is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration or otherwise, the affected valuation date for such Underlying Market Measure will be the immediately succeeding Market Measure Business Day where no Market Disruption Event has occurred or is continuing; provided further that no valuation date will be postponed by more than five (5) business days beyond the original valuation date, as further described under "Description of the Securities—The Initial Value and the Final Value" and "Description of the Securities—Market Disruption Events."

The "maturity date" will be as specified in the applicable pricing supplement. If the scheduled maturity date (as specified in the applicable pricing supplement) is not a business day, then the maturity date will be the next succeeding business day following such scheduled maturity date. If, due to a Market Disruption Event or otherwise, as described above, a valuation date is postponed so that it falls less than three (3) business days prior to the scheduled maturity date, the maturity date will be the third business day following that valuation date, as postponed, unless otherwise specified in the applicable pricing supplement. See "Description of the Securities—Market Disruption Events."

Unless otherwise specified in the applicable pricing supplement, a "business day" means any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law, executive order or governmental decree to be closed.

Unless otherwise specified in the applicable pricing supplement, a "Market Measure Business Day" means:

(a) With respect to an Underlying Equity Index, a day on which (1) the New York Stock Exchange (the "NYSE") and The NASDAQ Stock Market, or their successors, are open for trading and (2) the relevant Underlying Equity Index is calculated and published.

(b) With respect to an Underlying Commodity Index, a day, as determined by the calculation agent, on which (1) the primary exchange or organized market for trading for all commodities and commodity contracts included in such Underlying Commodity Index are open for trading and (2) the relevant Underlying Commodity Index is calculated and published.

(c) With respect to an Underlying Commodity, a day, as determined by the calculation agent, on which the primary exchange or organized market for trading of such Underlying Commodity is open for trading during its regular trading session.

(d) With respect to an Underlying Fund, a day, as determined by the calculation agent, on which trading is generally conducted on the primary exchange or organized market for trading of such shares of such Underlying Fund.

Is the return on the securities limited in any way?

Yes. Your return on an investment in the securities, if any, will never exceed the Coupon Payments received during the term of the securities. Even if the value of any Underlying Market Measure increases during the term of the securities, you will only receive cash coupons on a periodic basis, which is limited by the Coupon Rate no matter how well the value of any Underlying Market Measure performs during the term of the securities. Similarly, at maturity, the Payment at Maturity you will be entitled to receive will never exceed the Original Offering Price, regardless of how much the Final Value for any Underlying Market Measure may have increased above the Initial Value for such Underlying Market Measure.

Is it possible for you to lose some or a significant portion of your investment in the securities?

Yes. You will be entitled to receive a Payment at Maturity that is less than the Original Offering Price of your securities if:

(a) the closing value of any Underlying Market Measure has been equal to or less than its corresponding Buffer Value or, in other words, the closing value of any Underlying Market Measure has decreased from the Initial Value for such Underlying Market Measure by a percentage that is equal to or greater than its corresponding Buffer Amount on any applicable Monitoring Day(s) or during the Monitoring Period (i.e., a Knock-Out Event has occurred), and

(b) the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be, is less than the Initial Value of such Underlying Market Measure or Least Performing Underlying Market Measure.

In the situation described in the preceding paragraph, the Payment at Maturity will reflect the Original Offering Price less the full extent of the percentage decrease of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, from its Initial Value to its Final Value on a one-to-one basis, and you may lose some or a significant portion of your investment in the securities. In no event will the Payment at Maturity that you will be entitled to receive exceed the Original Offering Price. The Coupon Payments received during the term of the securities may not be sufficient to offset potential losses at maturity resulting from a Knock-Out Event and a decrease in the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, from its Initial Value to its Final Value.

You should carefully review the applicable pricing supplement to determine the extent to which your investment is at risk. Further, if you sell your securities prior to maturity, you may find that the value per security is less than the Original Offering Price.

What will you receive if the securities are redeemed?

The securities may be subject to an automatic early redemption or may be redeemable at our option on or prior to the maturity date, in each case in whole, but not in part, on any of the Redemption Dates specified in the applicable pricing supplement, upon not less than five business days notice to holders, or such other notice period as may be specified in the applicable pricing supplement. If the securities are redeemed on or prior to the maturity date, you will be entitled to receive only the Original Offering Price per security and any accrued but unpaid Coupon Payments to but excluding such Redemption Date, unless otherwise specified in the applicable pricing supplement. In this case, you will lose the opportunity to continue to accrue and be paid Coupon Payments from the applicable Redemption Date to the scheduled maturity date. The applicable pricing supplement will set forth the terms of any automatic or optional early redemption applicable to the securities.

The "Redemption Dates" will be specified in the applicable pricing supplement and may be one or more Coupon Payment Dates. If any Redemption Date is not a business day, the applicable Redemption Date will be postponed to the immediately succeeding business day, and the Original Offering Price per security and applicable Coupon Payment will be made on such Redemption Date, as postponed, with the same force and effect as if such Redemption Date had not been postponed, and no interest will accrue as a result of the delayed payment.

Who will determine the Initial Value, the Final Value, each Coupon Payment, the Payment at Maturity and the payment upon redemption?

Our affiliate, RBS Securities Inc., which we refer to as "RBSSI," or one of our other affiliates will act as calculation agent for the securities, unless otherwise specified in the applicable pricing supplement. As calculation agent, RBSSI will determine the Initial Value and Final Value of any Underlying Market Measure, the closing value of any Underlying Market Measure on any given valuation date or valuation dates, the closing value of any Underlying Market Measure on all applicable Monitoring Day(s) or during the Monitoring Period, as applicable, whether a Knock-Out Event has occurred, any Reference Return, each Coupon Payment and the Payment at Maturity. The calculation agent may be required, due to events beyond our control, to adjust any of these calculations, which we describe in "Description of the Securities—Adjustment Events for Underlying Funds" and "Description of the Securities—Discontinuation or Modification of an Underlying Market Measure."

Can the Coupon Payment Dates and the maturity date be postponed?

Yes. If a scheduled Coupon Payment Date or the maturity date is not a business day, then the applicable Coupon Payment Date or maturity date will be the next succeeding business day following such scheduled Coupon Payment Date or maturity date, and no interest will accrue or be payable as a result of the delayed payment. If, due to a Market Disruption Event or otherwise, as described above, a scheduled valuation date is postponed so that it falls less than three (3) business days prior to the scheduled Coupon Payment Date or scheduled maturity date, the Coupon Payment Date or the maturity date will be the third business day following that valuation date, as postponed. See the sections entitled "Description of the Securities—Coupon Payments," "Description of the Securities—The Initial Value and the Final Value" and "Description of the Securities—Market Disruption Events."

Will you have an ownership interest in the securities, commodities, commodity futures contracts or other assets that comprise an Underlying Market Measure?

No. An investment in the securities does not entitle you to any ownership interest, including any voting rights in, or dividend payments, or other distributions on, the securities of any of the companies, or funds, or any commodities or commodity futures contracts included in an Underlying Market Measure. If an Underlying Market Measure is any other underlying asset, you similarly will not have any right to receive the underlying asset(s) comprising such Underlying Market Measure.

What is the minimum required purchase?

Unless otherwise specified in the applicable pricing supplement, you can purchase securities in denominations equal to the Original Offering Price or in integral multiples thereof.

How are the securities being offered?

We have registered the securities with the Securities and Exchange Commission, which we refer to as the "SEC," in the United States. However, we will not register the securities for public distribution in any jurisdiction other than the United States. The selling agents may solicit offers to purchase the securities from non-U.S. investors in reliance on available private placement exemptions.

Is there a secondary market for the securities?

Unless otherwise specified in the applicable pricing supplement, the securities will not be listed on any securities exchange. Accordingly, there may be little or no secondary market for the securities and, as such, information regarding independent market pricing for the securities may be extremely limited or non-existent. You should be willing to hold your securities until the maturity date.

Although it is not required to do so, we have been informed by our affiliate, RBSSI, that when this offering is complete, it intends to make purchases and sales of the securities from time to time in off-exchange transactions. If our affiliate does make such a market in the securities, it may stop doing so at any time.

In connection with any secondary market activity in the securities, our affiliate may post indicative prices for the securities on a designated website or via Bloomberg. However, our affiliate is not required to post such indicative prices and may stop doing so at any time. Investors are advised that any prices shown on any website or Bloomberg page are indicative prices only and, as such, there can be no assurance that any trade could be executed at such prices. Investors should contact their brokerage firms for further information.

In addition, the Original Offering Price of the securities includes the selling agents' commissions paid with respect to the securities, which are reflected in the underwriting discount, as well as certain costs associated with hedging our obligations under the securities. The cost of hedging includes the profit component built into the price we paid for the hedge. The fact that the Original Offering Price of the securities includes these commissions and hedging costs is expected to affect adversely the secondary market prices of the securities. See "Risk Factors—The value of your securities on the pricing date is less than the Original Offering Price due to the underwriting discount and our cost of hedging, both of which can be expected to be reflected in secondary market prices" and "Use of Proceeds; Hedging."

If you were to sell your securities in the secondary market, if any, the price that you receive for them may be less than the Original Offering Price, and may be less than what you paid for them.

What are some of the risks in owning the securities?

Investing in the securities involves a number of risks. We have described some of the most significant risks relating to the securities under the heading "Risk Factors" in this product supplement which you should read before making an investment in the securities.

Some selected risk considerations include:

- Credit Risk. Because you are purchasing a security issued by us, you are assuming the risk that we may be unable to pay our obligations to you as they become due and payable. In addition, because the securities are fully and unconditionally guaranteed by RBSG, you are also assuming the risk that RBSG will be unable to pay amounts due to you under the securities in the event we fail to make any payment required by the terms of the securities.

- Market Risk. The Coupon Payments and Payment at Maturity payable on your securities will depend on the performance of each Underlying Market Measure to which your securities are linked, which, in turn, will depend on many factors beyond our control. These factors include general market conditions, which will be influenced by political, economic, financial, and other factors that impact the capital markets generally, the volatility of each Underlying Market Measure, changes in interest rates in general, and the time remaining to maturity of the securities. There is no guarantee of any return on your investment, and you may lose some or a significant portion of your investment.

- Exposure to the Performance of the Least Performing Underlying Market Measure. If the securities are linked to the performance of more than one Underlying Market Measure, you will be fully exposed to the risk of fluctuations in the value of each Underlying Market Measure, but the Payment at Maturity that you will be entitled to receive will be based only on the performance of the Least Performing Underlying Market Measure. If a Knock-Out Event has occurred (i.e., a Buffer Value is reached) and the Final Value of the Least Performing Underlying Market Measure is less than the Initial Value of such Least Performing Underlying Market Measure, the Payment at Maturity will be less than the Original Offering Price even if the Knock-Out Event has occurred with respect to only one Underlying Market Measure and the other Underlying Market Measures to which the securities may be linked perform well.

- Correlation Risk. If the securities are linked to more than one Underlying Market Measure, the performance of any Underlying Market Measure may not correlate with the performance of any other Underlying Market Measure. The performances of the Underlying Market Measures are uncorrelated if at a time when the value of any Underlying Market Measure increases, the value of the other Underlying Market Measure(s) may decrease; in other words, the performances of the Underlying Market Measures tend to diverge or move in opposite directions and do not move in tandem. Since the Payment at Maturity will be based on the Least Performing Underlying Market Measure, in circumstances where the performances of the Underlying Market Measures do not correlate with each other, (i) you will not benefit from any increase in the value of any Underlying Market Measure that performs well and (ii) instead, the likelihood of the value of the Least Performing Underlying Market Measure performing poorly is expected to be greater and you will be exposed to losses resulting from the performance of the Least Performing Underlying Market Measure.

- Call Risk. If the securities are subject to an automatic or optional early redemption on or prior to the maturity date, you will only be entitled to receive the Original Offering Price per security and any accrued but unpaid Coupon Payments to but excluding the applicable Redemption Date, unless otherwise specified in the applicable pricing supplement. As a result, you could receive only a limited amount of Coupon Payments during the term of the securities. In this case, you will lose the opportunity to continue to accrue and be paid Coupon Payments from the applicable Redemption Date to the scheduled maturity date and you may be unable to reinvest the proceeds of such redemption in other investments with a similar level of risk and yield. We are generally more likely to redeem the securities during periods when we expect that Coupon Payments will accrue on the securities at a rate that is greater than that which we would pay on our traditional interest-bearing deposits or debt securities having a maturity equal to the remaining term of the securities.

- No Principal Protection. The securities are not principal protected, which means there is no guaranteed return of your investment.

- Liquidity Risk. Unless otherwise specified in the applicable pricing supplement, the securities will not be listed on any securities exchange. Accordingly, there may be little or no secondary market for the securities and, as such, information regarding independent market pricing for the securities may be extremely limited or non existent. If you sell your securities in the secondary market, if any, prior to maturity, you will receive the market price of the securities, which may be less than the Original Offering Price or the price that you paid for them.

Does ERISA impose any limitations on purchases of the securities?

Yes. An employee benefit plan subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended (commonly referred to as "ERISA"), or a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended, or the "Code," including individual retirement accounts, individual retirement annuities, or Keogh plans, or any entity the assets of which are deemed to be "plan assets" under the ERISA regulations, should not purchase, hold, or dispose of the securities unless that plan or entity has determined that its purchase, holding, or disposition of the securities will not constitute a prohibited transaction under ERISA or Section 4975 of the Code.

Any plan or entity purchasing the securities with "plan assets" will be deemed to represent that (i) such purchase will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code and (ii) the purchaser or purchaser's fiduciary has made and shall make all investment decisions for the purchaser and the purchaser has not and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser to the purchaser with respect to its purchase of the securities.

What are the tax consequences of an investment in the securities?

You should review carefully the section in this product supplement entitled "U.S. Federal Income Tax Consequences."

For a discussion of United Kingdom tax considerations relating to the securities, you should review the section in this product supplement entitled "Taxation in the United Kingdom."

We do not provide any advice on tax matters. You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

What is RBSSI's relationship with RBS plc and RBSG?

RBS Securities Inc., which we refer to as RBSSI, is an affiliate of RBS plc and RBSG. RBSSI will act as calculation agent for the securities, and is acting as agent for this offering. RBSSI will conduct this offering in compliance with the requirements of Rule 5121 of the Financial Industry Regulatory Authority, which is commonly referred to as FINRA, regarding a FINRA member firm's distribution of the securities of an affiliate. See "Risk Factors—There may be potential conflicts of interest between security holders and the calculation agent or other of our affiliates" and "Plan of Distribution (Conflicts of Interest)" in this product supplement.

What if I have more questions?

You should read "Description of the Securities" in this product supplement for a detailed description of the general terms of the securities. The applicable pricing supplement will describe the terms that apply specifically to the securities. The securities are unsecured and unsubordinated obligations of RBS plc issued as part of our RBS NotesSM program and are fully and unconditionally guaranteed by RBSG. The securities offered by RBS plc will constitute our unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all our other present and future unsecured and unsubordinated obligations. The guarantees of RBSG will constitute RBSG's unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all RBSG's other current and future unsecured and unsubordinated obligations. You can find a general description of the basic features of the securities in the section of the accompanying prospectus called "Description of Debt Securities."

RISK FACTORS

An investment in the securities entails significant risks. You should carefully consider the risks of an investment in the securities, including those discussed below, and whether the securities are suited to your particular circumstances before you decide to purchase them. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the securities.

Risks Related to the Securities Generally

The securities are not conventional debt securities—there is no principal protection; you may lose some or a significant portion of your investment in the securities.

The terms of the securities differ from those of conventional debt securities in that you could lose some or a significant portion of your initial investment.

You will lose some or a significant portion of your initial investment if a Knock-Out Event has occurred during the term of the securities and the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure is less than the Initial Value of such Underlying Market Measure or Least Performing Underlying Market Measure. Under this circumstance, your investment will be fully exposed to any decrease in the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be.

Because the securities are not principal protected, the amount of cash paid to you at maturity in the circumstances described above will be less than the Original Offering Price of your securities and you assume the risk that you could lose some or a significant portion of your initial investment.

The Payment at Maturity will not exceed the Original Offering Price regardless of how well any Underlying Market Measure performs from its Initial Value to its Final Value. Furthermore, even if the Payment at Maturity is equal to the Original Offering Price, the Coupon Payments that you may receive on the securities during the term of the securities may be less than the return you would have received had you made your entire investment in a conventional debt security with the same maturity issued by us or a comparable issuer or an instrument which tracks the performance of each Underlying Market Measure specified in the applicable pricing supplement. Because the payment due at maturity may be less than the amount originally invested in the securities, the return on the securities (the effective yield to maturity) may be negative. Even if it is positive, the return payable on the securities may not be enough to compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

The credit risk of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc, and their credit ratings and their credit spreads may adversely affect the value of the securities prior to maturity, and all payments on the securities will be subject to the ability of RBS and RBSG to pay their respective obligations as they become due.

You are dependent on The Royal Bank of Scotland plc's ability to pay all amounts due on the securities, and therefore you are subject to the credit risk of The Royal Bank of Scotland plc and to changes in the market's view of The Royal Bank of Scotland plc's creditworthiness. In addition, because the securities are unconditionally guaranteed by The Royal Bank of Scotland plc's parent company, The Royal Bank of Scotland Group plc, you are also dependent on the credit risk of The Royal Bank of Scotland Group plc in the event that The Royal Bank of Scotland plc fails to make any payment or delivery required by the terms of the securities. Any actual or anticipated decline in The Royal Bank of Scotland plc or The Royal Bank of Scotland Group plc's credit ratings or any increase in their credit

spreads charged by the market for taking credit risk is likely to adversely affect the value of the securities prior to maturity, and all payments on the securities will be subject to the ability of RBS and RBSG to pay their respective obligations as they become due.

Our credit ratings are an assessment, by each rating agency, of our ability to pay our obligations, including those under the securities. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating organization in their sole discretion. However, because the return on the securities is dependent upon factors in addition to our ability to pay our obligations under the securities, an improvement in our credit ratings will not necessarily increase the value of the securities and will not reduce market risk and other investment risks related to the securities. Credit ratings (i) do not reflect market risk, which is the risk that the value of any Underlying Market Measure may rise or fall resulting in a loss of some or a significant portion of your investment, (ii) do not address the price, if any, at which the securities may be resold prior to maturity (which may be substantially less than the Original Offering Price of the securities), and (iii) are not recommendations to buy, sell or hold the securities. See "Risk Factors—The value of the securities prior to maturity will be influenced by many unpredictable factors, and may be less than the Original Offering Price."

The return on your initial investment is limited to the periodic Coupon Payments, which will not exceed the Coupon Rate.

Your opportunity to participate in possible increases in the value of each Underlying Market Measure through an investment in the securities will be limited to the Coupon Payments at the Coupon Rate as specified in the applicable pricing supplement. Regardless of how much the value of any Underlying Market Measure during the term of the securities may increase from its Initial Value, the Coupon Payment for any coupon period during the term of the securities will never exceed the product of the Original Offering Price, the Coupon Rate and the applicable day-count fraction for such coupon period.

The Coupon Payments may not be sufficient to offset potential losses from the Payment at Maturity.

The Coupon Payments will comprise the only return, if any, on an investment in the securities. Because the Payment at Maturity will not exceed the Original Offering Price, and instead may be significantly less than the Original Offering Price, the Coupon Payments may not be sufficient to offset potential losses at maturity resulting from any decrease in value of the Underlying Market Measures.

The Payment at Maturity will not exceed the Original Offering Price regardless of how well any Underlying Market Measure performs from its Initial Value to its Final Value.

Unless the applicable pricing supplement provides otherwise, at maturity, (i) if a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached) during the term of your securities, the Payment at Maturity will be equal to the Original Offering Price and (ii) if a Knock-Out Event has occurred (i.e., a Buffer Value is reached), you will be exposed to any decrease (but not any increase) on a one-for-one basis in the closing value of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be; in each case, based on the performance of such Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, from its Initial Value to its Final Value. If the closing value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, has decreased from its Initial Value to its Final Value, the Payment at Maturity will be less than the Original Offering Price per security and you could lose some or a significant portion of your investment in the securities. The Payment at Maturity will never exceed the Original Offering Price regardless of how much the value of any Underlying Market Measure may increase from its Initial Value to its Final Value.

If the securities are linked to the performance of more than one Underlying Market Measure, the Payment at Maturity that you will be entitled to receive will be based only on the performance of the Least Performing Underlying Market Measure.

If the securities are linked to the performance of more than one Underlying Market Measure, you will be fully exposed to the risk of fluctuations in the value of each Underlying Market Measure, but the Payment at Maturity that you will be entitled to receive will be based only on the performance of the Least Performing Underlying Market Measure. If a Knock-Out Event has occurred (i.e., a Buffer Value is reached) and the Final Value of the Least Performing Underlying Market Measure is less than its Initial Value, the Payment at Maturity will be less than the Original Offering Price even if the Knock-Out Event has occurred with respect to only one Underlying Market Measure and the other Underlying Market Measures to which the securities may be linked perform well.

Since the Payment at Maturity will depend only on the performance of the Least Performing Underlying Market Measure, you will not benefit from the increase in value of any other Underlying Market Measure that may have performed well, and likewise, any appreciation in the value of any other Underlying Market Measure will not mitigate the poor performance of the Least Performing Underlying Market Measure. The Least Performing Underlying Market Measure is determined by reference to the lowest of the Reference Returns of such Underlying Market Measures to which the securities are linked.

If the securities are linked to more than one Underlying Market Measure, the performance of any Underlying Market Measure may not correlate with the performance of any other Underlying Market Measure.

If the securities are linked to more than one Underlying Market Measure, the performance of any Underlying Market Measure may not correlate with the performance of any other Underlying Market Measure. The performances of the Underlying Market Measures are uncorrelated if at a time when the value of any Underlying Market Measure increases, the value of the other Underlying Market Measure(s) may decrease; in other words, the performances of the Underlying Market Measures tend to diverge or move in opposite directions and do not move in tandem. Since the Payment at Maturity will be based on the Least Performing Underlying Market Measure, in circumstances where the performances of the Underlying Market Measures do not correlate with each other, (i) you will not benefit from any increase in the value of any Underlying Market Measure that performs well and (ii) instead, the likelihood of the value of the Least Performing Underlying Market Measure performing poorly is expected to be greater and you will be exposed to losses resulting from the performance of the Least Performing Underlying Market Measure.

The Least Performing Underlying Market Measure may not be the Underlying Market Measure that caused the Knock-Out Event to occur.

A Knock-Out Event will occur if the closing value of any Underlying Market Measure has been equal to or less than the Buffer Value of such Underlying Market Measure on any Monitoring Day(s) or during the Monitoring Period. If the securities are linked to the performance of more than one Underlying Market Measure and a Knock-Out Event occurs, the Payment at Maturity will be based only on the performance of the Least Performing Underlying Market Measure, which is the Underlying Market Measure with the lowest of the Reference Returns of such Underlying Market Measures, even if such Least Performing Underlying Market Measure is not the Underlying Market Measure that caused the Knock-Out Event to occur. This will be true even if the closing value of the Least Performing Underlying Market Measure was never equal to or less than its Buffer Value on any Monitoring Day(s) or during the Monitoring Period.

If a Maximum Coupon Rate and a Minimum Coupon Rate are specified in the applicable pricing supplement and a Knock-Out Event has occurred on any Monitoring Day(s) or during a Monitoring Period, the Coupon Rate for the corresponding coupon period and each subsequent coupon period will be the Minimum Coupon Rate.

If a Maximum Coupon Rate and a Minimum Coupon Rate are specified in the applicable pricing supplement and a Knock-Out Event has occurred on any Monitoring Day(s) or during a Monitoring Period, the Coupon Rate for the corresponding coupon period and each subsequent coupon period will be the Minimum Coupon Rate. For example, if a Knock-Out Event has occurred during the initial Monitoring Period, the Coupon Rate for each coupon period during the term of the securities will be the Minimum Coupon Rate (as compared to the Maximum Coupon Rate for so long as a Knock-Out Event has not occurred). Under these circumstances, the maximum annual return that you will be entitled to receive, assuming the securities have not been previously redeemed and held until maturity, will be equal to the Minimum Coupon Rate.

It is possible that you may receive below-market Coupon Payments during the term of the securities.

There can be no guarantee that the Coupon Payments you will receive will be greater than what other investment opportunities could provide you at any time during the term of the securities. We have no control over a number of matters that may affect the performance of each Underlying Market Measure, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. You should have a view as to the performance of each Underlying Market Measure for your securities and the values of such Underlying Market Measure relative to other investment opportunities before investing, and you must be willing to forgo guaranteed market rates from other investment opportunities for the term of the securities.

If the securities are subject to an automatic or optional early redemption on or prior to the maturity date, you could receive only a limited amount of Coupon Payments during the term of the securities and you may not be able to reinvest the redemption proceeds in other investments with similar returns.

If the securities are subject to an automatic or optional early redemption on or prior to the maturity date, you will only be entitled to receive the Original Offering Price per security and any accrued but unpaid Coupon Payments to but excluding the applicable Redemption Date, unless otherwise specified in the applicable pricing supplement. As a result, you could receive only a limited amount of Coupon Payments during the term of the securities. In this case, you will lose the opportunity to continue to accrue and be paid Coupon Payments from the applicable Redemption Date to the scheduled maturity date and you may be unable to reinvest the proceeds of such redemption in other investments with a similar level of risk and yield. We are generally more likely to redeem the securities during periods when we expect that Coupon Payments will accrue on the securities at a rate that is greater than that which we would pay on our traditional interest-bearing deposits or debt securities having a maturity equal to the remaining term of the securities. The applicable pricing supplement will set forth the terms specific to any automatic or optional early redemption applicable to the securities.

The Payment at Maturity will be determined based on the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, which will be determined on the specific valuation date(s) and you will not benefit from any positive performance of such Underlying Market Measures at other times over the term of the securities.

The calculation agent will determine the Payment at Maturity you are entitled to receive on the securities, depending on whether a Knock-Out Event has occurred during the term of the securities and by comparing the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be, to the Initial Value of such Underlying Market Measure or Least Performing Underlying Market Measure. The Final Value will be determined either (i) by reference to a single value in respect of a single valuation date, or (ii) by reference to the arithmetic average of the values of the Underlying Market

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Measure or Least Performing Underlying Market Measure, as the case may be, in respect of two or more valuation dates, in each case as specified in the applicable pricing supplement. As a result, the Payment at Maturity you are entitled to receive, if any, at maturity will depend on whether a Knock-Out Event has occurred during the term of the securities and the Final Value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, determined only in respect of the specified valuation date or valuation dates, regardless of whether the value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, at the maturity date or at other times during the term of the securities, including dates near the valuation date(s), was greater than its Final Value.

As a result, if a Knock-Out Event has occurred during the term of the securities, you may receive less than the Original Offering Price of your securities, even if the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, increased at certain times during the term of your securities before decreasing to a value that is below its Initial Value on a valuation date. This difference could be particularly large if there is a significant increase in the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, after a valuation date, if there is a significant decrease in the value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, around the time of a valuation date, or if there is significant volatility in the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, during the term of the securities (especially on dates near a valuation date). For example, if the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, increases or remains relatively constant during the initial term of the securities and then decreases below its Initial Value or Buffer Value, as applicable, its Final Value may be significantly less than if it were calculated on an earlier date. Under these circumstances, you may receive a lower payment at maturity than what you would have received if you had invested directly in the underlying asset(s) comprising the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be.

The benefit provided by the contingent buffer may terminate during the term of the securities, in which case you will be fully exposed to any decrease in the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be.

If the closing value of any Underlying Market Measure has been equal to or less than its corresponding Buffer Value on any applicable Monitoring Day(s) or during the Monitoring Period (i.e., a Knock-Out Event has occurred), you will be exposed to the full downside movement in the value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be. Under these circumstances, and if the Final Value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, is less than the Initial Value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, you will lose 1% of the amount of your investment for every 1% decrease in the value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, from its Initial Value to its Final Value.

If the Final Value of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, of the securities is determined based on an arithmetic average of the closing values of such Underlying Market Measure or the Least Performing Underlying Market Measure in respect of two or more valuation dates, your Payment at Maturity may be reduced if such Underlying Market Measure or Least Performing Underlying Market Measure performs poorly on some valuation dates, regardless of how well such Underlying Market Measure or Least Performing Underlying Market Measure performs on other valuation dates.

If a Knock-Out Event has occurred (i.e., a Buffer Value is reached) during the term of the securities and the Payment at Maturity for your securities is determined based on an arithmetic average of the values of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be, in respect of two or more valuation dates, which will be set forth in the applicable pricing supplement, any increases in the value of such Underlying Market Measure or the Least Performing Underlying Market Measure on some valuation dates may be offset by decreases in the value of such Underlying Market Measure or the Least Performing Underlying Market Measure on other valuation dates. As a result, a significant decrease in the value of such Underlying Market Measure or Least Performing Underlying Market Measure on one or more valuation dates may reduce the Payment at Maturity, even if such Underlying Market Measure or Least Performing Underlying Market Measure performs well on certain valuation dates.

The securities may not be a suitable investment for you.

The securities may not be a suitable investment for you if:

- you believe that the value of any Underlying Market Measure will decrease from its Initial Value by a percentage that exceeds its Buffer Amount;
- you seek full principal protection or preservation of capital invested;
- you seek a return on your investment that is greater than the Coupon Rate;
- you are unwilling or unable to be exposed to the performance of the Underlying Market Measure or the Least Performing Underlying Market Measure, as the case may be;
- you are unwilling or unable to accept that your investment may result in a loss, which could be significant, if a Knock-Out Event has occurred and the Final Value of the Least Performing Underlying Market Measure is less than its Initial Value and, in such event, you understand that the periodic cash coupons may not be sufficient to offset potential losses at maturity;
- you are unwilling to accept the risk that we may redeem the securities on or prior to the scheduled maturity date and are unwilling or unable to accept the risk that you may be unable to reinvest the proceeds of such redemption in an investment with a return that is as high as the return on the securities would have been if they had not been redeemed;
- you want to receive dividends or other distributions paid on the securities included in any Underlying Market Measure;
- you seek assurances that there will be a liquid market if and when you want to sell the securities prior to maturity; or
- you are unwilling or are unable to assume the credit risk associated with RBS plc, as the issuer, and RBSG, as the guarantor of the issuer's obligations under the securities.

Although we are a bank, the securities are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other government agency.

The securities are our obligations but are not bank deposits. In the event of our insolvency the securities will rank equally with our other unsecured, unsubordinated obligations and will not have the benefit of any insurance or guarantee of the Federal Deposit Insurance Corporation, The Deposit Insurance Fund or any other government agency.

Unless otherwise specified in the applicable pricing supplement, the securities will not be listed on any securities exchange and there may be little or no secondary market for the securities.

You should be willing to hold your securities until the maturity date. Unless otherwise specified in the applicable pricing supplement, the securities will not be listed on any securities exchange; accordingly, there may be little or no secondary market for the securities and, as such, information regarding independent market pricing for the securities may be very limited or non-existent. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Our affiliate has informed us that, upon completion of the offering, it intends to purchase and sell the securities from time to time in off-exchange transactions, but it is not required to do so. If our affiliate does make such a market in the securities, it may stop doing so at any time. In addition, the total amount of the securities being offered by the applicable pricing supplement may not be purchased by investors in the offering because one or more of our affiliates may agree to purchase a part of the unsold portion of the securities offered, which may constitute up to 15% of the total aggregate amount of the securities issued. Such affiliate or affiliates initially intend to hold the securities for investment purposes, which may affect the supply of securities available for secondary trading and therefore affect adversely the price of the securities in any secondary trading. If a substantial portion of any securities held by our affiliates were to be offered for sale following this offering, the market price of such securities could fall, especially if secondary trading in such securities is limited or illiquid.

The value of the securities prior to maturity will be influenced by many unpredictable factors, and may be less than the Original Offering Price.

The value of the securities may move up and down between the date you purchase them and the valuation date or valuation dates when the calculation agent determines the Payment at Maturity you are entitled to receive on the maturity date. As such, even if you were able to sell your securities before their maturity, numerous factors, many of which are beyond our control, will influence the value of each Underlying Market Measure, the value of the securities and the price at which you may be able to sell them, including the following:

- the value of each Underlying Market Measure, which can fluctuate significantly;
- the volatility (frequency and magnitude of changes) in the value of each Underlying Market Measure;
- the automatic or optional early redemption feature, if applicable, which is likely to limit the value of the securities;
- the dividend rate on securities that comprise an Underlying Equity Index or the shares of an Underlying Equity Fund, if applicable; while dividend payments, if any, on the securities that comprise an Underlying Equity Index or the shares of an Underlying Equity Fund, as applicable, are not paid to you, such payments may have an influence on the market price of such securities that comprise such Underlying Equity Index or shares of such Underlying Equity Fund, and therefore on the value of any Underlying Market Measure and your securities;
- the prices of an Underlying Commodity, the exchange-traded commodity futures contracts comprising an Underlying Commodity Index or the shares of an Underlying Commodity Fund;
- prevailing interest and yield rates in the market;
- geopolitical conditions and economic, financial, political, regulatory, geographical, agricultural, or judicial events that affect the underlying asset(s) comprising each Underlying Market Measure, or the markets generally;
- if the securities are linked in whole or in part to an Underlying Market Measure that includes underlying asset(s) that are traded in non-U.S. dollars, changes in, and the volatility of, the exchange rate between the U.S. dollar and the relevant non-U.S. currency or currencies in which these underlying asset(s) are traded;
- whether a Knock-Out Event has occurred;
- the supply and demand for the securities in the secondary market, if any;

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- the time remaining to the maturity of the securities;
- the occurrence of certain events affecting an Underlying Fund which may require an adjustment to the Adjustment Factor (and therefore, the Final Value); and
- the actual or perceived creditworthiness of RBS plc, as the issuer of the securities, and RBSG, as the guarantor of RBS plc's obligations under the securities.

These factors interrelate in complex ways, and the effect of one factor on the value of your securities may offset or enhance the effect of another factor.

Some or all of these factors will influence the price that you will receive if you sell your securities prior to maturity in the secondary market, if any. If you sell your securities prior to maturity, the price at which you are able to sell your securities may be at a discount, which could be substantial, from the Original Offering Price or the price which you paid for them. For example, assuming all other relevant factors remain constant, there may be a discount on the securities if at the time of sale the value of any Underlying Market Measure is below its Initial Value, and market interest rates rise or if a Knock-Out Event has occurred. Even if there is an increase in the value of any Underlying Market Measure from its Initial Value, there may be a discount on the securities due to, among other things, market expectations concerning the performance of any Underlying Market Measure before the maturity date and the time remaining to maturity of the securities. Thus, if you sell your security before maturity, the price that you receive may be less, and may be substantially less, than the Original Offering Price or the price which you paid.

Some or all of these factors will influence the return, if any, that you receive upon maturity of the securities. We cannot predict the future performance of the securities, any Underlying Market Measure or, if applicable, the underlying asset that comprise any Underlying Market Measure based on the historical performance of any Underlying Market Measure or, if applicable, the underlying asset(s) comprising any Underlying Market Measure. Neither we nor RBSG nor any of our affiliates can guarantee that the value of each Underlying Market Measure will perform in a manner that will result in a Payment at Maturity equal to the Original Offering Price of the securities. As an investor in the securities you assume the risk that as a result of the performance of each Underlying Market Measure you may not receive any return on your initial investment in the securities or that you may lose some or a significant portion of your initial investment in the securities.

An increase in the value of any Underlying Market Measure may not increase the value of your securities.

Owning the securities is not the same as owning the relevant Underlying Market Measure(s) or a product that tracks the return on such Underlying Market Measure(s). Accordingly, the value of your securities may not have a direct relationship with the value of the relevant Underlying Market Measure(s), and changes in the value of such Underlying Market Measure(s) prior to maturity may not result in a comparable change in the value of your securities. If the value of any Underlying Market Measure increases above its Initial Value, the value of the securities prior to maturity may not increase. It is also possible for the value of any Underlying Market Measure to increase while the value of the securities prior to maturity declines.

The value of your securities on the pricing date is less than the Original Offering Price due to the underwriting discount and our cost of hedging, both of which can be expected to be reflected in secondary market prices.

In determining the economic terms of the securities, and consequently the potential return on the securities to you, we have taken into account compensation to our affiliate, RBSSI, and other selling agents for distributing the securities, which are reflected in the underwriting discount, as well as certain

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costs associated with hedging our obligations under the securities. The Original Offering Price of the securities reflects these factors.

As a result, the value of your securities on the pricing date will be less than the Original Offering Price. Assuming no change in the value of each Underlying Market Measure, in market conditions or any other relevant factors, the price, if any, at which the selling agents are willing to purchase securities in secondary market transactions will likely be less than the Original Offering Price by an amount reflecting both the underwriting discount and the cost of unwinding our hedge of our obligations under the securities (principally reflecting a profit component built into the price we paid for the hedge). In addition, any such prices may differ from values determined by pricing models used by the selling agents, as a result of dealer discounts, mark-ups or other transaction costs.

Hedging and trading activities by us or our affiliates may adversely affect your return on the securities and the value of the securities.

We and our affiliates may carry out activities that minimize our risks related to the securities. In particular, on or prior to the date of the applicable pricing supplement, we may have hedged our anticipated exposure in connection with the securities by taking positions in the underlying asset(s) (or options or futures contracts on the underlying asset(s)) that comprise the relevant Underlying Market Measure(s) or in other instruments that we deemed appropriate in connection with such hedging. We may enter into such hedging arrangements with or through one of our subsidiaries or affiliates. These trading activities, however, could potentially alter the value of the relevant Underlying Market Measure(s) and/or the underlying asset(s) comprising such Underlying Market Measure(s) and, therefore, the value of the securities.

We and our affiliates are likely to modify our hedge position throughout the term of the securities by purchasing and selling underlying asset(s) (or options or futures contracts on the underlying asset(s)) that comprise the relevant Underlying Market Measure(s), or other instruments that we deem appropriate. We cannot give any assurance that our hedging or trading activities will not affect the value of such Underlying Market Measure(s) or the underlying asset(s) comprising such Underlying Market Measure(s). It is also possible that we or one of more of our affiliates could receive substantial returns from these hedging activities while the value of the securities may decline.

We or one or more of our affiliates may also engage in trading the underlying asset(s) (or options or futures contracts on the underlying asset(s)) that comprise the relevant Underlying Market Measure(s) or options or futures on such Underlying Market Measure(s) on a regular basis as part of our or their general broker-dealer activities and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including through block transactions. Any of these activities could adversely affect the value of the relevant Underlying Market Measure(s), the underlying asset(s) comprising such Underlying Market Measure(s) and, therefore, the value of the securities linked to such Underlying Market Measure(s).

We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of each Underlying Market Measure or the underlying asset(s) comprising each Underlying Market Measure. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could affect adversely the value of the securities.

The holding of securities by our affiliates and future sales by our affiliates could be in conflict with your interests.

Certain of our affiliates may purchase for investment a portion of the securities that has not been purchased by investors in a particular offering of securities, which initially they intend to hold for investment purposes. As a result, upon completion of such an offering, our affiliates may own up to 15% of the aggregate amount of the securities. Circumstances may occur in which our interests or those of

our affiliates could be in conflict with your interests. For example, our affiliates may attempt to sell the securities that they had been holding for investment purposes at the same time that you attempt to sell your securities, which could depress the price, if any, at which you can sell your securities. Moreover, the liquidity of the market for the securities, if any, could be substantially reduced as a result of our affiliates holding the securities. See "—Unless otherwise specified in the applicable pricing supplement, the securities will not be listed on any securities exchange and there may be little or no secondary market for the securities." In addition, our affiliates could have substantial influence over any matter subject to consent of the security holders.

There may be potential conflicts of interest between security holders and the calculation agent or other of our affiliates.

Our affiliate, RBSSI, will serve as the calculation agent for the securities. RBSSI will, among other things, determine the Initial Value and Final Value of any Underlying Market Measure, the closing value of any Underlying Market Measure on any given valuation date or valuation dates, the closing value of any Underlying Market Measure on all applicable Monitoring Day(s) or during the Monitoring Period, as applicable, whether a Knock-Out Event has occurred, any Reference Return, each Coupon Payment and the Payment at Maturity that you will be entitled to receive. For example, the calculation agent may have to determine whether a Market Disruption Event affecting any Underlying Market Measure has occurred or is continuing on a day when the calculation agent will determine its value. In addition, the calculation agent may have to make additional calculations if any Underlying Market Measure is no longer published or is liquidated, discontinued, suspended, modified, delisted or otherwise terminated. The calculation agent will exercise its judgment when performing its functions. Since these determinations by the calculation agent may affect the value of the securities, there may be a conflict of interest between the calculation agent's status as our affiliate and its role as a calculation agent in making any such decision. For a fuller description of the calculation agent's role, see "Description of the Securities—Role of the Calculation Agent."

Moreover, as discussed above, we and our affiliates may enter into transactions to hedge our anticipated exposure in connection with our obligations under the securities. We and our affiliates expect to make a profit. However, since hedging our obligations entails risk and may be influenced by market forces beyond our control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss. These activities may present a conflict of interest between your interest in the securities and the interests that we and our affiliates may have in these transactions or in our proprietary accounts. These activities could affect the value of the relevant Underlying Market Measure(s), and hence the value of your securities, in a manner that would be adverse to your interest as a security holder.

RBSSI and its affiliates may publish reports, express opinions or provide recommendations that are inconsistent with investing in or holding securities. Any such reports, opinions or recommendations could affect the value of the relevant Underlying Market Measure(s) and therefore the value of the securities.

RBSSI and its affiliates may publish reports from time to time on financial markets and other matters that may influence the value of the securities or express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. RBSSI and its affiliates may have published or may publish reports or other opinions that call into question the investment view implicit in an investment in the securities and RBSSI. Any reports, opinions or recommendations expressed by RBSSI or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the securities and each Underlying Market Measure to which the securities may be linked.

The U.S. federal income tax consequences of an investment in the securities are unclear.

There is no direct legal authority regarding the proper U.S. federal income tax treatment of the securities, and we do not plan to request a ruling from the Internal Revenue Service (the "IRS"). Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities described in the section of this product supplement entitled "U.S. Federal Income Tax Consequences." If the IRS were successful in asserting an alternative treatment, the tax consequences of ownership and disposition of the securities might be affected materially and adversely. In addition, as described in "U.S. Federal Income Tax Consequences," in 2007 Treasury and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. While it is not clear whether the securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect.

We do not provide any advice on tax matters. You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Risks Related to an Underlying Market Measure Generally

An investment in the securities is not the same as a direct investment in any Underlying Market Measure or in the underlying asset(s) that comprise any Underlying Market Measure.

An investment in the securities is not the same as a direct investment in any Underlying Market Measure or in the stocks, commodities, commodity futures contracts or other underlying asset(s) that comprise any Underlying Market Measure. The securities are our unsecured and unsubordinated obligations, while the value of any Underlying Market Measure is a value derived from a theoretical calculation. Any Underlying Market Measure may not be an actual portfolio of securities, and it may not be possible to make a direct investment in any Underlying Market Measure. Investing in the securities also will not make you a holder of the stocks, commodities, commodity futures contracts or other underlying assets comprising any Underlying Market Measure, and your return, if any, on the securities will not be the same as if you actually own the stocks, commodities, commodity futures contracts or other underlying assets comprising any Underlying Market Measure. You will not receive any payment of dividends or other distributions on any of the stocks, commodities, commodity futures contracts or any other underlying assets comprising any Underlying Market Measure. In addition, as an investor in the securities, you will not have voting rights or any other rights with respect to the stocks, commodities, commodity futures contracts or other underlying assets that comprise any Underlying Market Measure.

Further, neither we nor RBSG nor any of our affiliates will pledge or otherwise hold any assets (including any shares of the stocks, commodities, commodity futures contracts or other underlying assets that comprise any Underlying Market Measure that we or RBSG may own) for the benefit of holders of the securities under any circumstances. Consequently, in the event of a bankruptcy, insolvency or liquidation involving us or RBSG, as the case may be, our assets and the assets of RBSG will be subject to the claims of our creditors or RBSG's creditors generally and will not be available specifically for the benefit of the holders of the securities. Moreover, the indenture governing the securities does not contain any restriction on our ability or the ability of any of our affiliates to buy, sell, pledge or otherwise convey all or any portion of any assets that we own, including any underlying asset(s) (or options or futures contracts on the underlying asset(s)) that comprise any Underlying Market Measure, as we deem appropriate.

Adjustments to an Underlying Market Measure could adversely affect the securities.

In the case of an Underlying Index or Underlying Fund, the sponsor or publisher of an Underlying Market Measure is responsible for calculating and maintaining such Underlying Market Measure. The sponsor or publisher of an Underlying Market Measure can add, delete or substitute the underlying asset(s) of an Underlying Market Measure. You should realize that the changing of the underlying asset(s) included in an Underlying Market Measure may affect such Underlying Market Measure, as a newly added underlying asset may perform significantly better or worse than the underlying asset(s) it replaces. The sponsor or publisher of an Underlying Market Measure may make other methodological changes that could change the value of such Underlying Market Measure. Additionally, a sponsor or publisher may alter, discontinue or suspend calculation or dissemination of an Underlying Market Measure. Any of these actions could affect adversely the value of the securities. The sponsor or publisher of an Underlying Market Measure has no obligation to consider your interests in calculating or revising such Underlying Market Measure.

If underlying asset(s) comprising any Underlying Market Measure is not traded in U.S. dollars, and their value(s) are converted into U.S. dollars for purposes of calculating the value of any Underlying Market Measure, then the securities will be subject to currency exchange rate risk.

The securities will be denominated in U.S. dollars. If the underlying asset(s) comprising any Underlying Market Measure is traded in a currency other than U.S. dollars, and their value(s) are converted into U.S. dollars for purposes of calculating the value of any Underlying Market Measure, the holders of the securities will be exposed to currency exchange rate risk with respect to each of the currencies in which the underlying asset(s) comprising any Underlying Market Measure trade. An investor's exposure to currency exchange rate risk under these circumstances will depend on the extent to which such currencies strengthen or weaken against the U.S. dollar and the relative weight of the relevant securities of that Underlying Market Measure denominated in each such currency. An investor will also be exposed to the volatility in the currency exchange rate fluctuation between the U.S. dollar and the relevant currency in which the securities trade. Assuming all other relevant factors remain constant, any strengthening of the U.S. dollar against such currencies will have an adverse impact on the value of any Underlying Market Measure, and therefore reduce the Payment at Maturity.

Factors that may impact currency exchange rate movements include:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the extent of governmental surpluses or deficits in each relevant country for the currency in which the underlying asset(s) that comprise any Underlying Market Measure are quoted and the United States; and
- government intervention in the currency markets, including whether a particular currency exchange trade is fixed or allowed to float.

All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of various relevant countries for the currencies in which the underlying asset(s) that comprise any Underlying Market Measure are quoted and the United States and other countries important to international trade and finance.

Risks Related to an Underlying Equity Index or Underlying Equity Fund Generally

We may engage in business with or involving one or more of the issuers of the securities comprising an Underlying Equity Index, shares of an Underlying Equity Fund or Target Index without regard to your interests.

We or our affiliates may presently or from time to time engage in business with one or more of the issuers of the securities comprising an Underlying Equity Index, shares of an Underlying Equity Fund or Target Index without regard to your interests, including extending loans to, or making equity investments in, providing investment advisory services to, one or more of such issuers or their affiliates or subsidiaries, including merger and acquisition advisory services.

In the course of our business, we or our affiliates may acquire non-public information about one or more of the issuers of the securities comprising an Underlying Equity Index, shares of an Underlying Equity Fund or Target Index. None of us, RBSG or any of our affiliates undertakes to disclose any such information to you. In addition, we or our affiliates from time to time have published, and in the future may publish, research reports with respect to the issuers of the securities comprising an Underlying Equity Index, shares of an Underlying Equity Fund or Target Index. These research reports may or may not recommend that investors buy or hold the securities comprising the Underlying Equity Index, shares of the Underlying Equity Fund or Target Index. As a prospective purchaser of a security, you should undertake such independent investigation of the Underlying Fund as in your judgment is appropriate to make an informed decision with respect to an investment in the securities.

Unless otherwise set forth in the applicable pricing supplement, we do not control any issuer whose securities comprise an Underlying Equity Index or shares of an Underlying Equity Fund or Target Index, and we are not responsible for any of their disclosure.

We do not control any issuer whose securities comprise an Underlying Equity Index or shares of an Underlying Equity Fund or Target Index. As a result, we will have no ability to control the actions of such issuers, including actions that could affect the value of the securities comprising the Underlying Equity Index, shares of the Underlying Equity Fund or Target Index, and we are not responsible for the accuracy or adequacy of any of their disclosure or publicly available information about these issuers. None of those issuers will be involved in the offering of the securities in any way, and none of them will have any obligation of any sort with respect to the securities. As a result, none of those issuers will have any obligation to consider your interests as a holder of the securities in taking any corporate actions that might affect the value of your securities.

If an Underlying Equity Index, Underlying Equity Fund or Target Index includes securities traded on foreign exchanges, your return may be affected by factors affecting international securities markets.

The value of an Underlying Equity Index, shares of an Underlying Equity Fund or Target Index may be computed by reference to the value of the equity securities of companies listed on various global exchanges. Under these circumstances, the return on the securities will be affected by factors affecting the prices of securities in the relevant markets. The relevant foreign securities may be more volatile than United States or other securities markets and may be affected by market developments in different ways than United States or other securities markets. Direct or indirect government intervention to stabilize a particular securities market and cross-shareholdings in companies in the relevant foreign securities markets may affect prices and the volume of trading in those markets. Also, there is generally less publicly available information about foreign companies than about United States companies that are subject to the reporting requirements of the SEC. Additionally, accounting, auditing and financial reporting standards and requirements in foreign countries differ from those applicable to United States reporting companies.

The prices and performance of securities of companies in foreign countries may be affected by political, economic, financial and social factors in those regions. In addition, recent or future changes in government, economic and fiscal policies in the relevant jurisdictions, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could negatively affect the relevant securities or commodities markets. Moreover, the relevant foreign economies may differ favorably or unfavorably from the United States economy in economic factors such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

Risks Related to an Underlying Commodity, an Underlying Commodity Index or an Underlying Commodity Fund Generally

The commodities or commodity futures contracts relating to an Underlying Commodity, or comprising an Underlying Commodity Index or shares of an Underlying Commodity Fund, are subject to legal and regulatory regimes that may change in ways that could adversely affect the value of the Underlying Commodity, Underlying Commodity Index or Underlying Commodity Fund and the securities.

The commodities or commodity futures contracts relating to an Underlying Commodity, or comprising an Underlying Commodity Index or shares of an Underlying Commodity Fund, are subject to extensive statutes, regulations and margin requirements. The Commodity Futures Trading Commission, commonly referred to as the “CFTC,” and the exchanges on which such commodities or commodity futures contracts trade are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily limits and the suspension of trading. Furthermore, certain exchanges have regulations that limit the amount of fluctuations in commodity or commodity futures contract prices that may occur during a single five-minute trading period. These limits could adversely affect the market prices of relevant commodity futures contracts and forward contracts. The regulation of commodity transactions in the U.S. is subject to ongoing modification by government and judicial action. In addition, various non-U.S. governments have expressed concern regarding the disruptive effects of speculative trading in the commodity markets and the need to regulate the derivative markets in general. The effect on the value of the securities of any future regulatory change is impossible to predict, but could be substantial and adverse to the interests of investors in the securities.

For example, with respect to agricultural and exempt commodities as defined in the Commodity Exchange Act (generally, physical commodities such as agricultural commodities, energy commodities and metals), the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which was enacted on July 21, 2010, requires the CFTC to establish limits on the amount of positions, as appropriate, other than bona fide hedge positions, that may be held by any person in futures contracts, options on futures contracts and other related derivatives, such as swaps, that are economically equivalent to those contracts. The Dodd-Frank Act also requires the CFTC to establish limits for each month, including related hedge exemption positions, on the aggregate number or amount of positions in contracts based upon the same underlying commodity, as defined by the CFTC, that may be held by any person, including any group or class of traders. In addition, designated contract markets and swap execution facilities, as defined in the Dodd-Frank Act, are required to establish and enforce position limits or position accountability requirements on their own markets or facilities, which must be at least as stringent as the CFTC’s where CFTC limits also apply. On October 18, 2011, the CFTC adopted final rules to establish position limits that will apply to 28 futures and options contracts that are traded on U.S. futures exchanges and to futures, options and swaps that are economically equivalent to those contracts, as described in the rules. The limits will apply to a person’s combined position across those related products.

The securities will not be regulated by the CFTC.

The securities are our senior unsecured obligations. The net proceeds to be received by us from the sale of the securities that are linked to an Underlying Commodity, Underlying Commodity Index or Underlying Commodity Fund will not be used to purchase or sell futures contracts relating to the Underlying Commodity, or that comprise the Underlying Commodity Index, shares of the Underlying Commodity Fund or Target Index, for the benefit of holders of the securities. An investment in the securities does not constitute either an investment in futures contracts or in a collective investment vehicle that trades in futures contracts. The securities do not constitute a direct or indirect investment by you in the trading of the futures contracts that comprise the Underlying Commodity Index, shares of the Underlying Commodity Fund or Target Index. Unlike an investment in the securities, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated as a "commodity pool operator" (a "CPO") by the CFTC, an independent federal regulatory agency. Because the securities are not interests in a commodity pool, the securities will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a CPO and you will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade on futures exchanges, which generally may only be transacted through a person registered with the CFTC as a "futures commission merchant" (an "FCM"). We are not registered with the CFTC as an FCM and you will not benefit from the CFTC's or any other non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts on regulated futures exchanges through a registered FCM.

For securities linked to an Underlying Commodity, Underlying Commodity Index, Underlying Commodity Fund or Target Index comprised of commodities or commodity futures contracts that are traded on a non-U.S. exchange, an investment in the securities will involve risks associated with the relevant non-U.S. exchange and the relevant markets that do not always apply to U.S. markets.

An Underlying Commodity Index, Underlying Commodity Fund or Target Index may include futures contracts on physical commodities on exchanges located outside the United States. The regulations of the CFTC do not apply to trading on foreign exchanges, and trading on foreign exchanges may involve different and greater risks than trading on United States exchanges. Certain foreign markets may be more susceptible to disruption than United States exchanges due to the lack of a government-regulated clearinghouse system. Trading on foreign exchanges also involves certain other risks that are not applicable to trading on United States exchanges. Those risks include varying exchange rates, foreign exchange controls, governmental expropriation, burdensome or confiscatory taxation systems, government imposed moratoriums, and political or diplomatic events. It may also be more costly and difficult to enforce the laws or regulations of a foreign country or exchange, and it is possible that the foreign country or exchange may not have laws or regulations which adequately protect the rights and interests of investors in an Underlying Commodity Index, Underlying Commodity Fund or Target Index. Examples of these risks are set forth below:

- Underlying Commodities traded on the London Metal Exchange (the "LME")

The securities may be linked to a commodity (e.g., aluminum, copper, lead, nickel and zinc) that is traded on the LME. The LME is a principals' market that operates in a manner more closely analogous to the over-the-counter physical commodity markets than regulated futures markets. For example, there are no daily price limits on the LME, which would otherwise restrict the extent of daily fluctuations in the prices of LME contracts. In a declining market, therefore, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days. In addition, a contract may be entered into on the LME calling for delivery on any day from one day to three months following the date of such contract, for weekly deliveries from the third to the sixth month following the date of such contract, and for monthly deliveries from the sixth month following the date of such contract up to 15, 27, 63 and 123 months forward (depending on the commodity)

following such sixth month. In contrast, trading on futures exchanges tends to call for delivery in stated delivery months. As a result, there may be a greater risk of a concentration of positions in LME contracts on particular delivery dates, which in turn could cause temporary aberrations in the prices of LME contracts for certain delivery dates. If such aberrations occur on any valuation date, the official U.S. dollar cash buyer settlement prices per metric ton of the Underlying Commodity and, consequently, the value of the securities may be adversely impacted.

- Underlying Commodities traded on the London Bullion Market Association (the "LBMA")

The securities may be linked to a commodity (e.g., gold and silver) that is traded on the LBMA. The final prices of gold and silver will be determined by reference to fixing prices reported by the LBMA. The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of LBMA price fixings as a global benchmark for the value of gold and silver may be adversely affected. The LBMA is a principals' market which operates in a manner more closely analogous to an over-the-counter physical commodity market than regulated futures markets. For example, there are no daily price limits on the LBMA which would otherwise restrict fluctuations in the prices of LBMA contracts. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

- Underlying Commodities traded on the London Platinum and Palladium Market Association (the "LPPM")

The securities may be linked to a commodity (e.g., platinum) that is traded on the LPPM. The final price of platinum will be determined by reference to fixing prices reported by the LPPM. The LPPM is a self-regulatory association of platinum and palladium market participants that is not a regulated entity. If the LPPM should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of LPPM price fixings as a global benchmark for the value of platinum may be adversely affected. The LPPM is a principals' market which operates in a manner more closely analogous to an over-the-counter physical commodity market than regulated futures markets, and certain features of U.S. futures contracts are not present in the context of LPPM trading. For example, there are no daily price limits on the LPPM which would otherwise restrict fluctuations in the prices of LPPM contracts. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

The prices of commodities are volatile and are affected by numerous factors that are specific to each commodity.

An Underlying Commodity, or commodities comprising an Underlying Commodity Index or Underlying Commodity Fund, may include commodities produced worldwide. Global commodity prices are primarily affected by the global demand for and supply of those commodities, but are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for commodities are affected by governmental programs and policies, such as trade, fiscal and monetary issues, and political, economic, financial and social factors in their relevant markets. Extrinsic factors such as weather, disease and natural disasters also affect commodity prices. Demand for agricultural commodities, such as wheat, corn and soy, both for human consumption and as cattle feed, has generally increased with increases in worldwide growth and prosperity. These factors and others may affect the price of an Underlying Commodity, the level of an Underlying Commodity Index or value of an Underlying Commodity Fund, and the value of your securities in varying ways, and different factors may cause the value of different Underlying Commodities or commodities comprising the Underlying Commodity Index or shares of the Underlying Commodity Fund, and the volatilities of their prices, to move in inconsistent directions and at inconsistent rates.

Fluctuations in the prices of the Underlying Commodity, or commodities comprising the Underlying Commodity Index or shares of the Underlying Commodity Fund, may have a material adverse effect on the value of the securities and your return on your investment in the securities. These prices are subject to the effects of numerous factors, certain of which are specific to the market for the commodities to which your securities may be linked. The following describes some of the factors affecting certain commodities.

- Aluminum

The price of aluminum is affected by the global demand for and supply of aluminum, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for aluminum is influenced by the level of global industrial economic activity. An additional component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. The supply of aluminum is also affected by current and previous price levels, transportation problems, labor strikes and shortages of power and raw materials. It is not possible to predict the aggregate effect of all or any combination of these factors.

- Coffee

The price of coffee is affected by the global demand for and supply of coffee, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for coffee is influenced by human consumption, retail prices, social trends, lifestyle changes and market power, all of which are subject to fluctuation. The supply of coffee is dependent on many factors including weather patterns such as floods, drought and freezing conditions, government regulation, planting decisions, the price of fuel, seeds and fertilizers and the current and previous price of coffee. Changes in supply and demand may have an adverse effect on the price of coffee. It is not possible to predict the aggregate effect of all or any combination of these factors.

- Copper

The price of copper is affected by the global demand for and supply of copper, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for copper is influenced by the level of global industrial economic activity. An additional component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. The supply of copper is also affected by current and previous price levels.

- Corn

The price of corn is affected by the global demand for, and supply of, corn. The demand for corn is linked to the development of industrial and energy uses for corn. The demand for corn is also affected by the production and profitability of the pork and poultry sectors, which use corn for feed. Negative developments in those industries may lessen the demand for corn. For example, if avian flu were to have a negative effect on world poultry markets, the demand for corn might decrease. The supply of corn is dependent on many factors including weather patterns, government regulation, the price of fuel and fertilizers and the current and previous price of corn. The supply of corn is particularly sensitive to weather patterns in the countries of the largest suppliers of corn.

- Crude Oil

The price of crude oil futures is affected by the global demand for and supply of crude oil, but is also influenced from time to time by speculative actions and by currency exchange rates. Crude oil prices are generally more volatile and subject to dislocation than prices of other commodities. Demand for refined petroleum products by consumers, as well as the agricultural, manufacturing and transportation industries, affects the price of crude oil. Because the precursors of demand for petroleum products are linked to economic activity, demand will tend to reflect economic conditions. Demand is also influenced by government regulations, such as environmental or consumption policies. In addition to general economic activity and demand, prices for crude oil are affected by political events, labor activity and, in particular, direct government intervention (such as embargoes) or supply disruptions in major oil-producing regions of the world. Such events tend to affect oil prices worldwide, regardless of the location of the event. Supply for crude oil may increase or decrease depending on many factors. These include production decisions by the Organization of the Petroleum Exporting Countries ("OPEC") and other crude oil producers. Crude oil prices are determined with significant influence by OPEC. OPEC has the potential to influence oil prices worldwide because its members possess a significant portion of the world's oil supply. In the event of sudden disruptions in the supplies of oil, such as those caused by war, natural events, accidents or acts of terrorism, prices of oil futures contracts could become extremely volatile and unpredictable. Also, sudden and dramatic changes in the futures market may occur, for example, upon the commencement or a cessation of hostilities that may exist in countries producing oil, the introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities. Crude oil prices may also be affected by short-term changes in supply and demand because of trading activities in the oil market and seasonality (e.g., weather conditions such as hurricanes). It is not possible to predict the aggregate effect of all or any combination of these factors.

• Gold

The price of gold is affected by the global demand for and supply of gold. The market for gold bullion is global, and gold prices are subject to volatile price movements over short periods of time and are affected by numerous factors, including macroeconomic factors such as the structure of and confidence in the global monetary system, expectations regarding the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is usually quoted), interest rates, gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial or other events. Gold prices may be affected by industry factors such as industrial and jewelry demand as well as lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions which hold gold. Additionally, gold prices may be affected by levels of gold production, production costs and short-term changes in supply and demand due to trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors.

• Heating Oil

The level of global industrial activity influences the demand for heating oil. In addition, the seasonal temperatures in countries throughout the world can heavily influence the demand for heating oil. Heating oil is generally used to fuel heat furnaces for buildings. Heat oil is derived from crude oil and as such, any factors that influence the supply of crude oil may also influence the supply of heating oil.

• Lead

The price of lead is affected by the global demand for and supply of lead, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for lead is influenced by the level of global industrial economic activity. An additional component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. The supply of lead is widely spread around the world. The supply of lead is also affected by current and previous price levels. A critical factor influencing supply is the environmental and regulatory regimes of the countries in which lead is mined and processed.

• Natural Gas

Natural gas is used for residential and commercial heating and in the production of electricity. The level of global industrial activity influences the demand for natural gas. The demand for natural gas has also traditionally been cyclical, with higher demand during the months of winter and lower demand during the warmer summer months. In addition, the seasonal temperatures in countries throughout the world can also heavily influence the demand for natural gas. In general, the supply of natural gas is based on competitive market forces: inadequate supply at any one time leads to price increases, which signal to production companies the need to increase the supply of natural gas to the market. Supplying natural gas in order to meet this demand, however, is dependent on a number of factors. These factors may be broken down into two segments: those factors that affect the short term supply and general barriers to increasing supply. In turn, factors that affect the short term supply include: the availability of skilled workers and equipment, disruptions related to permitting, well development, weather and delivery (e.g., hurricanes, labor strikes and wars). Similarly, the other more general barriers to the increase in supply of natural gas are: access to land, the expansion of pipelines and the financial environment. These factors, which are not exhaustive, are interrelated and can have complex and unpredictable effects on the supply for, and the price of, natural gas. It is not possible to predict the aggregate effect of all or any combination of these factors.

• Nickel

The price of nickel is affected by the global demand for and supply of nickel, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for nickel is significantly influenced by the level of global industrial economic activity. An additional component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. The supply of nickel is also affected by current and previous price levels.

• Platinum

The price of platinum is affected by the global demand for and supply of platinum. However, since the platinum supply is very limited, any disruptions in platinum supply tend to have an exaggerated effect on the price of platinum. Platinum is used in a variety of industries, including the automotive industry, the chemical industry, the electronics industry, the dental industry and the jewelry industry.

• RBOB Gasoline

The level of global industrial activity influences the demand for non-oxygenated gasoline. In addition, the demand has seasonal variations, which occur during "driving seasons" usually considered the summer months in North America and Europe. Non-oxygenated gasoline is derived from crude oil and as such, any factors that influence the supply of crude oil may also influence the supply of non-oxygenated gasoline.

• Silver

The price of silver is affected by global demand for and supply of silver. Silver prices can fluctuate widely and may be affected by numerous factors. These include general economic trends, technical developments, substitution issues and regulation, as well as specific factors including industrial and jewelry demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar (the currency in which the price of silver is generally quoted) and other currencies, interest rates, central bank sales, forward sales by producers, global or regional political or economic events, and production costs and disruptions in major silver producing countries. The supply of silver consists of a combination of new mine production and existing stocks of bullion and fabricated silver held by governments, public and private financial institutions, industrial organizations and private individuals. In addition, the price of silver has on occasion been subject to very rapid short-term changes due to speculative activities. From time to time, above-ground inventories of silver may also influence the market. It is not possible to predict the aggregate effect of all or any combination of these factors.

• Soybeans

The price of soybeans is affected by the global demand for and supply of soybeans, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for soybeans is in part linked to the development of agricultural, industrial and energy uses for soybeans. This includes the use of soybeans for the production of animal feed, vegetable oil, edible soybean oil and biodiesel, all of which may have a major impact on worldwide demand for soybeans. In addition, prices for soybeans are affected by governmental programs and policies regarding agriculture, including soybeans, specifically, and trade, fiscal and monetary issues, more generally. Extrinsic factors also affect soybean prices such as crop yields, natural disasters, pestilence, wars and political and civil upheavals. The supply of soybeans is particularly sensitive to weather patterns such as floods, drought and freezing conditions, planting decisions, the price of fuel, seeds and fertilizers and the current and previous price of soybeans. It is not possible to predict the aggregate effect of all or any combination of these factors.

- Wheat

The price of wheat is affected by the global demand for and supply of wheat, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for wheat is in part linked to the development of agricultural, industrial and energy uses for wheat including the use of wheat for the production of animal feed and bioethanol which may have a major impact on worldwide demand for wheat. In addition, prices for wheat are affected by governmental and intergovernmental programs and policies regarding trade, agriculture, energy and fiscal and monetary issues, more generally, and human consumption and alternative uses for wheat and other grains in manufacturing and other industries. Wheat prices may also be influenced by or dependent on subsidies, tariffs, retail prices, social trends, lifestyle changes and market power. Wheat prices are also affected by extrinsic factors such as natural disasters, pestilence, wars and political and civil upheavals. The supply of wheat is particularly sensitive to weather patterns such as floods, drought and freezing conditions, planting decisions, the price of fuel, seeds and fertilizers and the current and previous price of wheat. It is not possible to predict the aggregate effect of all or any combination of these factors.

- Zinc

The price of zinc is affected by the global demand for and supply of zinc, but is also influenced from time to time by speculative actions and by currency exchange rates. Demand for zinc is influenced by the level of global industrial economic activity. An additional component of demand is adjustments to inventory in response to changes in economic activity and/or pricing levels. The supply of zinc is also affected by current and previous price levels.

The primary exchange or organized market for trading of an Underlying Commodity has no obligation to consider your interests.

The primary exchange or organized market for trading of an Underlying Commodity is responsible for calculating the official settlement price or fixing level, as applicable, for the Underlying Commodity. The primary exchange or organized market for trading may alter, discontinue or suspend calculation or dissemination of the official settlement price or fixing level, as applicable, for the Underlying Commodity. Any of these actions could adversely affect the value of the securities. The exchange or market has no obligation to consider your interests in calculating or revising the official settlement price or fixing level, as applicable, for the Underlying Commodity.

Commodity prices may change unpredictably, can be extremely volatile, and can affect the value of the securities in unforeseeable ways.

Fluctuations in commodity prices may have a material adverse effect on the value of the securities and your return on an investment in the securities. Trading in commodities and commodity futures contracts is speculative and can be extremely volatile. The prices of commodities can fluctuate rapidly and are affected by numerous factors, including:

changes in supply and demand relationships, governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, general weather conditions, and trade, fiscal, monetary and exchange control policies. Many commodities are also highly cyclical. These factors, some of which are specific to the market for each such commodity, as discussed below, may cause the value of the different commodities to move in inconsistent directions at inconsistent rates. This, in turn, may affect the value of the securities. It is not possible to predict the aggregate effect of all or any combination of these factors.

Suspension or disruptions of market trading in the commodity and related futures markets may adversely affect the value of the securities.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices which may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the price of an Underlying Commodity, level of an Underlying Commodity Index or value of an Underlying Commodity Fund, as applicable, and, therefore, the value of the securities.

An Underlying Commodity Index or Target Index may be a rolling index, and future prices of the commodities that are different relative to their current prices may adversely affect the value of the securities.

An Underlying Commodity Index or Target Index is comprised of commodity futures contracts. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. As the futures contracts that comprise the Underlying Commodity Index or Target Index approach expiration, they are replaced by contracts that have a later expiration. Thus, for example, a contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October is replaced by a contract for delivery in a later month (e.g., November). This process is referred to as “rolling.” If the market for these contracts is (putting aside other considerations) in “backwardation,” where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a “roll yield” which might create a profit for the purchase of the contracts. While certain commodities contracts included in an Underlying Commodity Index or Target Index may have historically exhibited consistent periods of backwardation, backwardation will likely not exist at all times with respect to any commodity. Certain commodities futures contracts included in an Underlying Commodity Index or Target Index may have historically traded in “contango” markets. Contango markets are those in which the prices of contracts are higher in the distant delivery months than in the nearer delivery months. The absence of backwardation in the commodity markets could result in negative “roll yields,” which might create a loss for the purchase of the contracts and could adversely affect the value of the Underlying Commodity Index or Target Index. There can be no assurance, however, that backwardation or roll yields will exist in any particular commodity at any time during the term of the securities.

An Underlying Commodity Index or a Target Index comprised of commodity futures contracts may be an excess return index and not a total return index.

An Underlying Commodity Index or a commodity Target Index may be an excess return index and not a total return index. An excess return index reflects the returns that are potentially available through an investment in the commodity futures contracts that comprise the index. By contrast, a total return index, in addition to reflecting such returns, also reflects interest that could be earned on cash collateral. An excess return index does not include this total return feature. In addition, the term “excess return” is not intended to suggest that the performance of an excess return index at any time or the return on your securities will be positive or that such excess return index is designed to exceed a particular benchmark.

Risks Related to Underlying Funds Generally

There may be limited anti-dilution protection for securities linked to an Underlying Fund.

The calculation agent, RBSSI, which is our affiliate, will adjust the Final Value for certain events affecting the shares of an Underlying Fund, such as splits and other corporate actions. The calculation agent is not required to make an adjustment for every corporate action that affects the shares of an Underlying Fund. If an event occurs that does not require the calculation agent to adjust the amount of shares of the Underlying Fund payable at maturity, the value of the securities may be materially and adversely affected.

The policies of the investment advisor for an Underlying Fund could affect the value of the securities.

The policies of the investment advisor concerning the calculation of an Underlying Fund's net asset value, additions, deletions or substitutions of stocks, commodities or commodity futures contracts held by the Underlying Fund, and the manner in which changes affecting the stocks, commodities or commodity futures contracts held by the Underlying Fund are reflected in the net asset value of the Underlying Fund, could affect the market price of the shares of the Underlying Fund and, therefore, affect the value of the securities. The value of the securities could also be affected if the investment advisor changes these policies, for example, by changing the manner in which it calculates the Underlying Fund's net asset value, or if the investment advisor discontinues or suspends calculation or publication of the Underlying Fund's net asset value, in which case it may become difficult to determine the value of the securities.

There are risks associated with the specific Underlying Fund to which your securities are linked.

An Underlying Fund may have limited operating history. Even if the shares of an Underlying Fund are listed for trading and a number of similar products have been traded for varying periods of time on various securities exchanges, you cannot be certain that an active trading market will continue for the shares of the Underlying Fund or that there will be liquidity in the trading market. The Underlying Fund is also subject to management risk, which is the risk that the investment strategy of the Underlying Fund's investment advisor, the implementation of which is subject to a number of constraints, may not produce the intended results. You should carefully consider the risks related to the Underlying Fund before investing in securities linked to it.

An Underlying Fund may not always be able exactly to replicate the performance of the Target Index.

It is possible that an Underlying Fund may not fully replicate the performance of the Target Index due to the temporary unavailability of certain index securities, commodities or commodity futures contracts in the secondary market or due to other extraordinary circumstances. In addition, an Underlying Fund is not able to replicate exactly the performance of the Target Index because the Target Index is a theoretical calculation while the Underlying Fund is an actual portfolio of stocks, commodities or commodity futures contracts.

The return of an Underlying Fund will be reduced by its expense ratio.

The return generated by an Underlying Fund will be reduced by its expenses and transaction costs, often referred to as its expense ratio, that are incurred in buying and selling shares, commodities or futures contracts held by the Underlying Fund. Some exchange-traded funds will have higher expense ratios than others that replicate similar investment strategies. You should note the expense ratio of the

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Underlying Fund when considering an investment in securities linked to it. For securities linked to an Underlying Fund, the expense ratio may adversely affect the value of the securities.