

3 Index Autocall

Potential fixed return equivalent to 18.25% per year (gross)

DRAFT

An uncertain market

Stock markets across the globe have fluctuated recently. With this in mind, the 3 Index Autocall provides five opportunities for you to receive a payout during a five year period. There is also the potential to make a return equivalent to 18.25% (gross) per year if the FTSE 100, the S&P 500 Index and the Euro Stoxx 50 Index (the 'Indices') have remained above 100% of their respective levels on the Start Date of the investment (the 'Starting Index Levels') on every Observation Date and on the Valuation Date.

Key benefits

- Potential fixed return equivalent to 18.25% of the Issue Price (gross) per year.
- You will receive the Issue Price, GBP 100, for each certificate held after five years as long as none of the Indices have closed at 50% or below of their respective Starting Index Levels during the life of the product.

Key risks

- Your capital will be at risk if after five years any of the three Indices has fallen by more than 50% from the Starting Index Levels at any point during the life of the investment.
- In the unlikely event that The Royal Bank of Scotland plc ('RBS') defaults or goes bankrupt, you may lose some or all of your investment. If RBS fails to pay you what it owes you, you will not be entitled to obtain compensation under the UK Financial Services Compensation Scheme.

Product information

Classification	Index-linked Certificate
Issuer	The Royal Bank of Scotland plc
Linked to the performance of the indices	FTSE 100 Index / S&P 500 Index / Euro Stoxx 50 Index
Starting Index Date	25 October 2010
Issue Date	1 November 2010
Observation Dates	25 October 2011 / 25 October 2012 / 25 October 2013 / 27 October 2014
Valuation Date	26 October 2015
Maturity Date	2 November 2015
Starting Index Levels	FTSE 100 Index: TBD S&P 500 Index: TBD Euro Stoxx 50 Index: TBD
Barrier	50%
Currency	GBP
Issue Price	GBP 100
Minimum Trade Size	One certificate
Capital Gains Tax Eligible	Yes
Interest Bearing	No
Charge	Up to 1% may be paid to a third party distributor
Settlement	Cash settlement only
Pricing Information	Daily, real time
ISIN Code	TBD

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- It is possible that the Autocall could expire early which may not suit your objective.
- The market price of the Autocall may fall and rise during its life.

3 Index Autocall Description

The 3 Index Autocall are certificates issued by RBS. A certificate is a contract between an issuer and an investor where the issuer has an obligation to return an amount (which could be zero) at maturity or expiration of the certificate which is linked to the performance of an underlying asset or, in this case, the Indices. The 3 Index Autocall provides the potential for you to receive a payout on one of the Observation Dates or on the Maturity Date. This potential payout is dependent on the level of the Index on the Observation Dates and on the Valuation Date.

On the Observation Dates

At the end of the first year, on the first Observation Date, RBS will compare the closing level of the three Indices to 100% of their respective Starting Index Levels.

If after one year the current level of all three Indices is greater than 100% of their respective Starting Index Levels, then in respect of each certificate held, you will receive a fixed payment equal to 18.25% of the Issue Price (gross), plus the Issue Price (GBP 100). In that case, the investment will expire early and a fixed payout will be made of GBP 118.25 for each certificate held, subject to the risks described below.

However, if on the first Observation Date the closing level of one or more of the three underlying Indices is less than the respective Starting Index Level then the investment will continue on to the next Observation Date. This process continues each year until expiry in 2015. On each Observation Date, the potential fixed payment will be equal to the number of years since the Issue Date multiplied by 18.25% (gross), plus the Issue Price (GBP 100 per certificate).

For example, if the closing levels of all three Indices are greater or equal to their respective Starting Index Levels on the third Observation Date, the investment will expire early and a fixed payout will be made of GBP 154.75 for each certificate held, subject to the risks described below. See the diagram below for full details of the potential payments.

At expiry after five years

If the product has not expired on any of the Observation Dates, after five years, there are three potential outcomes.

Outcome 1

If, on the Valuation Date, the closing levels of all three Indices are greater than or equal to their respective Starting Index Levels, you will receive a fixed payment equal to 91.25% of the Issue Price (gross), plus the Issue Price (GBP 100 per certificate). In this scenario, you will receive GBP 191.25 for each certificate held, subject to the risks described below.

Outcome 2

If, on the Valuation Date, the closing levels of one or more of the three Indices are less than their respective Starting Index Levels but none of the three Indices has ever fallen by 50% or more from the Starting Index Level during the life of the product, you will receive the Issue Price (GBP 100) for each certificate held.

Outcome 3

If, on the Valuation Date, the closing levels of one of the three Indices are less than their respective Starting Index Level and the level of one or more of the three Indices have, at any time during the life of the product, fallen by 50% or more from the Starting Index Level, then your capital will be at risk. In this scenario, the issue price will be reduced by 1% for each 1% fall in the level of the worst performing Index from the Starting Index Level to its level on the Valuation Date. This means that you could lose some or all of your money. For example, if the worst performing Index is closing at 30% of its Starting Index level on the Valuation Date, you will receive GBP 30 per certificate held, subject to the risks described below.



About the Indices

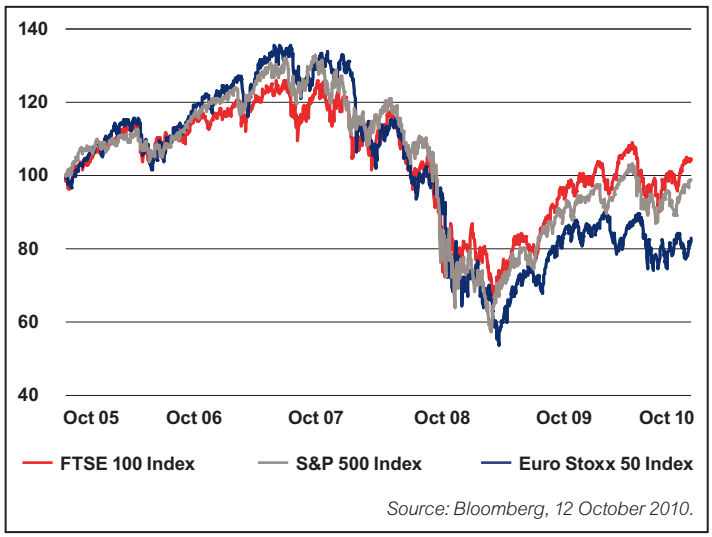
FTSE 100 Index – an index of the 100 largest companies by market capitalisation listed on the London Stock Exchange.

S&P 500 Index – a market-weighted index of 500 US stocks. The index selects its companies based upon their market size, liquidity, and sector in order to provide a measure of the performance of the broad domestic US economy through changes in the value of the 500 US stocks that it tracks.

Euro Stoxx 50 Index – Europe's leading Blue-chip index for the Eurozone is a market capitalisation-weighted index of 50 of the largest European blue-chip stocks from 12 Eurozone countries.

Source: Bloomberg, 27 July 2010.

Index performance rebased to 100



Note: This refers to past performances and past performances are not a reliable indicator of future performance.

Important terms

Starting Index Level – the closing level of the three Indices on the Start Date of the investment.

Barrier Level – the level which the three Indices must close above for the investor to receive 100% of the issue price at Maturity. In this case, the Barrier Level is greater than 50% of the Starting Index Level.

Observation Dates – the dates on which RBS will observe the closing level of the three Indices and determine whether or not the fixed returns should be made and if the investment should redeem early.

Valuation Date – the date on which the investment ends and RBS will observe the level of the three Indices and whether or not a payout should be made.

Maturity Date – the date on which you will receive any potential payout after five years.

Risks

If the Autocall has not ended early and any of the three Indices falls by 50% or more from the Starting Index Level at any time during the life of the investment, your capital will be at risk and you will lose 1% of the Issue Price for each 1% fall in the worst performing Index. The maximum loss at maturity is 100% if any of the Indices has fallen by 100% on the Valuation Date.

All of the stated returns are based on the Issue Price of GBP100. This means that regardless of how much you paid for your investment, any potential returns, and the amount you are entitled to receive if none of the Indices ever falls below 50% of the Starting Index Level during the life of the investment, will still be based on GBP 100 per certificate held. For example, if you purchased the investment after the fifth Observation Date for GBP 110, and on the Valuation Date all Indices were above 50% of their Starting Index Level, you would receive GBP 191.25.

During the life of the investment, the market value at which the product trades may go down, as well as up, and you may only be able to sell such product for less than the price at which you bought the product.

Any return you may receive may fail to beat inflation, which may reduce the purchasing power of your investment.

Your money is not directly invested in the Indices (or the shares that comprise the Indices) but is invested in a certificate that is an unsecured debt obligation of RBS, the value of which is calculated by reference to the value of the Indices. An unsecured debt obligation is a form of loan to RBS. In the unlikely event that RBS defaults or goes bankrupt, your capital is at risk and you could lose some or all of your invested amount.

Subject to any technical problems, RBS will endeavour to offer a secondary market. RBS may be the only market maker in the 3 Index Autocall which may affect liquidity. Any secondary market provided by RBS is subject to change without notice and may be stopped without notice and investors may therefore be unable to sell or redeem the Certificates until their maturity.

Your investment is different from having a bank deposit with RBS in that, if RBS fails to pay you what it owes you, you will not be entitled to obtain compensation under the UK Financial Services Compensation Scheme.

Any tax comments contained within this document are indicative only and are based on RBS' understanding of current law and practice. These comments are not intended to be, nor should they be regarded as, legal or tax advice. The precise tax treatment of a holder of a certificate will depend on the holder's individual circumstances and on the applicable terms of the certificate under the law and practice at the relevant time. Prospective investors in the product should consult their own tax advisers to obtain advice about their particular tax treatment in relation to their holding such certificates. The tax treatment of certificates can be complex and the level and basis of taxation may change during the life of the certificate. All amounts are shown on a gross basis, before any tax.

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