Dual Index Autocall Note 1



The Dual Index Autocall Note 1 (the 'Note') will be issued by The Royal Bank of Scotland plc ('RBS') and will have a maximum five year life, with the potential to pay a fixed return and expire early at the end of years 1, 2, 3 or 4. The Note will provide the opportunity to make a potential fixed return equal to 8% per year (gross) of the Issue Price.

Whether the Note expires early and pays out any fixed return, or returns the full Issue Price at expiry, will be dependent on the performance of the FTSE 100 Index and the S&P 500 Index (the 'Indices') throughout the life of the investment. This is a capital-at-risk investment.

Indicative Product Information	
Classification	Index-linked Note ('the Note')
Eligibility for purchase	Qualified Investors
Qualified Investors	The definition provided in the Prospectus Directive (Directive 2003/71/EC) as amended by the Prospectus Directive Amending Directive (Directive 2010/73/EU) and the Markets in Financial Instruments Directive (Directive 2004/39/EC), being credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers or other institutional investors whose main activity is to invest in financial instruments and certain other institutions
Issuer	The Royal Bank of Scotland plc ('RBS')
Indices	FTSE 100 Index, S&P 500 Index
Start Date	2 November 2012
Issue Date	9 November 2012
Early Expiry Dates	4 November 2013, 3 November 2014, 2 November 2015, 2 November 2016
Early Payment Date	5 Business Days after the relevant Early Expiry Date
Final Expiry Date	2 November 2017
Final Payment Date	5 Business Days after the Final Expiry Date
Starting Index Levels	The closing level of the Indices on the Start Date
Issue Price	100%
Minimum Subscription Size	£1,000 and multiples of £100 thereafter
Denomination	£100
Charges	Not yet determined. (See 'Further risks and considerations' on page 4)
Currency	Pounds Sterling
Settlement	Cash settlement only
ISIN	XS0783248056

The products contemplated herein have not yet been constructed and the information in this document represents only an idea for such products. The information contained herein is indicative, in draft form, may not reflect the composition or structure of the products, and remains subject to change without notice.

Neither RBS nor any of its affiliates have issued products in connection with the information set out herein, and any such issuance is subject to obtaining any appropriate internal and external approvals. Therefore, any discussion of any such products is purely conceptual.

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Key features

- Five year investment with the potential to pay a fixed return and expire early if both the Indices are at or above their respective Starting Index Levels on an Early Expiry Date.
- Potential fixed return equivalent to 8% of the Issue Price (gross) for each year that the Notes are in issue prior to early expiry.
- If the Note has not expired early, potential fixed return at expiry, at the end of the five year term, of 40% (gross) of the Issue Price, plus the return of the Issue Price, provided the closing levels of both Indices are at or above their respective Starting Index Levels on the Final Expiry Date, subject to the risks described here and on page 4.

Key risks

- Investors' capital will be at risk if:
  - either one or both of the Indices closes below 50% of its Starting Index Level on any day from the Start Date to and including the Final Expiry Date **and**
  - one or both of the Indices closes below its Starting Index Level on the Final Expiry Date
- If RBS defaults or goes bankrupt, investors could lose some or all of their investment and any resultant loss will not be covered by the UK Financial Services Compensation Scheme.
- It is possible that the Notes could expire early which may not suit investors' objectives.
- The market price of the Notes may rise and fall during their life. If the Notes are sold prior to the Final Expiry Date, investors may get back significantly less than they originally invested.

Additional risks and considerations to be taken into account by investors before deciding whether to invest in the Note are summarised on page 4 below.

Calculation of return

On the Early Expiry Dates

On the first Early Expiry Date, RBS will compare the closing levels of the FTSE 100 Index and the S&P 500 Index to their respective closing levels on the Start Date (the 'Starting Index Levels'). If, on the first Early Expiry Date, the closing levels of both Indices are at or above their Starting Index Levels, then investors will receive a fixed return of 8% of the Issue Price (gross), in addition to receiving the Issue Price (£100 per Note held), subject to the risks described above and on page 4, and the Note will expire early.

However, if on the first Early Expiry Date the closing level of one or both of the Indices is less than its Starting Index Level then the Note will continue on to the second Early Expiry Date.

This process continues each year until the Final Expiry Date on 2 November 2017. On each Early Expiry Date, if the closing levels of both Indices are at or above their Starting Index Levels, investors will receive a fixed return equal to 8% (gross) of the Issue Price multiplied by the number of years since the Start Date, plus the Issue Price (£100 per Note held), and the Note will expire early. See the diagram below for full details.

On the Final Expiry Date after five years

If the Note has not expired early on any of the Early Expiry Dates, there are three potential outcomes on the Final Expiry Date:

Outcome 1:
If, on the Final Expiry Date, the closing levels of both Indices are at or above their respective Starting Index Levels, investors will receive a fixed return equal to 40% of the Issue Price (gross), in addition to receiving the Issue Price (£100 per Note held), subject to the risks described above and on page 4. In this case, investors will receive a fixed return of £140 (gross) per £100 Note held.

Outcome 2:
If, on the Final Expiry Date, the closing level of one or both Indices is less than its Starting Index Level but both Indices have closed at or above 50% of their respective Starting Index Levels every day from the Start Date to and including the Final Expiry Date, investors will receive the Issue Price (£100 per Note held) subject to the risks described above and on page 4, but no fixed return will be paid.

Outcome 3:
If, on the Final Expiry Date, the closing level of one or both Indices is less than its respective Starting Index Level, and at least one Index has closed below 50% of its respective Starting Index Level on any day from the Start Date to and including the Final Expiry Date, investors' capital will not be returned in full. In this case, investors will receive the Issue Price reduced by the same percentage as that by which the worst performing Index on the Final Expiry Date has fallen from its Starting Index Level. For example, if the closing level of the worst performing Index on the Final Expiry Date is 60% below its Starting Index Level, investors will receive 40% of the Issue Price, or £40 (gross) for each £100 Note held, subject to the risks described above and on page 4.

Payout Profile

Year 1: Are the closing levels of both the FTSE 100 Index and the S&P 500 Index on the Early Expiry Date in year 1 at or above their respective Starting Index Levels?

Yes → Note pays out 8% of the Issue Price + 100% of the Issue Price and expires early

No

Year 2: Are the closing levels of both the FTSE 100 Index and the S&P 500 Index on the Early Expiry Date in year 2 at or above their respective Starting Index Levels?

Yes → Note pays out 16% of the Issue Price + 100% of the Issue Price and expires early

No

Year 3: Are the closing levels of both the FTSE 100 Index and the S&P 500 Index on the Early Expiry Date in year 3 at or above their respective Starting Index Levels?

Yes → Note pays out 24% of the Issue Price + 100% of the Issue Price and expires early

No

Year 4: Are the closing levels of both the FTSE 100 Index and the S&P 500 Index on the Early Expiry Date in year 4 at or above their respective Starting Index Levels?

Yes → Note pays out 32% of the Issue Price + 100% of the Issue Price and expires early

No

Year 5: Are the closing levels of both the FTSE 100 Index and the S&P 500 Index on the Early Expiry Date in year 5 at or above their respective Starting Index Levels?

Yes → Note pays out 40% of the Issue Price + 100% of the Issue Price and expires

No

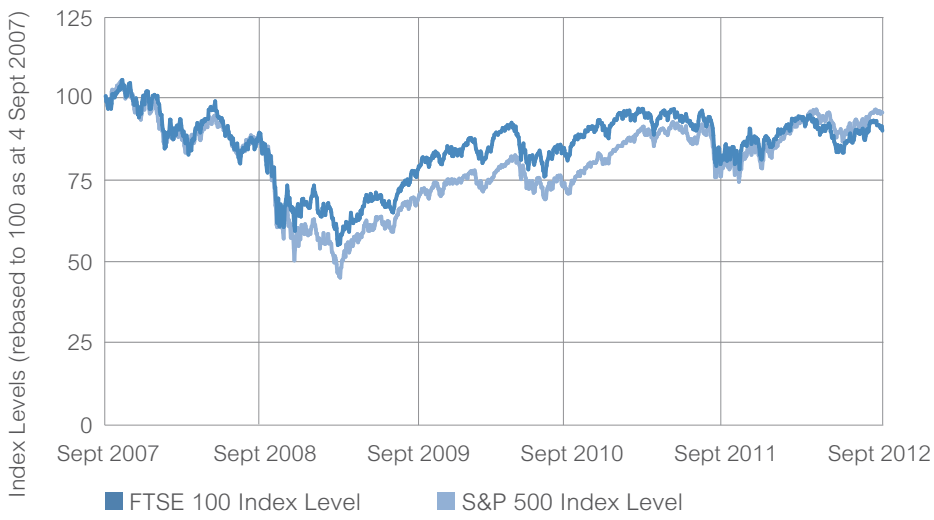
Year 5: Has either the FTSE 100 Index or the S&P 500 Index ever closed below 50% of its Starting Index Level on any trading day from the Start Date to and including the Final Expiry Date?

No → Note pays out 100% of the Issue Price and expires

Yes

Capital is at risk and will be reduced. In this case investors will receive the Issue Price reduced by the same percentage as that by which the worst performing Index on the Final Expiry Date has fallen from its Starting Index Level. This means that investors will lose some or all of the original investment.

Past Performance of the Indices



Source: Bloomberg, 4 September 2012.

Note: The information above refers to past performance and past performance should not be used as an indicator of future performance.

About the Indices

FTSE 100 Index – The FTSE 100 Index is an index of the top 100 UK companies traded on the London Stock Exchange measured by market capitalisation. Market capitalisation is calculated by multiplying the number of shares of a particular company by the current share price.

S&P 500 Index – Standard and Poor's 500 Index is a capitalisation weighted index of 500 stocks. The Index is designed to measure the performance of the broad US economy through changes in the value of 500 stocks representing all major industries.

Further risks and considerations

In addition to the key risks summarised on page 2, investors should consider the following before deciding whether to invest in the Notes:

If, on any day from the Start Date to and including the Final Expiry Date, one or both of the Indices closes below 50% of its respective Starting Index Level and on the Final Expiry Date, the closing level of one or both Indices is less than its respective Starting Index Level, an investor will lose the same percentage of the Issue Price as that by which the worst performing Index, on the Final Expiry Date, is below its Starting Index Level. Hence, the amount of capital repayment will be linked to the worst performing Index – i.e. the one that has fallen the most. This means that investors may lose some or all of their money.

The return on the Note is limited only to the fixed returns stated. Any growth achieved by the Indices in excess of these fixed returns will not be paid to investors.

The value of the investment can go down as well as up and a failure to hold the Note until its maturity, or until it has automatically expired early in either of the above scenarios, is likely to result in investors getting back substantially less than originally invested.

If investors do not receive a fixed return, or any return received does not keep up with inflation, the purchasing power of their investment will be reduced.

A fee may be paid to a third party distributor. This is already accounted for in the terms of the Note. It is not returned to investors at maturity, nor if the investment is terminated during the life of the product. This fee will not affect or change the above Note terms and will be disclosed in the Final Terms of the Note published on the Issue Date.

The Issue Price takes into account costs that may be incurred by RBS prior to the Issue Date. If the actual costs incurred are less than anticipated, RBS may pay an additional fee to the introductory broker through which the Notes are offered.

The Note will not be listed on any stock exchange. 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 the Notes.

Investors are not investing directly in any shares or underlying components of any underlying index or asset but in a Note that is an unsecured debt obligation of RBS, the value of which is calculated by reference to the value of the Indices. Therefore, investors will not receive the benefit of any dividends.

RBS is entitled to adjust the terms of the Notes, determine the level of an Index from another source or in another manner or delay any valuation or observation date or date for payment in respect of the Notes in certain circumstances, for example if the level of an Index cannot be determined on a particular day due to a suspension or limitation of trading or other disruption to trading on the relevant exchange or any other exchange where RBS considers trading has a material effect on the overall market for financial instruments relating to an Index.

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Published: September 2012 CLA