

ROYAL BANK OF SCOTLAND PLC
Form 424B5
September 28, 2012

PRICING SUPPLEMENT†

Registration Statement Nos. 333-184147 and
333-184147-01
Rule 424(b)(5)

(TO PROSPECTUS DATED SEPTEMBER 28,
2012)

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

4,000,000 ETNs*

RBS US Large Cap Alternator Exchange Traded Notes^{TM**}

General

¶The RBS US Large Cap Alternator Exchange Traded Notes (the “ETNs”) (NYSE Arca: “ALTL”) are designed for investors who seek exposure to the RBS US Large Cap Alternator Index^{TM**}(USD), an index that utilizes a systematic relative strength strategy to provide exposure to either the S&P 500[®] Total Return Index, the S&P 500[®] Low Volatility Total Return Index or the S&P 500[®] Equal Weight Total Return Index, depending on the relative performance of the three Underlying Indices based on their average historical returns.

¶The ETNs do not pay interest, and investors should be willing to lose up to 100% of their investment if the RBS US Large Cap Alternator Index (USD) declines or does not increase in an amount sufficient to offset the investor fee.

¶The ETNs are unsecured and unsubordinated obligations of The Royal Bank of Scotland plc, maturing September 5, 2042, and are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc. Any payment on the ETNs is subject to the ability of The Royal Bank of Scotland plc, as the issuer of the ETNs, and The Royal Bank of Scotland Group plc, as the guarantor of the issuer’s obligations under the ETNs, to pay their respective obligations as they become due.

¶The denomination and stated face amount of each ETN is \$25.00. Any ETNs issued in the future may be issued at a price that is higher or lower than the stated face amount, based on the indicative value of the ETNs at that time.

¶The initial offering of ETNs priced on August 30, 2012 (the “inception date”) and settled on September 5, 2012 (the “initial settlement date”). Delivery of the ETNs in book-entry form only will be made through The Depository Trust Company (“DTC”).

Key Terms

Issuer: The Royal Bank of Scotland plc (“RBS plc”)

Guarantor: The Royal Bank of Scotland Group plc (“RBSG”)

Inception Date: August 30, 2012

Initial Settlement Date: September 5, 2012

Settlement

Date:

Maturity Date: September 5, 2042, subject to postponement if such day is not a business day or if the final valuation date is postponed.

Final Valuation Date: September 2, 2042, subject to postponement as described below.

Date:

Index: The return on the ETNs will be based on the performance of the RBS US Large Cap Alternator Index (USD) (the “Index”) during the term of the ETNs. The Index was created by The Royal Bank of Scotland plc (the “Index Sponsor”), and is calculated by S&P Opco, LLC (in such capacity, the “Index calculation agent”), a subsidiary of S&P Dow Jones Indices LLC (“S&P Dow Jones Indices”). The level of the Index is reported on Bloomberg under the ticker symbol “ALTL CUT <Index>.”

The Index is designed for investors who seek a constant exposure to large capitalization U.S. equities as well as a dynamic strategy that attempts to maximize returns by providing different exposures during different economic cycles. The Index provides exposure to either the S&P 500® Total Return Index (Bloomberg symbol “SPTR <Index>”) (the “S&P 500 TR Index” or “Underlying Index 1”), the S&P 500® Low Volatility Total Return Index (Bloomberg symbol “SP5LVIT <Index>”) (the “S&P 500 Low Volatility TR Index” or “Underlying Index 2”) or the S&P 500® Equal Weight Total Return Index (Bloomberg symbol “SPXEWTR <Index>”) (the “S&P 500 Equal Weight TR Index” or “Underlying Index 3”, and together with Underlying Index 1 and Underlying Index 2, the “Underlying Indices” and each an “Underlying Index”), depending at any given time on the relative performance of the Underlying Indices as measured by their Relative Strength Scores. A “Relative Strength Score” is assigned to each Underlying Index on each monthly determination date (defined below) and is the simple average of the returns of that Underlying Index for the prior one-month, three-month, six-month, nine-month and twelve-month periods. Applying a rule-based methodology, the Index will track the return of the Underlying Index with the highest Relative Strength Score on any determination date (such Underlying Index, the “Index Return Source”), but not the other two Underlying Indices, for the following month. As of the date of this pricing supplement, the Index tracks the S&P 500® Low Volatility Total Return Index. For more information, see “The Index” in this pricing supplement.

Payment at Maturity: If your ETNs have not previously been repurchased or redeemed by RBS plc, at maturity you will receive a cash payment equal to the daily redemption value of your ETNs on the final valuation date (subject to postponement if the final valuation date is not a trading day or a market disruption event exists on the final valuation date).

Daily Redemption Value: The daily redemption value as of the inception date is equal to the stated face amount of \$25.00 per ETN. For any valuation date thereafter, the daily redemption value per ETN is equal to (a) the daily redemption value on the immediately preceding valuation date, multiplied by (b) the index factor on such valuation date, multiplied by (c) the fee factor on such valuation date. RBS Securities Inc. (the “calculation agent”) will determine the daily redemption value on each valuation date. The calculation agent will publish the daily redemption value of the ETNs for each valuation date via NYSE Arca under the symbol “ALTL.NV.”

If the daily redemption value per ETN equals zero, the ETNs will be automatically accelerated on such day and will cease to be outstanding thereafter. In such event, you will not receive any payment in respect of your investment and you will lose your entire investment in the ETNs.

Index Factor: The index factor on any valuation date, including the final valuation date, will be equal to the Index closing level on such valuation date, divided by the Index closing level on the immediately preceding valuation date.

Fee Factor/Investor Fee: The fee factor on any valuation date, including the final valuation date, will be equal to one minus the investor fee, which is the product of (a) the annual investor fee and (b) the day-count fraction.

Annual Investor Fee: The annual investor fee will be equal to 1.00% per annum.

The daily redemption value payable at maturity or upon early repurchase or redemption of your ETNs will be reduced by the aggregate investor fee applicable to your ETNs. As a result, the level of the Index must increase by an amount sufficient to offset such reduction in order for you to receive at least your initial investment at maturity or upon early repurchase or redemption. If the level of the Index decreases or does not increase sufficiently, you will receive less, and possibly significantly less, than your initial investment at maturity or upon early repurchase or redemption.

(key terms continued on next page)

† This amended and restated pricing supplement amends, restates and supersedes the pricing supplement dated August 30, 2012 in its entirety. We refer to this amended and restated pricing supplement as the “pricing supplement.” The ETNs involve risks not associated with an investment in conventional debt securities. See “Risk Factors” beginning on PS-18 of this pricing supplement.

The ETNs are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other government agency.

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

* The agent for this offering, RBS Securities Inc. (“RBSSI”), is our affiliate. We issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) on the initial settlement date to be sold through RBSSI. These ETNs and additional ETNs may be offered and sold from time to time by or through RBSSI and one or more dealers at a price that is higher or lower than the \$25.00 stated face amount, based on the indicative value of the ETNs at that time. We will receive proceeds equal to 100% of the offering price of the ETNs issued and sold after the inception date. As of September 20, 2012, we have issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs). We have entered into an agreement with Pacer Financial, Inc. (“Pacer”) under which Pacer will receive a portion of the investor fee in consideration for its role in marketing the ETNs. The actual amount received by Pacer in a given year will depend on, among other things, the daily redemption value of ETNs then outstanding and the number and value of any other then-outstanding securities issued by RBS plc or its affiliates and marketed by Pacer.

In exchange for providing certain services relating to the distribution of the ETNs, RBSSI, a member of the Financial Industry Regulatory Authority (“FINRA”), may receive all or a portion of the investor fee. See “Plan of Distribution (Conflicts of Interest)” in this pricing supplement for more information.

RBS Securities Inc.

September 28, 2012

(key terms continued from previous page)

Intraday “Indicative Value”:	The “indicative value” of the ETNs, which refers to the value of the ETNs at any given time, equals (a) the daily redemption value on the immediately preceding valuation date, multiplied by (b) the index factor at such time, multiplied by (c) the fee factor for the day on which such time occurs. The Index calculation agent will publish the intraday “indicative value” of the ETNs every 15 seconds on each Index business day via NYSE Arca under the symbol “ALTL.IV.”
Day-Count Fraction:	On each valuation date, the day-count fraction is equal to the number of days from, but excluding, the immediately preceding valuation date to, and including, the applicable valuation date, divided by 365.
Index Closing Level:	The Index closing level on any valuation date will be the official closing level of the Index with respect to such valuation date reported on Bloomberg page “ALTL.CUT <Index>” or any successor page on Bloomberg or any successor service, as applicable, or if the official closing level of the Index is not reported on such page, the official closing level of the Index with respect to such valuation date as published or otherwise made publicly available by the Index Sponsor or the Index calculation agent, in each case as determined by the calculation agent. In certain circumstances, the Index closing level will be based on the alternative calculation of the Index as described under “Specific Terms of the ETNs—Discontinuation or Modification of the Index.”
Repurchase of the ETNs at Your Option:	Subject to the requirements described below, on any business day from, and including, the initial settlement date to, and including, August 27, 2042 you may offer the applicable minimum repurchase amount or more of your ETNs to RBS plc for repurchase. The minimum repurchase amount will be equal to 20,000 ETNs for any single repurchase; provided that RBS plc may, in its sole discretion, from time to time, reduce the minimum repurchase amount. Any such reduction will be applied on a consistent basis for all holders of the ETNs from the time the reduction becomes effective. The trading day immediately following the date you offer your ETNs for repurchase will be the valuation date applicable to such repurchase. If you elect to offer your ETNs for repurchase, and the requirements for acceptance by RBS plc are met, you will receive a cash payment on the applicable repurchase date in an amount equal to the daily redemption value on the relevant valuation date, calculated in the manner described herein.
Redemption of the ETNs at Our Option:	We will have the right to redeem, in our sole discretion, the ETNs in whole, but not in part, on any business day from, and including, the initial settlement date to, and including, September 3, 2042. The trading day immediately following the date on which we deliver the irrevocable redemption notice will be the valuation date applicable to such redemption. Upon any such redemption, you will receive a cash payment on the applicable redemption date in an amount equal to the daily redemption value on the relevant valuation date. If we exercise our right to redeem the ETNs, we will deliver an irrevocable redemption

	<p>notice to DTC (the holder of the global note) not less than five business days prior to the applicable redemption date. The last day on which we can deliver a redemption notice is August 26, 2042.</p>
Repurchase Mechanics:	<p>To offer your ETNs for repurchase, you and your broker must deliver an irrevocable offer for repurchase and confirmation of repurchase to RBS plc and follow the procedures set forth under “Specific Terms of the ETNs—Repurchase at Your Option.” If your offer for repurchase is received by e-mail after 4:00 p.m. or if your signed confirmation of repurchase is received by fax after 5:00 p.m., New York City time, on a business day, you will be deemed to have made your offer for repurchase on the following business day. If you otherwise fail to comply with these procedures, your offer will be deemed ineffective and RBS plc will not be obligated to repurchase your ETNs. Unless the scheduled repurchase date is postponed as described herein, the final day on which RBS plc will repurchase your ETNs will be September 3, 2042. You must offer your ETNs for repurchase no later than August 27, 2042 in order to have your ETNs repurchased on September 3, 2042.</p>
Determination Date:	<p>A determination date is the last Index business day of each calendar month that is not a disrupted day.</p>
Rebalancing Date:	<p>A rebalancing date is the first Index business day immediately after a related determination date.</p>
Valuation Date:	<p>Each business day from and including the inception date to and including the final valuation date. If any valuation date is not a trading day or if a market disruption event exists on any valuation date, the valuation date (including the final valuation date) will be postponed for up to five business days as provided in this pricing supplement.</p>
Repurchase Date:	<p>The repurchase date for any ETNs will be the third business day immediately following the applicable valuation date. Unless the scheduled repurchase date is postponed as described in this pricing supplement, the final day on which RBS plc will repurchase your ETNs will be September 3, 2042. As such, you must offer your ETNs for repurchase no later than August 27, 2042.</p>
Redemption Date:	<p>The redemption date will be specified in the redemption notice and will not be less than five business days or more than ten business days after the date of the redemption notice.</p>
Acceleration Upon Zero Daily Redemption Value	<p>If the daily redemption value per ETN on any valuation date equals zero, the ETNs will be automatically accelerated on such day for an amount equal to the zero daily redemption value and will cease to be outstanding thereafter. In such event, you will not receive any payment in respect of your investment and you will lose your entire investment in the ETNs.</p>
Listing / Secondary Market:	<p>The ETNs are listed on NYSE Arca, Inc. (“NYSE Arca”) under the ticker symbol “ALTL.” If an active secondary market in the ETNs develops, we expect that investors will purchase and sell the ETNs primarily in this secondary market. We have no obligation to maintain any listing on NYSE Arca or any other exchange.</p>
Trading Day:	<p>A trading day is a day on which (a) trading is generally conducted on NYSE Arca (or any successor exchange on which the ETNs are then listed) and the Exchange for the then-applicable Index Return Source (as defined below), and (b) the level of the Index is calculated and</p>

published, in each case as determined by the calculation agent.

Exchange: Exchange means, for any Underlying Index, the exchange or quotation system, or any substitute exchange or quotation system, in which trading of the components of that Underlying Index principally occurs, as determined by the Index Sponsor.

Business Day: A business day is any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law, executive order or governmental decree to be closed.

Index Calculation Agent: S&P Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC

Calculation Agent: RBS Securities Inc.

Trustee: Wilmington Trust Company

Securities Administrator: Citibank, N.A.

CUSIP/ISIN: 78009P168 / US78009P1681

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ABOUT THIS PRICING SUPPLEMENT

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

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

This pricing supplement amends, restates and supersedes the pricing supplement dated August 30, 2012 in its entirety. We refer to this amended and restated pricing supplement as the “pricing supplement.” This pricing supplement sets forth certain terms of the ETNs and supplements the prospectus dated September 28, 2012 relating to our securities of which the ETNs are part. This pricing supplement is a “prospectus supplement” referred to in the prospectus. You may access the prospectus on the Securities and Exchange Commission (“SEC”) website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Prospectus dated September 28, 2012:
http://www.sec.gov/Archives/edgar/data/729153/000095010312005038/dp33197_424b2.htm

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

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

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

We have not authorized anyone to provide information other than that which is contained in this pricing supplement and the accompanying prospectus with respect to the ETNs. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This document may only be used where it is legal to sell these ETNs. We are offering to sell these ETNs and seeking offers to buy these ETNs only in jurisdictions where offers and sales are permitted.

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

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

RBSG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith, RBSG files reports and other information with the SEC. You may read and copy these documents at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. The SEC’s website, at <http://www.sec.gov>, contains reports and other information in electronic form that RBSG has filed. You may also request a copy of any filings referred to below (other than exhibits not specifically incorporated by reference) at no cost, by contacting us at The Royal Bank of Scotland plc, RBS Gogarburn, P.O. Box 1000, Edinburgh EH12 1HQ, Scotland, telephone +44 131 626 0000.

The SEC allows us to incorporate by reference much of the information RBSG files with it. This means:

- incorporated documents are considered part of this pricing supplement;
- we can disclose important information to you by referring you to those incorporated documents; and
- information that RBSG files with the SEC will automatically update and modify or supersede some of the information included or incorporated by reference into this pricing supplement

This means that you must look at all of the SEC filings that we 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. The accompanying prospectus lists documents that are incorporated by reference into this pricing supplement. Reports on Form 6-K we may furnish to the SEC after the date of this pricing supplement (or portions thereof) are incorporated by reference in this pricing supplement only to the extent that the report expressly states that it (or such portions) is incorporated by reference into the registration statement of which this pricing supplement is a part.

SUMMARY

The following summary answers some questions that you might have regarding the ETNs in general terms only. It does not contain all the information that may be important to you. You should read the summary together with the more detailed information that is contained in the rest of this pricing supplement and in the accompanying prospectus. References to the “prospectus” mean the accompanying prospectus dated September 28, 2012. You should carefully consider, among other things, the matters set forth in “Risk Factors” in this pricing supplement. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisers with respect to any investment in the ETNs.

We may, without providing you notice or obtaining your consent, create and issue ETNs in addition to those offered by this pricing supplement having the same terms and conditions as the ETNs. We may consolidate the additional ETNs to form a single class with the outstanding ETNs. However, we are under no obligation to issue or sell additional ETNs at any time, and if we do sell additional ETNs, we may limit or restrict such sales, and we may stop selling additional ETNs at any time. If we stop selling additional ETNs, the price and liquidity of the ETNs in the secondary market could be materially and adversely affected. See “Risk Factors—We are under no obligation to issue or sell additional ETNs at any time, and if we do sell additional ETNs, we may limit or restrict such sales, and we may stop selling additional ETNs at any time.”

What are the ETNs and how do they work?

The ETNs are unsecured and unsubordinated obligations of The Royal Bank of Scotland plc (“RBS plc”), and are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc (“RBSG”). The return on the ETNs is linked to the performance of the RBS US Large Cap Alternator Index (USD) (the “Index”).

We will not pay you interest during the term of the ETNs. The ETNs do not have a minimum redemption or repurchase value and are fully exposed to any decline in the Index. Depreciation of the Index will reduce your payment at maturity or upon early repurchase or redemption of your ETNs, and you could lose your entire investment.

In addition, the daily redemption value, which is payable at maturity or upon early repurchase or redemption of your ETNs, will be reduced by the aggregate investor fee applicable to your ETNs. As a result, the level of the Index must increase by an amount sufficient to offset such reduction in order for you to receive at least your initial investment at maturity or upon early repurchase or redemption. If the level of the Index decreases or does not increase sufficiently, you will receive less, and possibly significantly less, than the amount of your initial investment at maturity or upon early repurchase or redemption.

For a description of how the payment at maturity and upon early repurchase or redemption, respectively, is calculated, please refer to the “Specific Terms of the ETNs—Payment at Maturity” and “Specific Terms of the ETNs—Payment upon Repurchase or Redemption” in this pricing supplement.

The denomination and stated face amount of each ETN is \$25.00. Any ETNs issued in the future may be issued at a price higher or lower than the stated face amount, based on the indicative value of the ETNs at that time (which is determined in the manner described in “Valuation of the ETNs” below). You will not have the right to receive physical certificates evidencing your ownership, except under limited circumstances. Instead, we will issue the ETNs in the form of a global certificate, which will be held by The Depository Trust Company (“DTC”) or its nominee. Direct and indirect participants in DTC will record beneficial ownership of the ETNs by individual investors. Accountholders in the Euroclear or Clearstream Banking clearance systems may hold beneficial interests in the ETNs through the

accounts those systems maintain with DTC. You should refer to the section “Specific Terms of the ETNs—Forms of the ETNs” below and the sections “Description of Debt Securities—Form of Debt Securities; Book-Entry System” in the accompanying prospectus.

In addition, unlike ordinary debt securities, the ETNs are not principal protected and do not pay interest. Any payment on the ETNs is subject to the creditworthiness (i.e., the ability to pay) of RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor of the issuer’s obligations under the ETNs.

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What is the Index and who publishes the level of the Index?

The Index was created by The Royal Bank of Scotland plc, as index sponsor (the “Index Sponsor”). The Index was established on August 28, 2012 (the “Index inception date”) with an Index closing level equal to 5,746.74. The Index was developed with a base value of 479.839 (the “Index Base Value”) on January 2, 1992 (the “Index Base Date”).

The Index is designed for investors who seek a constant exposure to large capitalization U.S. equities as well as a dynamic strategy that attempts to maximize returns by providing different exposures during different economic cycles. The Index utilizes a systematic relative strength strategy that provides exposure to either the S&P 500® Total Return Index (Bloomberg symbol “SPTR <Index>”) (the “S&P 500 TR Index” or “Underlying Index 1”), the S&P 500® Low Volatility Total Return Index (Bloomberg symbol “SP5LVIT <Index>”) (the “S&P 500 Low Volatility TR Index” or “Underlying Index 2”) or the S&P 500® Equal Weight Total Return Index (Bloomberg symbol “SPXEWTR <Index>”) (the “S&P 500 Equal Weight TR Index” or “Underlying Index 3”, and together with Underlying Index 1 and Underlying Index 2, the “Underlying Indices” and each an “Underlying Index”), depending at any given time on the relative performance of the Underlying Indices as measured by their Relative Strength Scores on the most recent monthly determination date. Applying a rule-based methodology, the Index will track the return of the Underlying Index with the highest Relative Strength Score on any determination date (such Underlying Index, the “Index Return Source”), but not the other two Underlying Indices, from and including the first Index business day after the related rebalancing date to and including the next rebalancing date. As of the date of this pricing supplement, the Index tracks the S&P 500® Low Volatility Total Return Index.

The “Relative Strength Score” of each Underlying Index on any monthly determination date is the simple average of the returns of that Underlying Index for the prior one-month, three-month, six-month, nine-month and twelve-month periods. The Relative Strength Score is calculated as of the close of trading on the relevant determination date and hence includes the closing levels of the Underlying Indices on such determination date. The one-month return of each Underlying Index on any determination date is calculated as (a) (i) the closing level of that Underlying Index on such determination date divided by (ii) the closing level of that Underlying Index on the determination date falling one month before such determination date minus (b) one. The three-month, six-month, nine-month and twelve-month returns of each Underlying Index are calculated in a similar way.

Each Underlying Index is a total return index, which reflects changes in both movements in stock prices of its underlying stocks and the reinvestment of the dividend income from its underlying stocks. The S&P 500 TR Index is the total return version of the S&P 500® Index and assigns weights to each of its 500 components based on their market capitalizations. The S&P 500 Low Volatility TR Index measures the performance of the 100 least volatile stocks in the S&P 500® Index and is designed to serve as a benchmark for low volatility or low variance strategies in the U.S. stock market. The S&P 500 Equal Weight TR Index is designed to track the equally-weighted performance of the 500 constituents of the S&P 500® Index.

An “Index business day” means any day on which each relevant Exchange with respect to the Index Return Source is scheduled to open for its regular trading sessions for at least three hours in accordance with its holidays and hours schedule; except that with respect to any date that is scheduled to be a determination date, an Index business day shall mean any day on which all Exchanges with respect to all Underlying Indices are scheduled to open for their respective regular trading sessions for at least three hours in accordance with their respective holidays and hours schedules.

A “determination date” means the last Index business day of each calendar month that is not a disrupted day.

A “rebalancing date” is the first Index business day immediately after a related determination date.

“Exchange” means, for any Underlying Index, each exchange or quotation system, or any substitute exchange or quotation system, in which trading of the components of that Underlying Index principally occurs, as determined by the Index Sponsor.

S&P Opco, LLC, or another party designated by the Index Sponsor, will act as the calculation agent for the Index (the “Index calculation agent”) and will be responsible for determining the Relative Strength Scores of each Underlying Index and which Underlying Index has the highest Relative Strength Score on each determination date, and for calculating and publishing the level of the Index on each Index business day, unless there is a disrupted day as described under “The Index—Index Disruption Events” below. The Index closing

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level will generally be displayed on Bloomberg page “ALTL CUT <Index>” (or on any successor page) by no later than 8:00 p.m. (New York City time) on each Index business day.

RBS plc is the Index Sponsor, and an affiliate of RBSG and RBSSI.

For more information, please refer to “The Index” and “The Index—The Underlying Indices” in this pricing supplement.

Will I receive interest on my ETNs?

No. We will not make any periodic payments of interest or any other payments on the ETNs during the term of the ETNs. Unless you elect to have your ETNs repurchased by us or we elect to redeem your ETNs, you will not receive any payments on the ETNs prior to maturity of the ETNs.

What will I receive at maturity of the ETNs and how is that amount calculated?

Unless your ETNs have been previously repurchased or redeemed by us, the ETNs will mature on September 5, 2042, subject to postponement if such day is not a business day or if the final valuation date is postponed as described below. However, if the daily redemption value per ETN on any valuation date equals zero, the ETNs will be automatically accelerated on such day for an amount equal to the zero daily redemption value and will cease to be outstanding thereafter. In such event, you will not receive any payment in respect of your investment and you will lose your entire investment in the ETNs. Further details on the conditions and the procedures applicable to any such repurchase or redemption are set forth in this pricing supplement.

If your ETNs have not been previously repurchased or redeemed by us, at maturity you will receive a cash payment in an amount equal to the daily redemption value of your ETNs on September 2, 2042 (the “final valuation date”). RBSSI, acting as calculation agent, will determine such daily redemption value in the manner described under “—How is the daily redemption value for my ETNs calculated?” below and “Specific Terms of the ETNs—Daily Redemption Value” in this pricing supplement.

If the final valuation date is not a trading day or if a market disruption event exists on the final valuation date, then the calculation agent will postpone the determination of the daily redemption value for the final valuation date by up to five business days, in which case the maturity date will be postponed to the third business day immediately following the final valuation date, as postponed, and the calculation agent will determine the daily redemption value as described under “Specific Terms of the ETNs—Postponement of a Valuation Date” in this pricing supplement. In the event that payment at maturity is deferred beyond the stated maturity date as provided herein, no interest or other amount will accrue or be payable with respect to that deferred payment.

For more information on market disruption events and their effect on the calculation of the payment you will receive at maturity, see “Specific Terms of the ETNs—Payment at Maturity” and “Specific Terms of the ETNs—Postponement of a Valuation Date” in this pricing supplement.

Any payment at maturity is subject to the ability of RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor of the issuer’s obligations under the ETNs, to pay their respective obligations as they become due.

Will I get all of my investment back at maturity?

The ETNs are not principal protected. If your ETNs have not been previously repurchased or redeemed by us, at maturity you will receive a cash payment equal to the daily redemption value of your ETNs, determined as described in this pricing supplement. Such daily redemption value may be more or less than the stated face amount of your ETNs or the price that you paid for them. You may not get the face amount at maturity, and you may lose some or all of your investment.

Further, any payment on the ETNs is subject to the ability of RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor of the issuer's obligations under the ETNs, to pay their respective obligations as they become due.

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When can my ETNs be repurchased or redeemed and how is the amount payable upon repurchase or redemption calculated?

Subject to certain restrictions, on any business day from, and including, the initial issuance of the ETNs on the initial settlement date to, and including, August 27, 2042, you may offer your ETNs to us for repurchase. If you choose to offer your ETNs for repurchase, you must offer at least the applicable minimum repurchase amount to us for repurchase on any repurchase date in accordance with the procedures described under “—How do I offer my ETNs for repurchase by RBS plc?” below. The minimum repurchase amount will be equal to 20,000 ETNs for any single repurchase; provided that RBS plc may, in its sole discretion, from time to time, reduce the minimum repurchase amount. Any such reduction will be applied on a consistent basis for all holders of the ETNs from the time the reduction becomes effective. Subject to any reduction in the minimum repurchase amount by RBS plc, if you offer at least 20,000 ETNs to us for repurchase and fulfill the repurchase procedures described under “—How do I offer my ETNs for repurchase by RBS plc?” below, we will be obligated to repurchase your ETNs on the applicable repurchase date.

In addition, we may, in our sole discretion, redeem the ETNs, in whole but not in part, at any time during the period from, and including, the initial settlement date to, and including, September 3, 2042. If we exercise our right to redeem the ETNs, we will deliver an irrevocable redemption notice to DTC (the holder of the global note) not less than five business days prior to the applicable redemption date. The last day on which we can deliver a redemption notice is August 26, 2042.

If your ETNs are repurchased or redeemed, on the corresponding repurchase date or redemption date, as the case may be, you will receive a cash payment on such date in an amount per ETN equal to the daily redemption value of the ETNs on the applicable valuation date. The calculation agent will determine the daily redemption value in the manner described under “—How is the daily redemption value for my ETNs calculated?” below and “Specific Terms of the ETNs—Daily Redemption Value” in this pricing supplement.

The repurchase date applicable to any repurchase will be the third business day immediately following the valuation date for such repurchase. The redemption date will be specified in the redemption notice and will not be less than five business days or more than ten business days after the date of the redemption notice. The applicable valuation date will be:

- in the case of a repurchase of ETNs at your option, the trading day immediately following the business day on which you make, or are deemed to have made, your offer and confirmation to us to repurchase your ETNs; and
- in the case of a redemption, the trading day immediately following the business day on which we deliver the relevant redemption notice to DTC (the holder of the global note).

If a valuation date for any repurchase or redemption is not a trading day or if a market disruption event exists on such valuation date, then the calculation agent will postpone the valuation date as described under “Specific Terms of the ETNs—Postponement of a Valuation Date” by up to five business days. If any valuation date is postponed, the repurchase date or redemption date, as the case may be, will be postponed to the third business day immediately following such valuation date, as postponed, and the calculation agent will determine the daily redemption value as described under “Specific Terms of the ETNs—Postponement of a Valuation Date” in this pricing supplement. In the event that payment upon repurchase or redemption by RBS plc is deferred beyond the original repurchase date or redemption date, as the case may be, as provided herein, no interest or other amount will accrue or be payable with respect to that deferred payment. For more information on market disruption events and their effect on the calculation of the payment you will receive at maturity, see “Specific Terms of the ETNs—Payment upon Repurchase or Redemption” and “Specific Terms of the ETNs—Postponement of a Valuation Date” in this pricing supplement.

Any payment upon repurchase of the ETNs is subject to the ability of RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor of the issuer's obligations under the ETNs, to pay their respective obligations as they become due.

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Can my ETNs be accelerated?

If the daily redemption value per ETN on any valuation date equals zero, the ETNs will be automatically accelerated on such day for an amount equal to the zero daily redemption value and will cease to be outstanding thereafter. In such event, you will not receive any payment in respect of your investment and you will lose your entire investment in the ETNs.

How do I offer my ETNs for repurchase by RBS plc?

If you wish to offer your ETNs to us for repurchase, you and your broker must follow the following procedures:

- Your broker must deliver an irrevocable offer for repurchase, a form of which is attached as Annex A to this pricing supplement, to us by e-mail at ETNUSCorpActions@rbs.com. If your offer for repurchase is received by us after 4:00 p.m., New York City time, on a business day, you will be deemed to have delivered your offer for repurchase on the following business day.
- In addition to the offer for repurchase, your broker must deliver a completed and signed irrevocable confirmation of repurchase, a form of which is attached as Annex B, to us by facsimile by 5:00 p.m., New York City time, on the same day. If your irrevocable confirmation of repurchase is received after 5:00 p.m., New York City time, you will be deemed to have delivered your confirmation of repurchase on the following business day. One portion of the confirmation of repurchase must be completed by you as beneficial owner of the ETNs, and the other portion must be completed by your broker. You must offer at least 20,000 ETNs for any single repurchase by us on any repurchase date; provided that RBS plc may, in its sole discretion, from time to time, reduce the minimum repurchase amount. We must acknowledge receipt from your broker in order for your offer to be effective.
- Your broker must book a delivery versus payment trade with respect to your ETNs on the applicable valuation date at a price equal to the applicable daily redemption value, facing us.
- Your broker must cause your DTC custodian to deliver the trade as booked for settlement via DTC at or prior to 10:00 a.m., New York City time, on the applicable repurchase date (which is the third business day following the relevant valuation date).

Different brokers and DTC participants may have different deadlines for accepting instructions from their customers. Accordingly, you should consult the brokerage firm or other DTC participant through which you own your interest in the ETNs in respect of such deadlines. Any repurchase instructions that we receive in accordance with the procedures described above will be irrevocable.

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What are the differences among the trading price or market price, the indicative value and the daily redemption value of the ETNs?

Term	Ticker (NYSE Arca)	What does it mean?	Frequency of dissemination	How determined?
Trading price or market price	ALTL	The price at which buyers and sellers execute transactions in the ETNs in the secondary market.	The “best bid” and the “best offer” are disseminated continuously during regular exchange hours on NYSE Arca	<p>Trades are generally effected on NYSE Arca at a price between the current “best bid” and “best offer.”</p> <p>The “best bid” is the highest price at which an investor is willing to buy ETNs at any given point. (Our obligation to repurchase ETNs at the daily redemption value is intended to induce arbitrageurs to counteract any trading of the ETNs at a price lower than their indicative value, but there can be no assurance that arbitrageurs will do so.)</p> <p>The “best offer” is the lowest price at which an investor is willing to sell ETNs at any given point. (To the extent we stand ready to issue and sell additional ETNs at their indicative value or daily redemption value, we expect arbitrageurs will be induced to counteract any trading of the ETNs at a price higher than their indicative value, but there can be no assurance that arbitrageurs will do so. If we were to suspend the issuance of additional ETNs, the ETNs might trade at a premium to their indicative value.)</p>
Intraday “indicative value”	ALTL.IV	Meant to approximate the intrinsic economic value of the ETNs at any given time. The indicative value will generally not be the same as the daily redemption value, because the indicative value fluctuates with the level of the Index	During regular exchange hours on NYSE Arca (and disseminated every 15 seconds)	<p>The “indicative value” of the ETNs at any given time equals:</p> <ul style="list-style-type: none"> · the daily redemption value on the immediately preceding valuation date, multiplied by · the index factor at such time, multiplied by · the fee factor for the day on which it is calculated.

and is not calculated at the same time as the daily redemption value (except at the close on the applicable valuation date).

Daily redemption value

ALTL.NV

The price we will pay holders at maturity upon early repurchase or upon redemption of the ETNs.

Daily on www.rbs.com/etnus

The daily redemption value is determined using the same formula as the indicative value, but it is calculated as of the close on the applicable valuation date. The applicable valuation date occurs at least one day after you confirm your offer to us to repurchase or we deliver a notice to redeem.

See “—What will I receive if I sell my ETNs in the secondary market?” below and “Risk Factors—The intraday indicative value and the daily redemption value are not the same as the trading price or market price of the ETNs in the secondary market.”

Where can I find the levels of the Index and the Underlying Indices?

The levels of the Index and the Underlying Indices are reported under the relevant Bloomberg ticker symbols as set forth in the table below:

	Bloomberg Ticker Symbol
The Index	ALTLCUT <Index>
S&P 500® Total Return Index	SPTR <Index>
S&P 500® Low Volatility Total Return Index	SP5LVIT <Index>
S&P 500® Equal Weight Total Return Index	SPXEWTR <Index>

How is the daily redemption value for my ETNs calculated?

RBS Securities Inc. (“RBSSI”), as the calculation agent for the ETNs, will calculate the amount payable at maturity or upon early repurchase or redemption by us of your ETNs, which will be equal to the daily redemption value of your ETNs on the applicable valuation date.

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The daily redemption value as of August 30, 2012, the inception date of the ETNs, was equal to the stated face amount of \$25.00 per ETN. For any valuation date thereafter, the daily redemption value per ETN will be equal to:

- the daily redemption value on the immediately preceding valuation date, multiplied by
- the index factor (as defined below) on such valuation date, multiplied by
- the fee factor (as defined below) on such valuation date.

The “index factor” on any valuation date, including the final valuation date, will be equal to the Index closing level on such valuation date, divided by the Index closing level on the immediately preceding valuation date.

The “fee factor” on any valuation date, including the final valuation date, will be equal to one minus the investor fee, which is equal to the product of (a) the annual investor fee and (b) the day-count fraction.

The “annual investor fee” will be equal to 1.00% per annum.

On each valuation date, the “day-count fraction” is equal to the number of days from, but excluding, the immediately preceding valuation date to, and including, the applicable valuation date, divided by 365.

See “Specific Terms of the ETNs—Daily Redemption Value” in this pricing supplement for further information on calculation of the daily redemption value.

The daily redemption value payable at maturity or upon early repurchase or redemption of your ETNs is reduced by the aggregate investor fee applicable to your ETNs. As a result, the level of the Index must increase by an amount sufficient to offset such reduction in order for you to receive at least the initial amount of your investment at maturity or upon early repurchase or redemption. If the level of the Index decreases or does not increase sufficiently, you will receive less, and possibly significantly less, than the initial amount of your investment at maturity or upon early repurchase or redemption. In addition, if the daily redemption value per ETN equals zero, the ETNs will be automatically accelerated on such day and will cease to be outstanding thereafter. In such event, you will not receive any payment in respect of your investment and you will lose your entire investment in the ETNs.

Can I sell my ETNs in the secondary market?

The ETNs are listed on NYSE Arca, Inc. (“NYSE Arca”) under the ticker symbol “ALTL.” If an active secondary market in the ETNs develops, we expect that investors will purchase and sell the ETNs primarily in this secondary market. However, there is no guarantee that an active secondary market in the ETNs will develop. On the initial settlement date, we issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) to be sold through RBSSI. There will be no liquidity in the ETNs until the ETNs are sold by RBSSI. In addition, we are not required to maintain any listing of the ETNs on NYSE Arca or any other exchange. We have the ability to delist the ETNs and trade them in the secondary market. Accordingly, there may be little or no secondary market for the ETNs.

What will I receive if I sell my ETNs in the secondary market?

If you sell ETNs in the secondary market, if any, you will receive the market price of the ETNs, which may be more or less than the stated face amount, the indicative value or the daily redemption value of your ETNs, and which may

be more or less than what you paid for them.

If we limit or suspend the issuance of additional ETNs, the ETNs may trade at a premium over their intraday indicative value due to the resulting decrease or halt in the supply causing an imbalance of supply and demand in the market for the ETNs. See “Risk Factors—We are under no obligation to issue or sell additional ETNs at any time, and if we do sell additional ETNs, we may limit or restrict such sales, and we may stop selling additional ETNs at any time.”

We may redeem all the ETNs at our option even if the ETNs are trading in the secondary market at a premium over their indicative value or daily redemption value. See “Risk Factors—We may redeem your ETNs at our option.”

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Paying a premium price over the indicative value of the ETNs could lead to significant losses in the event you sell such ETNs at a time when that premium is no longer present in the marketplace, or in the event the ETNs are redeemed at our option (in which case you will receive a cash payment in an amount equal to the daily redemption value, which does not include any premium, on the applicable valuation date). Any premium may be reduced or eliminated at any time.

Who will determine the daily redemption value and the payment at maturity or upon early repurchase or redemption of my ETNs?

We have appointed our affiliate, RBSSI, to act as calculation agent for the ETNs. As calculation agent, RBSSI will determine the daily redemption value and the payment at maturity or upon early repurchase or redemption of your ETNs. Under some circumstances, RBSSI's duties as calculation agent could result in a conflict of interest between its status as our affiliate and its responsibilities as calculation agent. For example, the calculation agent may be required, due to events beyond our control, to adjust any of these calculations, which we describe under "Specific Terms of the ETNs—Postponement of a Valuation Date" and "Specific Terms of the ETNs—Discontinuation or Modification of the Index."

What is the relationship among RBS plc, RBSG and RBSSI?

RBSSI is an affiliate of RBS plc and RBSG. RBSSI will act as calculation agent for the ETNs, and is acting as agent for this offering. On the initial settlement date, we issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) to be sold through RBSSI. RBSSI will conduct any offering of ETNs 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—Risks Relating to the ETNs—Hedging and trading activities by us or our affiliates could affect prices of ETNs," "Risk Factors—Risks Relating to the ETNs—Potential conflicts of interest between holders of the ETNs and the calculation agent" and "Plan of Distribution (Conflicts of Interest)" in this pricing supplement.

What are some of the risks of investing in the ETNs?

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

Some selected risk considerations include:

- **Credit risk of the issuer.** Because you are purchasing a security issued by us, you are assuming the risk that we may be unable to pay our obligations to you as they become due and payable. In addition, because the ETNs are fully and unconditionally guaranteed by RBSG, you are also assuming the risk that RBSG will be unable to pay amounts due to you under the ETNs in the event we fail to make any payment required by the terms of the ETNs.
- **Market risk.** The return on the ETNs will depend on the performance of the Index (which in turn will depend on the performance of the Underlying Indices) and other market conditions. In particular, the ETNs are subject to the risk that large-capitalization U.S. equities may underperform other segments of the equity market or the equity markets in general. In addition, because the ETNs are based on the performance of the Index, which provides exposure at any given time to one Underlying Index, the Index will reflect any decreases in the level of such Underlying Index; and any such decrease may be significant and may result in a loss to an investor. There is no guarantee of any

return to an investor in the ETNs.

- The Index will track only one of the three Underlying Indices and will not benefit from the appreciation of the other two Underlying Indices at any given time. Each month the Index will track the return of one of the three Underlying Indices based on the Relative Strength Scores of each Underlying Index on the most recent monthly determination date. The return of the Index will not reflect the average return of the Underlying Indices as a basket at any given time. When the Index is tracking the return of a particular Underlying Index, the performance of that Underlying Index will not be mitigated or

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boosted by the performance of the other two Underlying Indices. If the Underlying Index tracked by the Index depreciates but the other two Underlying Indices appreciate during the same period of time, the Index will not benefit from the appreciation of the other two Underlying Indices.

- The relative strength strategy of the Index may not be successful and the Index may underperform the S&P 500® Index or any Underlying Index. The Index uses a systematic relative strength strategy to track the return of one of the Underlying Indices depending on the relative performance of the Underlying Indices. Thus, the Index is designed to track the best-performing Underlying Index at any given time and to outperform the S&P 500® Index and each Underlying Index over an extended period of time. Because the Relative Strength Score takes into account the performance of each Underlying Index over five periods of time in the past, it may not capture the short-term trends of any Underlying Index. The Relative Strength Score may not successfully select the best-performing Underlying Index in the following month, especially when that Underlying Index has recently experienced a reverse in trend. There is no assurance that the relative strength strategy underlying the Index will be successful or that the Index will outperform the S&P 500® Index or any Underlying Index.
- The Underlying Indices may have increased correlation and may not have different relative strengths as expected. The methodology of the Index is based on the view that the Underlying Indices have different relative strengths under different market conditions and that by tracking the Underlying Index with the greatest relative strength in any given market condition, the Index will achieve a better return than any individual Underlying Index. However, the expectations underlying the Index methodology and the relative strength of each Underlying Index may not prove to be true. If there is increased correlation among the Underlying Indices, any benefit of the Index as compared to the S&P 500® Index or any Underlying Index will likely be reduced.
- The S&P 500 Low Volatility TR Index is expected to outperform the S&P 500® Index in bear or volatile markets, but may still have significant negative performance in those markets. Because the S&P 500 Low Volatility TR Index selects the 100 least volatile stocks in the S&P 500® Index over the last 252 trading days, it is expected to have lower volatility and therefore outperform the S&P 500® Index in bear or volatile markets. However, certain component stocks of the S&P Low Volatility TR Index may become more volatile as new risks with respect to those stocks arise, and as a result the volatility of the S&P Low Volatility TR Index may not be as low as expected. Moreover, the S&P Low Volatility TR Index is still largely correlated with large capitalization U.S. equities and may have significant negative performance in bear markets. If the Index tracks the S&P 500 Low Volatility TR Index in those markets, it may have significant negative performance too.
- The S&P 500 Low Volatility TR Index is less diversified than the other Underlying Indices and therefore, is more likely to be susceptible to declines in the value of small numbers of its component stocks. The S&P 500 Low Volatility TR Index selects the 100 least volatile stocks in the S&P 500® Index over the last 252 trading days. Because the S&P 500 Low Volatility TR Index is comprised of fewer stocks than the other two Underlying Indices, it may be more concentrated in fewer sectors and more subject to risks and fluctuations in those sectors. In addition, changes in the market value of a single stock could cause greater fluctuations in the value of the Index than would occur if the Index had been following the other Underlying Indices, which are more diversified.
- The S&P 500 Equal Weight TR Index may have increased volatility due to its increased exposure to component stocks with smaller market capitalizations as well as its sector biases. The S&P 500 Equal Weight TR Index has the same constituents as the capitalization-weighted S&P 500® Index, but each company in the S&P 500 Equal Weight TR Index is allocated a fixed weight and the index is rebalanced quarterly. This can result in an overweighting of constituents with smaller market capitalizations relative to the weightings they would have in traditional market capitalization-weighted indices, such as the S&P 500® Index. The stock prices of companies with smaller market capitalizations tend to be more volatile than those with larger market capitalizations. In addition, because of the

S&P 500 Equal Weight TR Index's fixed weight allocation, the weight allocated to any given sector will likely be different than it would be in a traditional market capitalization-weighted index such as the S&P® 500 Index. Therefore, when the Index is tracking the S&P 500 Equal Weight TR Index, it will be more susceptible to stock price movements of the companies with smaller market capitalizations in the S&P® 500 Index and to the stock price movements in particular sectors.

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- A trading market for the ETNs may not develop. Although the ETNs are listed on NYSE Arca, Inc. (“NYSE Arca”) under the ticker symbol “ALTL,” there is no guarantee of secondary market liquidity. On the initial settlement date, we issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) to be sold through RBSSI. There will be no liquidity in the ETNs until the ETNs are sold by RBSSI. Even if a secondary market does develop, it may not be liquid and may not continue for the term of the ETNs. In addition, no assurances can be given as to the continuation of the listing during the term of the ETNs. We are not required to maintain any listing of the ETNs on NYSE Arca or any other exchange or quotation system.
- Uncertain payment of your investment. The ETNs are not principal protected, which means there is no guaranteed return of your investment. You may receive less than the face amount of your ETNs at maturity or upon early repurchase or redemption. If the level of the Index decreases, or does not increase by an amount sufficient to offset the investor fee, you will receive less, and possibly significantly less, than your original investment in the ETNs. Any payment on the ETNs is subject to the creditworthiness of RBS plc, as issuer, and RBSG, as guarantor.
 - No interest payments. You will not receive any periodic interest payments on the ETNs.
- Restrictions on your ability to offer ETNs for repurchase by us. Unless the minimum repurchase amount has been reduced by RBS plc, you must offer at least 20,000 ETNs to us for any single repurchase and satisfy the other requirements described herein for your offer for repurchase to be considered.
- Your offer for repurchase is irrevocable. You will not be able to rescind your offer for repurchase after it is received by RBS plc, so you will be exposed to market risk in the event market conditions change after RBS plc receives your offer.
- Issuer call risk. Your ETNs may be redeemed at our option, in whole but not in part, at any time during the period from, and including, the initial settlement date to, and including, September 3, 2042. If we elect to redeem your ETNs, you will receive a cash payment in an amount equal to the daily redemption value on the applicable valuation date, and you may not be able to reinvest your proceeds in a comparable investment.

Who invests in the ETNs?

The ETNs are complex financial instruments and are not suitable for all investors. You may consider an investment in the ETNs if:

- you are seeking exposure to the equity securities comprising the Underlying Indices, and you believe that the level of the Index will increase by an amount sufficient to offset the aggregate investor fee applicable to the ETNs and provide you with a satisfactory return on your investment during the term of your holding of the ETNs;
- you have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions and the merits and risks of investment in the ETNs;
- you have sufficient financial resources and liquidity to bear all of the risks of an investment in the ETNs, including the risk of loss of such investment;
- you understand the terms of the investment in the ETNs and are familiar with the behavior of the Index, the Underlying Indices, the component stocks of the Underlying Indices and financial markets generally;

- you are willing to risk losing some or all of your initial investment in exchange for the opportunity to benefit from the appreciation, if any, in the level of the Index over the term of your holding of the ETNs;
- you do not seek a current income stream from this investment;

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- you are willing to be exposed to fluctuations in the prices of the securities comprising the Underlying Indices, in general, and the levels of the Index and the Underlying Indices, in particular; and
- you are willing to make an investment, the payments on which depend on the creditworthiness of RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor.

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

- you believe the level of the Index will decrease or will not increase by an amount sufficient to offset the aggregate investor fee applicable to your ETNs during the term of your holding of the ETNs;
- you do not have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions and the merits and risks of investment in the ETNs;
- you do not have sufficient financial resources and liquidity to bear all of the risks of an investment in the ETNs, including the risk of loss of such investment;
- you do not understand the terms of the investment in the ETNs or are not familiar with the behavior of the Index, the Underlying Indices, the component stocks of the Underlying Indices and financial markets generally;
 - you seek a guaranteed return of your invested principal;
 - you seek current income from your investment;
- you are not willing to be exposed to fluctuations in the prices of the securities comprising the Underlying Indices, in general, and the levels of the Index and the Underlying Indices, in particular;
- you prefer the lower risk and therefore accept the potentially lower returns of fixed income investments with comparable maturities and credit ratings; or
- you are unwilling or unable to assume the credit risk associated with RBS plc, as the issuer of the ETNs, and RBSG, as the guarantor.

You should carefully consider whether the ETNs 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 advisers with respect to any investment in the ETNs.

Does an investment in the ETNs entitle you to any ownership interests in the issuers of the securities comprising the Underlying Indices?

No. An investment in the ETNs does not entitle you to any ownership interest or rights in the securities comprising the Underlying Indices. You will not have any voting rights with respect to any of the securities comprising the Underlying Indices and will not receive dividend payments or other distributions or have any other interest or rights in any securities comprising the Underlying Indices, merely as a result of your ownership of the ETNs.

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

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

For a discussion of United Kingdom tax considerations relating to the ETNs, you should review the section in this pricing supplement entitled “Certain United Kingdom Taxation Considerations.”

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You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the ETNs, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

How have the Index and the Underlying Indices performed historically?

Retrospectively calculated and actual historical Index data, along with comparisons to the Underlying Indices are provided below.

The Index, the S&P 500 Low Volatility TR Index and the S&P 500 Equal Weight TR Index were created on August 28, 2012, April 20, 2011 and January 8, 2003, respectively. As such, these indices have limited actual history. The Index Sponsor and the Index calculation agent have retrospectively calculated the performance of the Index prior to its inception based on historical and retrospectively calculated data for the levels of the Underlying Indices and the historical and retrospectively calculated Relative Strength Scores for each Underlying Index, starting from the Index Base Date of January 2, 1992, and using the Index Base Value of 479.839. The retrospective calculations for the Index by RBS plc, as the Index Sponsor, and S&P Opco, LLC as the Index calculation agent, from the Index Base Date through August 27, 2012 were performed using the Index methodology described in the section “The Index—Index Methodology” in this pricing supplement. The retrospective calculations for the S&P 500 Low Volatility TR Index and the S&P 500 Equal Weight TR Index by S&P Dow Jones Indices as the index sponsor for the Underlying Indices were performed using the methodology of the respective Underlying Index described in the section “The Index—The Underlying Indices” in this pricing supplement.

Although the Index Sponsor and the Index calculation agent believe that the retrospective calculations of the Index levels represent accurately and fairly how the Index would have performed from the Index Base Date through to August 27, 2012, the Index did not in fact exist during that period. You should be aware that no actual investment that tracks the performance of the Index or the Underlying Indices was possible prior to their respective launch dates. All information derived from the levels of the Underlying Indices prior to their respective launch dates is based on retrospective calculations for the Underlying Indices performed and published by or on behalf of S&P Dow Jones Indices as the index sponsor for the Underlying Indices. We have not participated in the preparation of, or independently verified, such information. The historical and retrospectively calculated closing levels and performances for the Index and the Underlying Indices should not be taken as an indication of future performance, and no assurance can be given as to the closing level of the Index or any Underlying Index on any given date. In addition, the performance of the Index and the Underlying Indices do not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs.

The graph below shows actual and retrospectively calculated daily closing levels of the Index and each Underlying Index from January 2, 1992 to September 20, 2012. For comparison purposes, the closing levels for the Index and each Underlying Index in this graph are based to a value of 100 on January 2, 1992. Shaded areas in the graph indicate when the Index was tracking which Underlying Index.

Source: Bloomberg.

* The Index, the S&P 500 Low Volatility TR Index and the S&P 500 Equal Weight TR Index were launched on August 28, 2012, April 20, 2011 and January 8, 2003, respectively. Therefore, the table above reflects the actual closing levels of the Index, the S&P 500 Low Volatility TR Index and the S&P 500 Equal Weight TR Index after their respective launch dates and retrospectively calculated closing levels of these indices prior to their respective launch dates.

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The table below shows the actual and retrospectively calculated year-end closing levels of the Index and each Underlying Index from December 31, 1992 to September 20, 2012.

Year-End Retrospectively Calculated* and Actual Historical
Closing Levels for the Index and the Underlying Indices
December 31, 1992 to September 20, 2012

Year	Date	S&P 500 TR Index Closing Level	S&P 500 Low Volatility TR Index Closing Level	S&P 500 Equal Weight TR Index Closing Level	Index Closing Level
1992	12/31/1992	516.18	1,391.20	487.65	547.84
1993	12/31/1993	568.20	1,543.05	561.40	611.49
1994	12/30/1994	575.71	1,502.90	566.76	619.65
1995	12/29/1995	792.04	2,076.55	748.30	866.65
1996	12/31/1996	973.90	2,440.04	890.64	1,008.72
1997	12/31/1997	1,298.82	3,181.85	1,149.36	1,349.24
1998	12/31/1998	1,670.01	3,438.58	1,289.44	1,725.33
1999	12/31/1999	2,021.40	3,171.81	1,444.51	2,088.37
2000	12/29/2000	1,837.37	3,965.81	1,583.72	2,299.90
2001	12/31/2001	1,618.98	4,139.09	1,577.55	2,400.39
2002	12/31/2002	1,261.18	3,842.53	1,290.76	2,088.77
2003	12/31/2003	1,622.94	4,716.72	1,819.62	2,903.95
2004	12/31/2004	1,799.55	5,550.92	2,128.10	3,287.49
2005	12/30/2005	1,887.94	5,672.96	2,299.58	3,518.76
2006	12/29/2006	2,186.13	6,789.93	2,662.93	4,140.86
2007	12/31/2007				