ROYAL BANK OF SCOTLAND PLC
Form 424B5
July 31, 2012

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Notes	$300,000.00	$34.38

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Pricing Supplement No. 143 dated July 30, 2012
to Registration Statement Nos. 333-162219 and 333-162219-01
(To Prospectus Supplement dated August 25, 2010, and
Prospectus dated May 18, 2010)
424(b)(5)

THE ROYAL BANK OF SCOTLAND plc
Securities Due September 4, 2013
Linked to the Trader Vic Index® Excess Return

Issuer:	The Royal Bank of Scotland plc ("RBS")	Guarantor:	The Royal Bank of Scotland Group plc ("RBSG")
Lead Agent:	RBS Securities Inc.	Pricing Date:	July 30, 2012
Original Offering Price:	100%	Settlement Date:	August 2, 2012
CUSIP:	78009PDD0	Determination Date:	August 30, 2013
ISIN:	US78009PDD06	Maturity Date:	September 4, 2013

Status and Guarantee:	Unsecured, unsubordinated obligations of the Issuer and fully and unconditionally guaranteed by the Issuer's parent company, The Royal Bank of Scotland Group plc.
Description of Offering:	Securities due September 4, 2013 Linked to the Performance of the Trader Vic Index® Excess Return (the "securities")
Underlying Index:	The Trader Vic Index® Excess Return (Bloomberg ticker: TVICER <Index>) (the "Underlying Index")
Coupon:	None. The securities do not pay interest.
Payment at Maturity:	The payment at maturity for each Security is based on the performance of the Underlying Index. The cash payment at maturity for each $1,000 principal amount of securities is calculated as follows: Any payment at maturity is subject to the creditworthiness of The Royal Bank of Scotland plc, as the issuer and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations.
Final Index Value:	The Closing Level of the Underlying Index on the Determination Date, subject to certain adjustments as described under "Description of Securities" in this pricing supplement.
Initial Index Value:	4,659.150
Adjustment Factor:	where "Days" are the number of calendar days from but not including the Pricing Date, to but not including the Determination Date. Where the Pricing Date occurs on July 30, 2012, if the Determination Date occurs on August 30, 2013, the Adjustment Factor will be approximately 0.989 (assuming there are 395 calendar days in this period).
Trustee:	Securities Administrator: Citibank, N.A.

	Wilmington Trust Company		
Denomination:	$1,000	Settlement:	DTC, Book Entry, Transferable
Selling Restriction:	Sales in the European Union must comply with the Prospectus Directive		

	Original Offering Price	Agent's Commission1	Proceeds, before expenses, to Issuer
Per Security	$1,000.00	$0.00	$1,000.00
Total	$300,000.00	$0.00	$300,000.00

1 For additional information see "Plan of Distribution (Conflicts of Interest)" in this pricing supplement.

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.

Investing in the securities involves a number of risks. See "Risk Factors" beginning on page S-2 of the accompanying prospectus supplement and "Risk Factors" beginning on page 12 of this pricing supplement.

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

PRICE: $1,000 PER SECURITY

TABLE OF CONTENTS

WHERE YOU CAN FIND MORE INFORMATION

RBS has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus in that registration statement and other documents, including the applicable prospectus supplement, related to this offering that RBS has filed with the SEC for more complete information about RBS and the offering of the securities.

You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, RBS, any underwriter or any dealer participating in this offering will arrange to send you the prospectus and prospectus supplement if you request by calling toll free (866) 747-4332.

You should read this pricing supplement together with the prospectus dated May 18, 2010, and the more detailed information contained in the prospectus supplement dated August 25, 2010. This pricing supplement, together with the documents listed below, 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, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in this pricing supplement and the accompanying prospectus supplement, as the securities involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the securities.

You may access these documents on the 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 Supplement dated August 25, 2010: http://www.sec.gov/Archives/edgar/data/729153/000095010310002511/dp18935_424b2.htm

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

Our Central Index Key, or CIK, on the SEC website is 729153. Unless otherwise indicated or unless the context requires otherwise, all references in this document to "we," "us" and "our" or similar references are to The Royal Bank of Scotland plc.

The securities are our senior unsecured 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. Trader Vic Index® and TVI® are trademarks of EAM Partners L.P. (“EAM”).

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 pricing supplement is considered to be part of this pricing supplement. Because we and RBSG are incorporating by reference future filings with the SEC, this pricing supplement is continually updated and those future filings may modify or supersede some of the information included or incorporated in this pricing 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 pricing supplement or in any document previously incorporated by reference have been modified or superseded. This pricing supplement incorporates the Annual Report on Form 20-F of RBSG for the year ended December 31, 2011, filed on March 27, 2012, 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 pricing 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 pricing 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 pricing 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.

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

EAM created and owns rights to the methodology that is employed in connection with the Trader Vic Index®. EAM does not sponsor, endorse, sell, or promote this or any investment fund or other vehicle that is offered by third parties and that seeks to provide an investment return based on the returns of the Trader Vic Index®.

These Securities are not sponsored, endorsed, sold or promoted by EAM. EAM makes no representation, condition or warranty, express or implied, to the owners of the Securities or any member of the public regarding the advisability of investing in the strategy manifested in the Trader Vic Index® or in the Securities. EAM's only relationship to The Royal Bank of Scotland plc is the licensing of certain trademarks and trade names of EAM and/or of the Trader Vic Index® which is created, compiled, maintained and owned by EAM without regard to the Securities. EAM has no obligation to take the needs of the owners of the Securities into consideration in determining, or composing the Trader Vic Index®. EAM is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Securities to be issued. EAM has no obligation or liability in connection with the administration, marketing or trading of the Securities.

EAM SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE TRADER VIC INDEX® FROM SOURCES THAT EAM CONSIDERS RELIABLE, BUT EAM ACCEPTS NO RESPONSIBILITY FOR, AND SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. EAM DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE TRADER VIC INDEX® OR ANY DATA INCLUDED THEREIN. EAM MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF THE TRADER VIC INDEX® OR ANY DATA INCLUDED THEREIN. EAM MAKES NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL CONDITIONS AND WARRANTIES IMPLIED BY STATUTE, GENERAL LAW OR CUSTOM WITH RESPECT TO THE TRADER VIC INDEX® OR ANY DATA INCLUDED THEREIN EXCEPT ANY IMPLIED CONDITION OR WARRANTY THE EXCLUSION OF WHICH WOULD CONTRAVENE ANY STATUTE OR CAUSE ANY PART OF THIS CLAUSE TO BE VOID.

SUMMARY

The following summary does not contain all the information that may be important to you. You should read carefully the entire prospectus and prospectus supplement, together with this 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 pricing 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. 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 are the securities?

The securities are issued by us, The Royal Bank of Scotland plc, and are fully and unconditionally guaranteed by our parent company, The Royal Bank of Scotland Group plc. The securities will rank equally with all of our other unsecured senior obligations, 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 guarantor of our obligations under the securities. The securities are not principal protected. You may lose some or all of your investment in these securities. The securities are linked to the performance of the Trader Vic Index® Excess Return, which we refer to as the Underlying Index. The securities will mature on September 4, 2013. Unlike ordinary debt securities, the securities do not pay interest.

The payment at maturity of the securities is determined based on the performance of the Underlying Index, subject to an Adjustment Factor, as described below. If the closing level of the Underlying Index increases from the Initial Index Value, which is determined on the Pricing Date, so that it is higher on the Determination Date, you will receive at maturity the principal amount of $1,000 per security times the return on the Underlying Index, times the Adjustment Factor. The Adjustment Factor will reduce any return you receive to less than 100% of the return on the Underlying Index. If the closing level of the Underlying Index is the same as or decreases from the Initial Index Value, so that it is the same or lower on the Determination Date, you will lose some or all of your initial investment. In addition, even if the closing level of the Underlying Index on the Determination Date is slightly higher than the Initial Index Value, you may lose some of your initial investment if that increase is not sufficient to offset the effect of the Adjustment Factor. Although there is no cap on the return of your investment in the securities, the Adjustment Factor will always operate to reduce any payment you receive at maturity so that it will always be less than 100% of any increase and more than 100% of any decrease in the level of the Underlying Index.

Any payment on the securities (including any payment at maturity) is subject to the creditworthiness (i.e., ability to pay) 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.

What will I receive at maturity of the securities?

At maturity you will receive, for each $1,000 principal amount of securities, a cash payment calculated as follows:

where,

- the Initial Index Value is defined as the closing level of the Underlying Index on the Pricing Date;
- the Final Index Value is defined as the closing level of the Underlying Index on the Determination Date (subject to certain adjustments as described under “Description of Securities” in this pricing supplement.) and
- the Adjustment Factor will equal:

where “Days” are the number of calendar days from but not including the Pricing Date of the securities to but not including, the Determination Date.

Where the Pricing Date occurs on July 30, 2012, if the Determination Date occurs on August 30, 2013, the Adjustment Factor will be approximately 0.989 (assuming that there are 395 calendar days during that period).

Will I receive interest payments on the securities?

No. You will not receive interest payments on the securities.

Will I get my principal back at maturity?

The securities are not principal protected, so you are not guaranteed to receive any return of principal at maturity. If the closing level of the Underlying Index on the Determination Date is below or the same as the Initial Index Value, you will lose some or all of your initial investment and you could lose up to 100% of your initial investment. In addition, even if the closing level of the Underlying Index on the Determination Date is slightly higher than the Initial Index Value, you may lose some of your initial investment if that increase is not sufficient to offset the effect of the Adjustment Factor.

Any payment at maturity is subject to our creditworthiness (i.e., ability to pay) as the issuer of the securities and the creditworthiness of The Royal Bank of Scotland Group plc, as the guarantor of our obligations under the securities.

If you sell the securities prior to maturity, you will receive the market price, if any, for the securities, which could be zero. There may be little or no secondary market for the securities. Accordingly, you should be willing to hold your securities until maturity.

Can you give me examples of the payment at maturity?

Example 1: If, for example, the Initial Index Value is 4,600, the Final Index Value is 6,900 and the securities have a maturity of 1 year and 30 days (assuming there are 395 calendar days from but not including the Pricing Date, to but not including the Determination Date), then the payment at maturity (rounded to two decimal places) would be calculated as follows:

and the Adjustment Factor is calculated as:

In this hypothetical example, the closing level of the Underlying Index on the Determination Date increased from the Initial Index Value by 50%, which is an amount greater than the effect of the Adjustment Factor. Therefore, the payment at maturity will be the principal amount of $1,000 times the return on the Underlying Index times the Adjustment Factor. In this hypothetical example, while the return on the Underlying Index was 50.00%, you would have received, at maturity, a

payment of $1,483.50 (rounded to two decimal places) for each $1,000 principal amount of securities, which represents a return of approximately 48.35% over the term of the securities. You would have received less than the return on the Underlying Index due to the effect of the Adjustment Factor. Although there is no cap on the return of your investment in the securities, the payment you will receive at maturity will always be less than 100% of the return on the Underlying Index due to the Adjustment Factor.

Example 2: If, for example, the Initial Index Value is 4,600, the Final Index Value is 4,646 and the securities have a maturity of 1 year 30 days (assuming there are 395 calendar days from but not including the Pricing Date, to but not including the Determination Date), then the payment at maturity (rounded to two decimal places) would be calculated as follows:

where, the Adjustment Factor is calculated as:

In this hypothetical example, the closing level of the Underlying Index on the Determination Date increased from the Initial Index Value by 1%, which was not a sufficient increase to offset the effect of the Adjustment Factor. Therefore, the payment at maturity will be the principal amount of $1,000 times the return on the Underlying Index times the Adjustment Factor. In this hypothetical example, while the return on the Underlying Index was 1%, you would have received at maturity a payment of $998.89 (rounded to two decimal places) for each $1,000 principal amount of securities, which represents a loss of approximately -0.111% over the term of the securities. Even though the Underlying Index appreciated above the Initial Index Value, you would have lost a portion of your initial investment due to the effect of the Adjustment Factor.

Example 3: If, for example, the Initial Index Value is 4,600, the Final Index Value is 2,760 and the securities have a maturity of 1 year and 30 days (assuming there are 395 calendar days from but not including the Pricing Date, to but not including the Determination Date), then the payment at maturity (rounded to two decimal places) would be calculated as follows:

$$\$1,000 \times .5934 = \$593.40$$

where, the Adjustment Factor is calculated as:

In this hypothetical example, the closing level of the Underlying Index on the Determination Date decreased from the Initial Index Value by 40% but, due to the Adjustment Factor you would have lost approximately -40.66%. Therefore, in this hypothetical example, you would receive at maturity an amount less than your initial investment, for a total payment of $593.40 (rounded to two decimal places) for each $1,000 principal amount of securities. If the closing level of the Underlying Index decreases substantially from the Initial Index Value to the Final Index Value, you could lose up to 100% of your initial investment.

Is there a limit on how much I can earn over the term of the securities?

No. If the securities are held to maturity, the total amount payable at maturity per security is not limited. Any payment you receive at maturity, however, will always be less than 100% of the return on the Underlying Index due to the Adjustment Factor.

What is the minimum required purchase?

You may purchase securities in minimum denominations of $1,000 or in integral multiples thereof.

Is there a secondary market for securities?

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 nonexistent. You should be willing to hold your securities until the Maturity Date.

Although it is not required to do so, our affiliate has informed us that when this offering is complete, it may 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 firm for further information.

In addition, the Original Offering Price of the securities includes 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 Inclusion of the Cost of Hedging in the Original Offering Price Is Likely to Adversely Affect Secondary Market Prices" and "Use of Proceeds" in this pricing supplement.

If you were to sell the 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 the tax consequences of an investment in the securities?

You should review carefully the section in this pricing supplement entitled “U.S. Federal Income Tax Consequences.”

For a discussion of U.K. tax considerations relating to the securities, you should refer to the section below 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 the Underlying Index, and where can I find out more about the Underlying Index?

The Underlying Index is an index designed to provide investors with potential diversification and seeks to benefit from both rising and declining price trends of the Underlying futures contracts that comprise the Index. Currently comprised of 24 futures contracts across physical commodities, global currencies and U.S. interest rates, the Underlying Index seeks to capture rising and falling price trends by taking both long and short positions. The Underlying Index components are grouped into 18 sectors; each sector, except the energy sector, is represented on either a “long” or “short” basis, depending on recent price trends of that sector. The energy sector is represented on either a “long” or “flat” basis. A flat position means that no portion of the Underlying Index is deemed to be allocated to the energy sector. For further information about the Index see the section entitled “The Underlying Index.” The Underlying Index has a base currency in U.S. dollars and is unleveraged; for every USD reflected in the Underlying Index, the Underlying Index references futures positions with a total notional amount of one U.S. dollar.

What is the relationship between The Royal Bank of Scotland plc, The Royal Bank of Scotland Group plc and RBS Securities Inc.?

RBS Securities Inc., which we refer to as RBSSI, is an affiliate of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc. RBSSI will act 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, the Calculation Agent, the Index Calculation Agent, or other of our affiliates” and “Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

Who will determine the payment at maturity?

RBS Securities Inc. (“RBSSI”), one of our affiliates will act as calculation agent for Wilmington Trust Company, the trustee for the securities (in such capacity, the “Calculation Agent”). As Calculation Agent, RBSSI will determine, among other things, the Adjustment Factor, and the payment, if any, at maturity. RBS Business Services Private Limited is the calculation agent for the Underlying Index (in such capacity, the “Index Calculation Agent”), and will determine, among other things, the Initial Index Value, and the Final Index Value.

When is the Closing Level Determined?

The level of the Underlying Index is calculated and published by the Index Calculation Agent with respect to every Business Day and is updated continuously as the prices of the underlying components change, so there is no formal closing time for the Underlying Index. The Closing Level of the Underlying Index for any given Business Day will be the level of the Underlying Index published at approximately 11:00 a.m., New York City time on the immediately following Business Day.

Who invests in the securities?

The securities are not suitable for all investors. The securities may be a suitable investment for you if:

- You seek an investment with a return linked to the performance of the Underlying Index.

- You believe the closing level of the Underlying Index will increase by an amount sufficient to offset the Adjustment Factor and to provide you with a satisfactory return on your investment during the term of the securities.
- You are willing to accept the risk of fluctuations in the level of the Underlying Index.
- You do not seek current income from this investment.

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

- You are not willing to be exposed to fluctuations in the level of the Underlying Index.
- You seek principal protection or preservation of capital invested.
- You believe the closing level of the Underlying Index will decrease or will not increase by an amount sufficient to offset the Adjustment Factor during the term of the securities.
- You seek interest payments or current income from your investment.
- You see assurances that there will be a liquid market if and when you want to sell the securities prior to maturity.
- You are unwilling or are unable to assume the credit risk associated with RBS, 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 are some of the risks in owning the securities?

Investing in the securities involves a number of risks. We have described the most significant risks relating to the securities under the heading "Risk Factors" in this pricing 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 from us, you are assuming the risk that we may not be able to pay our obligations to you as they become due and payable. In addition, because the securities are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc, you are assuming the credit risk of The Royal Bank of Scotland Group plc in the event that we fail to make the payment required by the terms of the securities. This means that if The Royal Bank of Sctoland Group and The Royal Bank of Scotland Group plc fail, become insolvent or are otherwise unable to pay their obligations under the securities, you could lose some or all of your initial investment. Any obligations or securities sold, offered, or recommended are not deposits of The Royal Bank of Scotland plc nor are they insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other government agency.

Principal Risk. The securities are not ordinary debt securities; they are not principal protected, which means that there is no guaranteed return of your investment. In addition, if the closing level of the Underlying Index decreases or does not change from the Pricing Date to the Determination Date, you will lose some or all of your initial investment. Even if the closing level of the Underlying Index increases slightly from the Initial Index Value to the Final Index Value, you may lose some of your initial investment if that increase is not sufficient to offset the Adjustment Factor. Accordingly, you may lose some or all of your initial investment in the securities.

Liquidity Risk. 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 of the securities may be extremely limited or non-existent. The value of the securities in the secondary market, if any, will be subject to many unpredictable factors, including then prevailing market conditions.

It is important to note that many factors will contribute to the secondary market value of the securities, and you may not receive your full principal back if the securities are sold prior to maturity. Such factors include, but are not limited to, time to maturity, the level of the Underlying Index, volatility of the Underlying Index and interest rates.

In addition, the Original Offering Price of the securities includes the 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.

What if I have more questions?

You should read "Description of Notes" in the accompanying prospectus supplement for a detailed description of the terms of the securities and the section below entitled "The Underlying Index" for a detailed description of the Underlying Index. The Royal Bank of Scotland plc has filed a registration statement (including a prospectus and prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus and prospectus supplement in that registration statement and other documents The Royal Bank of Scotland plc has filed with the SEC for more complete information about The Royal Bank of Scotland plc and the offering of the securities. You may get these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, The Royal Bank of Scotland plc, any underwriter or any dealer participating in the offering will arrange to send you the prospectus and prospectus supplement if you request them by calling toll free (866) 747-4332.

RISK FACTORS

You should carefully consider the risks of the securities to which this pricing supplement relates and whether these securities are suited to your particular circumstances before deciding to purchase them. For a discussion of certain general risks associated with your investment in the securities, please refer to the section entitled "Risk Factors" beginning on page S-2 of the accompanying prospectus supplement. It is important that prior to investing in these securities you read the accompanying prospectus and prospectus supplement to understand the actual terms of and the risks associated with the securities. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the securities.

Risk Factors Relating to the Issuer

The credit risk of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc, and their credit ratings and credit spreads may adversely affect the value of the securities.

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 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 increase in their credit spreads charged by the market for taking credit risk is likely to adversely affect the value of the securities.

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 the Underlying Index may rise or fall resulting in a loss of some or all 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 — Risk Factors Relating to the Securities - The Market Price of the Securities Will Be Influenced by Many Unpredictable Factors."

Risk Factors Relating to the Securities

The securities are not conventional debt securities—they do not pay interest and there is no principal protection; you may lose some or all of your investment in the securities.

The terms of the securities differ from those of conventional debt securities in that (i) we will not pay you interest on the securities and (ii) you could lose some or all of your initial investment. The return that you will receive at maturity will be primarily based on any increase or decrease in the level of the Underlying Index. If the closing level of the Underlying Index decreases or does not change from the Initial Index Value to the Final Index Value, you will lose some of your initial investment, and you could lose up to 100% of your initial investment. In addition, even if the closing level of the Underlying Index increases slightly from the Initial Index Value to the Final Index Value, you may lose some of your initial investment if that increase is not sufficient to offset the Adjustment Factor. In either case, the amount of cash paid to you at maturity will be less than the principal amount of your securities and you assume the risk that you could lose some or all of your initial investment.

Furthermore, even if the return on the Underlying Index is positive, the return you receive on the securities may be less than the return you would have received had you invested your entire principal amount in a conventional debt security with the same maturity issued by us or by a comparable issuer. You cannot predict the future performance of the Underlying Index based on its historical performance.

The return that you will receive will always be less than 100% of the return on the Underlying Index due to the Adjustment Factor.

The Adjustment Factor is a fee formula based on the number of calendar days from but not including the Pricing Date, to but not including the Determination Date of your securities. Since the Adjustment Factor reduces the amount of your return at maturity, the payment you will receive at maturity will always be less than 100% of the return on the Underlying Index. As a result, the level of the Underlying Index must increase by an amount sufficient to offset the Adjustment Factor in order for you to receive at least the principal amount of your investment at maturity. See "Description of Securities—Adjustment Factor."

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 all of our other senior unsecured 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.

The securities will not be listed on any securities exchange; secondary trading may be limited.

You should be willing to hold your securities until the Maturity Date. The securities will not be listed on any securities exchange. Accordingly, there may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be extremely 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.

The securities may not be a suitable investment for you.

The securities may not be a suitable investment for you if you are not willing to be exposed to fluctuations in the level of the Underlying Index, you seek full principal protection or preservation of capital invested, you believe that the closing level of the Underlying Index will decrease from the Initial Index Value or that the level of the Underlying Index will not increase sufficiently over the term of the securities to provide you with your desired return, you seek interest payments or other current income on your investment, 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 The Royal Bank of Scotland plc, as the issuer, and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations under the securities.

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 fluctuate between the date you purchase them and the Determination Date in respect of which the Calculation Agent determines the amount to be paid to you on the Maturity Date.

Several factors, many of which are beyond our control, will influence the value of the securities, including:

- the level of the Underlying Index, which can fluctuate significantly;
- the volatility (frequency and magnitude of changes) in the level of the Underlying Index;
- the market prices of the exchange-traded futures contracts that are referenced in the Underlying Index;
- prevailing interest and yield rates in the market;

- the prices of commodities and currencies referenced by Index Components and the prices of exchange-traded commodity futures contracts and currency futures contracts that are Index Components;
- geopolitical conditions and economic, financial, political, regulatory, geographical, agricultural, or judicial events that affect the futures contracts comprising the Underlying Index, or markets generally, and which may affect the level of the Underlying Index;
- the time remaining to the maturity of the securities;
- the creditworthiness of The Royal Bank of Scotland plc as issuer of the securities and The Royal Bank of Scotland Group plc as the guarantor of our obligations under the securities. Any person who purchases the securities is relying upon the creditworthiness of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc and has no rights against any other person. The securities constitute the general, senior unsecured contractual obligations of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc

These factors interrelate in complex ways, and the effect of one factor on the market 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 principal amount. For example, there may be a discount on the securities if at the time of sale the level of the Underlying Index is at or below the Initial Index Level. Even if the level of the Underlying Index is greater than the Initial Index Level, there may be a discount on the securities based on the time remaining to the maturity of the securities. Thus, if you sell your securities before maturity, you may not receive back your entire principal amount.

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 Underlying Index based on its historical performance. The performance of the Underlying Index over the term of the securities, as well as the amounts payable on the securities, may bear little relation to the historical levels of the Underlying Index set forth in this pricing supplement. Neither we, The Royal Bank of Scotland Group plc or any of our or its affiliates can guarantee that the level of the Underlying Index will increase sufficiently so that you may receive at maturity at least the principal amount of the securities.

As an investor in the securities, you assume the risk that as a result of the performance of the Underlying Index you may not receive any return on your initial investment in the securities or that you may lose some or all of your initial investment in the securities.

The value of your securities on the pricing date is less than the Original Offering Price due our cost of hedging, 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 certain 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 the Underlying Index, 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 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 mark-ups or other transaction costs.

The payment, if any, you receive at maturity depends on the Final Index Value on the Determination Date only.

We determine the payment at maturity based on the difference between the Initial Index Value on the Pricing Date and the Final Index Value on the Determination Date. As a result the payment, if any, at maturity depends on the level of the Underlying Index on the Determination Date regardless of whether the level of the Underlying Index at the Maturity Date or at other times during the term of the securities, including dates near the Determination Date, was higher than the Final Index Value. This difference could be particularly large if there is a significant increase in the level of the Underlying Index after the Determination Date, if there is a significant decrease in the level of the Underlying Index around the time of the Determination Date or if there is significant volatility in the level of the Underlying Index during the term of the securities (especially on dates near the Determination Date). For example, since the Determination Date is near the end of the term of the securities, if the level of the Underlying Index increases or remains relatively constant during the initial term of the securities and then decreases below the Initial Index Value, then the Final Index Value may be significantly less than if it was calculated on another date or dates during the term of the securities.

The payment you receive at maturity may not reflect the performance of the Underlying Index.

If on the Determination Date, any of the underlying futures contracts comprising the Underlying Index closes up or down the limit on the Relevant Exchange, the Index Calculation Agent will adjust the closing level of the Underlying Index on such date to reflect the closing price of the relevant futures contract on the first succeeding day on which the relevant futures contract does not close up or down the limit on the Relevant Exchange. If the calculation agent recalculates the closing level of the Underlying Index in this manner, the payment that you receive at maturity or upon early redemption will not precisely reflect the published performance of the Underlying Index. See “Description of Securities — Final Index Value.”

Hedging and trading activities by us or our affiliates could affect the value of your 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 this pricing supplement, we may have hedged our anticipated exposure in connection with the securities by taking positions in the Index Components that comprise the Underlying Index, the commodities or currencies referenced by the Index Components, or options or futures contracts referencing such Index Components, commodities or currencies, 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 Underlying Index, the underlying Index Components comprising the Underlying Index 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 the Index Components (or options or futures contracts on the commodities or currencies referenced by the Index Components) that comprise the Underlying Index, or other instruments that we deem appropriate. We cannot give any assurance that our hedging or trading activities will not affect the value of the Underlying Index or the Index Components comprising the Underlying Index. 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 components (or options or futures contracts on the components) that comprise the Underlying Index or options or futures on the Underlying Index 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 Underlying Index, the Index Components comprising the Underlying Index and, therefore, the value of the securities.

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 level of the Underlying Index, the Index Components, or the physical commodities or currencies referenced by the Index Components. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the securities.

There may be potential conflicts of interest between security holders and the Calculation Agent, Index Calculation Agent, or other of our affiliates.

One of our affiliates, RBSSI, will serve as the calculation agent for the Trustee in respect of the securities, and another of our affiliates, RBS Business Services Private Limited will serve as the calculation agent for the Underlying Index. For a fuller description of the roles of RBSSI and RBS Business Services Private Limited as Calculation Agent and Index Calculation Agent, respectively, see "Description of Securities — Calculation Agent" and "Description of Securities

— Index Calculation Agent." For example, the Index Calculation Agent may have to determine whether a Market Disruption Event affecting the Underlying Index has occurred or is continuing on a day when the calculation agent is scheduled determine its level. In addition, the Index Calculation Agent may have to make additional calculations if the Underlying Index is discontinued, suspended, modified or otherwise terminated. The Calculation Agent will, among other things, determine the amount, if any, paid to you with respect to the securities at maturity. The Calculation Agent and the Index Calculation Agent will exercise their judgment when performing their respective functions. Since these determinations by the Calculation Agent and Index Calculation Agent may affect the value of the securities, the Calculation Agent and Index Calculation Agent may have conflicts of interest in making any such decisions.

Moreover, the Original Offering Price of the securities includes certain costs of hedging our obligations under the securities. Our affiliates through which we hedge our obligations under the securities expect to make a profit. Since hedging our obligations entail risk and may be influenced by market forces beyond our affiliates' 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 Underlying Index, and hence the value of your securities, in a manner that would be adverse to your interest as a security holder.

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

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 as prepaid financial contracts that are not debt, as described in the section of this pricing supplement entitled "U.S. Federal Income Tax Consequences." If the IRS were successful in asserting an alternative treatment for the securities, the tax consequences of ownership and disposition of the securities could be materially and adversely affected. In addition, 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, such as the securities. 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.

You should review the discussion under "U.S. Federal Income Tax Consequences" and 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.

In the event that we or RBSG, as guarantor, exercise our option to redeem the securities, as described below under "Description of the Securities—Optional Tax Redemption," the amount of cash you will be entitled to receive upon redemption of the securities is uncertain.

We will have the option to redeem your securities if the U.K. tax treatment of the securities changes in certain ways, as described below under "Description of the Securities—Optional Tax Redemption," including but not limited to the imposition of a withholding tax that requires us to pay Additional Amounts in respect of that tax. The amount we pay you for your securities in such redemption will be their fair market value, as calculated by the Calculation Agent. The fair market value of the securities may be less than the Original Offering Price.

Risk Factors Relating to the Index

General Risks Related to the Underlying Index

You must rely on your own evaluation of the merits of an investment linked to the Underlying Index.

In the ordinary course of their businesses, our affiliates and EAM Partners L.P. ("EAM"), which is the owner of the Underlying Index, may have expressed views on expected movements in the Underlying Index or its components and may do so in the future. These views or reports may be communicated to our clients, the clients of our affiliates and the clients of EAM. However, these views are subject to change from time to time. Moreover, other professionals who deal in markets relating to the Underlying Index or its components may at any time have significantly different views from those of our affiliates and EAM. For these reasons, you are encouraged to independently obtain information which you consider necessary to evaluate an investment in the securities, the Underlying Index and its components from multiple sources, and you should not rely on the views expressed by our affiliates or by EAM.

The Underlying Index tracks commodity futures contracts and does not track the spot prices of physical commodities or currencies underlying such contracts.

The Underlying Index is composed of exchange-traded futures contracts on physical commodities, currencies and rates. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, a commodity futures contract is typically an agreement to buy a set amount of an underlying physical commodity at a predetermined price during a stated delivery period. The price of a commodity futures contract reflects the expected value of the underlying physical commodity upon delivery in the future. In contrast, the underlying physical commodity's current or "spot" price reflects the immediate delivery value of the underlying physical commodity.

The securities are linked to the Underlying Index and not to the spot prices of the physical commodities or currencies referenced by the notional futures contracts that comprise the Underlying Index. Therefore, an investment in the securities is not the same as buying and holding the physical commodities or currencies referenced by the Underlying Index. While price movements in the commodity futures contracts comprising the Underlying Index may correlate with changes in the spot prices of the such physical commodities or currencies, the correlation will not be perfect and price movements in the spot markets for such physical commodities or currencies may not be reflected in the futures market (and vice versa). Accordingly, an increase in the spot prices of such physical commodities or currencies may not result in an increase in the prices of the commodity futures contracts comprising the Underlying Index or, consequently, the level of the Underlying Index. The prices of the commodity futures contracts comprising the Underlying Index and, thus, the level of the Underlying Index may decrease while the spot prices for the referenced physical commodities or currencies remain stable or increase, or do not decrease to the same extent.

The level of the Underlying Index will depend primarily on the position of the sectors within the Underlying Index, and one or more of those positions may not reflect the actual performance of those sectors.

The performance of the Underlying Index will depend primarily on the performance of each Index Component and how its corresponding sector is positioned within the Underlying Index. For example, if all other conditions remain constant, if the grains sector were positioned short, a decrease in the value of the corn futures contract would tend to increase the level of the Underlying Index, while an increase in the value of that contract would tend to decrease the level of the Underlying Index. There can be no assurance that the position determined for each sector will be aligned with the future price movements of its corresponding Index components. If a commodity sector is out of position in relation to the movements of its corresponding Index components (e.g., a short-positioned commodity sector experiences an increase in the value of one or more of its Index components, or a long-positioned commodity sector experiences a decrease in the value of one or more of its Index components), there could be a negative impact on the level of the Underlying Index. This could adversely affect the value of your securities and the payment you would receive on the securities at maturity.

The position of each sector is generally determined on the second to last business day of each month. If a different date of determination was used, the position taken with respect to each sector may be different, and may result in a lower return for the Underlying Index for the relevant month.

The Underlying Index takes monthly long and short positions and you should not invest in the securities if you have solely a bullish or bearish view of the Index Components.

The Underlying Index takes monthly long and short positions for each sector, with the exception of the energy sector which is positioned either long or flat. A flat position means that no portion of the Underlying Index is deemed to be allocated to the energy sector, as described below in the section "The Underlying Index—Index Components and Sectors." The securities may not be an appropriate investment for you if you anticipate that the sectors and/or their components will rise only (a "bullish" view) or decline only (a "bearish" view). In addition, because the energy sector is never positioned short in the Underlying Index, the securities may not be an appropriate investment for you if you have a bearish view of that sector.

The Underlying Index is expected to perform poorly in neutral or volatile market conditions, or if there are no prolonged price trends within its sectors.

The Underlying Index is designed to capture, in the aggregate, both rising and declining price trends of the Index Components (as defined below) over longer time periods. It aims to accomplish this by referencing long positions for sectors which prices demonstrate a bullish trend, and referencing short positions for sectors which prices demonstrate a bearish trend, with the exception of the energy sector which position is set to either long or flat, but never short. The lack of prolonged price trends in a neutral or volatile market, where the prices of the Index Components either remain flat or fluctuate, could adversely impact the performance of the Underlying Index and, consequently, the value of your securities.

Securities linked to the Underlying Index are not short-term investments.

As discussed in this pricing supplement, the Underlying Index is designed to capture price trends of its components over longer time periods. It is not designed to track short-term price movements in the Index Components or any sector within the Underlying Index. As such, securities linked to the Underlying Index are not intended to be short-term trading instruments. Even if there were to be a prolonged price trend within the Underlying Index sectors or Index Components, you may not realize any return on your securities if you buy and sell the securities over shorter time periods.

The Underlying Index has a limited history to consider for making an independent assessment of its performance.

The amount of your payment, if any, with respect to your securities will be linked to the performance of the Underlying Index, which was launched in June 2009. The methodology of the Underlying Index was subsequently amended in May 2012 and in July 2012. For a further explanation of these amendments, see "Historical Data Relating to the Underlying Index". There is no actual historical value information available before July 2012 for you to consider in making an independent investigation of the Underlying Index with its current methodology. Any data relating to the Underlying Index included in this Underlying Supplement for any date from June 2009 to July 2012 is historical data based on the then-current methodology. Any data prior to July 2009 is hypothetical historical data. The performance of the Underlying Index over the term of the securities, as well as the amounts payable on the securities, may bear little relation to the historical values of the Underlying Index set forth in this Underlying Supplement or in any Pricing Supplement. You cannot predict the performance of the Underlying Index during the term of the securities based on its historical performance.

A prolonged decline in value in energy-oriented raw materials would have a negative impact on the level of the Underlying Index and the value of your securities.

As of July 2012, 16.75% of the Index Components were energy-oriented, including 9.95% in crude oil. As energy is always weighted long or flat in the Underlying Index, a decline in the prices of such raw materials would adversely affect the level of the Underlying Index and the value of your securities. Technological advances or the discovery of new oil reserves could lead to increases in worldwide production of oil and corresponding decreases in the price of crude oil. In addition, further development and commercial exploitation of alternative energy sources, including solar, wind or geothermal energy, could lessen the demand for crude oil products and result in lower prices. Absent amendment of the Underlying Index to lessen or eliminate the concentration of existing energy contracts in the Underlying Index or to broaden the Underlying Index to account for such developments, the level of the Underlying Index and the value of your securities could decline.

The Underlying Index was amended in May 2012 to remove the natural gas Index Component from the energy sector and create a natural gas sector to track natural gas independently. The base weight of the energy sector was reduced to reflect the removal of the natural gas index component, though no changes were made to the base weight of the remaining Index Components in the energy sector. According to EAM, the change was made in order to capture the recent disconnection between natural gas and the rest of the energy complex, as advances in shale natural gas drilling and increased domestic supply reduced the correlations with crude oil, heating oil and RBOB gasoline.

The Underlying Index is an “excess return” index, not a “total return” index.

EAM publishes both the Underlying Index and a total return variant. The Underlying Index, which is an “excess return” index, reflects the returns that are potentially available through an unleveraged investment in the long and short (or flat) positions in the futures contracts that comprise the Underlying Index. In contrast, the total return variant, in addition to reflecting these returns, also reflects the interest that could be earned on cash collateral from an investment in the Underlying Index components in 3-month U.S. Treasury bills. The excess return version of the Underlying Index does not include this feature. In addition, the term “excess return” is not intended to suggest that the performance of the excess return version of the Underlying Index at any time, or the return on your securities, will be positive or that the excess return version of the Underlying Index is designed to exceed a particular benchmark.

The Underlying Index is a rolling index and future prices of the Index Components that are different relative to their current prices may decrease the amounts payable on the securities.

The Underlying Index is composed of futures contracts on commodities, currencies and U.S. interest rates. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts normally specify a certain date for delivery of the underlying asset. As the exchange-traded futures contracts that comprise the Underlying 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 contracts included in the Underlying Index have historically exhibited consistent periods of backwardation, backwardation will likely not exist at all times with respect to any contract. Certain of the assets included in the Underlying Index 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. Contango (or backwardation in the case of a short position) in the commodity markets would result in negative “roll yields” which could adversely affect the value of the Underlying Index and, accordingly, decrease the payments, if any, you receive on the securities. There can be no assurance, however, that backwardation or roll yields will exist in any particular Index component at any time during the term of the securities.

Policies of the Index Committee and changes that affect the composition and calculation of the Underlying Index will affect the market value of the securities and the return you will receive.

The Underlying Index is overseen and managed by the Index Committee (as defined herein). The policies of the Index Committee concerning the calculation of the level of the Underlying Index, additions, deletions or substitutions of Index Components and the manner in which changes affecting the Index Components are reflected in the Underlying Index could affect the level of the Underlying Index and, therefore, the market value of the securities and the amounts payable on the securities. The amounts payable in respect of the securities and their market value could also be affected if the Index Committee changes, discontinues or suspends compilation and maintenance of the Underlying Index.

The composition of the Underlying Index may change over time, as additional assets satisfy the eligibility criteria or assets currently included in the Underlying Index fail to satisfy such criteria. The annual composition of the Underlying Index will be determined by the Index Committee based on the Index Committee's assessment of the worldwide consumption of those assets, including in reliance upon historic price, liquidity and production data that are subject to potential errors in data sources or errors that may affect the weights of Index components. Any discrepancies that require revision are not applied retroactively but will be reflected in prospective weighting calculations of the Underlying Index for the following year. However, not every discrepancy may be discovered. If, for any reason, one of the futures contracts referenced in the Underlying Index ceases to exist, or any other similar event with similar consequences as determined in the discretion of the Index Committee occurs, the Index Committee will call an exceptional meeting to assess whether the composition and/or the weights of, the Underlying Index should be modified. The modification of the composition and/or the weights of the Underlying Index may have an adverse impact on the value of the Underlying Index, the amounts payable on the securities and their market value prior to maturity.

Furthermore, EAM is the sole owner of the Underlying Index. EAM currently has two representatives on the Index Committee. The other two members of the Index Committee are appointed by The Royal Bank of Scotland plc, and, currently, such members are employees of The Royal Bank of Scotland plc. EAM, through the Index Committee, has a significant degree of discretion regarding the composition and management of the Underlying Index, including additions, deletions and the weights of the Index components or exchange-traded futures contracts on the Index components. Any of these factors could affect the level of the Underlying Index and, therefore, could affect the amount payable on the securities and the market value of the securities prior to maturity. EAM and the Index Committee do not have any obligation to consider the needs of any parties to transactions involving the Underlying Index, including the holders of the securities, when making changes to the Underlying Index.

Our membership on the Index Committee may conflict with your interest as a holder of the securities.

The Index Committee is responsible for the calculation methodology of the Underlying Index. Our employees currently represent two of the four members of the Index Committee. As members of the Index Committee, our employees will be involved in the composition and management of the Underlying Index, including additions, deletions and the weights of the futures contracts that comprise the Underlying Index, all of which could affect the level of the Underlying Index and, therefore, could affect the amounts payable on the securities and the value of the securities prior to maturity. We do not believe that we have the power to control the decision-making of the Index Committee; however, we may influence the determinations of the Index Committee, which may adversely affect the value of your securities. Due to our potential influence on determinations of the Index Committee, which may affect the market value of the securities, we, as issuer of the securities, may have a conflict of interest if we participate in or influence such determinations.

Since we cannot control or predict the actions of the Index Committee, we are not ultimately responsible for any errors in or discontinuation of disclosure regarding the methods or policies relating to the calculation of the Underlying Index.

Our business activities may create conflicts of interest.

We and our affiliates expect to engage in trading activities related to the Index Components, futures or options on the commodities or currencies referenced by the Index Components, swaps referencing the Underlying Index, or other derivative instruments with returns linked to the performance of the Underlying Index, the Index Components, and/or the physical commodities or currencies referenced by the Index Components that are not for the account of holders of the securities or on their behalf. These trading activities may present a conflict between the holders' interest in the securities and the interests that we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the level of the Underlying Index, could be adverse to the interests of the holders of the securities.

Moreover, we and/or our affiliates have published and in the future expect to publish research reports and trading advice with respect to the Underlying Index, some or all of the physical commodities or currencies referenced by the Index Components. This research and trading advice is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. The research and trading advice should not be viewed as a recommendation or endorsement of the securities in any way and investors must make their own independent investigation of the merits of this investment. Any of these activities by us and/or our affiliates may affect the market price of the Index Components or the physical commodities or currencies referenced by the Index Components and the level of the Underlying Index and, therefore, the market value of the securities. With respect to any of the activities described above, we and our affiliates have no obligation to consider the needs of any buyer, seller or holder of the securities at any time.

Additional conflicts of interest relating to the management of EAM may arise.

EAM, individually or through an affiliate, may actively trade commodities, currencies and U.S. interest rates and/or futures contracts on such components, including those related to the Underlying Index, and over-the-counter contracts having values which derive from or are related to the Underlying Index, the Index Components, and the physical commodities or currencies referenced by the Index Components. EAM, individually or through an affiliate, also may actively trade and hedge the Underlying Index. With respect to any such activities, neither EAM nor any of its affiliates has any obligation to take the needs of any buyers, sellers or holders of the securities into consideration at any time. It is possible that such trading and hedging activities, by any of these parties, will affect the level of the Underlying Index and therefore the market value of the securities.

Discontinuance of the Underlying Index may affect the market value of the securities and the return you will receive on the securities.

Neither we, our affiliates, the Index Committee, EAM nor its affiliates are under any obligation to continue to compile and maintain the Underlying Index or is required to compile and maintain any successor index. If the Index Committee discontinues or suspends the compilation and maintenance of the Underlying Index, it may become difficult to determine the market value of the securities or the amounts payable on the securities. The Index Calculation Agent for the securities may designate a successor index selected in its sole discretion. If the Index Calculation Agent determines in its sole discretion that no successor index comparable to the Underlying Index exists, the amount you receive on the securities will be determined by the Index Calculation Agent in its sole discretion.

Risks Related to the Commodity Futures Contracts Included in the Underlying Index

Ownership of the securities will not entitle you to any rights with respect to any futures contracts included in or tracked by the Underlying Index components.

You will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the futures contracts included in the Underlying Index. We will not be required to invest in any of the futures contracts or of the commodities or currencies included in the Underlying Index on behalf or for the benefit of holders of the securities.

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

The commodities and commodity futures contracts referenced in the Underlying Index are subject to extensive statutes, regulations and margin requirements. The Commodity Futures Trading Commission, or 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 United States is subject to ongoing modification by government and judicial action. In addition, various national 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. Any future regulatory changes, including but not limited to changes resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted on July 21, 2010, may have a substantial adverse effect on the value of the securities.

Additionally, in accordance with the Dodd-Frank Act, the CFTC is drafting regulations to establish limits on the amount of positions, other than bona fide hedge positions, that may be held by any person in futures contracts on certain energy and ag