

SUPPLEMENT DATED 8 OCTOBER 2013 TO THE PROGRAMME DOCUMENT DATED 20 MARCH 2013 RELATING TO THE STRUCTURED NOTE PROGRAMME



The Royal Bank of Scotland plc

(incorporated under the laws of Scotland with limited liability under the Companies Act 1948 to 1980, with registered number SC090312)

This supplement (this "**Supplement**") to the Programme Document dated 20 March 2013 (the "**Programme Document**") comprises a supplementary listing particulars for the purposes of the Listing Rules of the Global Exchange Market and has been approved by the Irish Stock Exchange (the "**ISE**"). Terms defined in the Programme Document have the same meanings when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Programme Document, issued by the Royal Bank of Scotland plc (the "**Issuer**" and "**RBS**").

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to update certain information relating to the agreement reached by Royal Bank of Scotland Group ("**RBSG**") with the Investors (as defined below) for a £600 million pre-IPO investment in RBSG's Williams & Glyn's business.

RBSG strikes pre-IPO deal for Williams & Glyn's

RBSG has agreed a £600 million pre-IPO investment in its Williams & Glyn's business (formerly known as "Project Rainbow") - which centres around 314 branches in the UK - with a consortium of investors led by global financial services specialists Corsair Capital and Centerbridge Partners.

In addition to Corsair and Centerbridge, the consortium includes the Church Commissioners for England and RIT Capital Partners plc (together, the "**Investors**").

As a condition of the State Aid received by RBSG, the Group was required to divest 308 RBS branches in England and Wales and 6 NatWest branches in Scotland, with the associated retail and SME customers, direct SME customers and a portfolio of mid-corporate customers. The business serves nearly 1.7 million customers, currently employs around 4,500 people and in the future will employ approximately 6,000 people. It has a broad national footprint and a £19.7 billion loan book, funded by £22.2 billion in customer deposits.

RBSG will work with HM Treasury and the European Commission to agree an extension to the timetable for the disposal of Williams & Glyn's in due course.

Following completion of the operational and legal separation of the business into a standalone bank to be branded Williams & Glyn's, an exercise that is already well underway, RBSG will pursue an Initial Public Offering ("**IPO**"). The pre-IPO investment announced on 27 September 2013 takes the form of a £600 million bond to be issued by RBSG, which will be exchangeable for a significant minority interest in Williams & Glyn's at the time of its IPO. The bond will convert into Williams & Glyn's shares at the IPO price, subject to a minimum ownership level which will be linked to the tangible book value of Williams & Glyn's prior to the IPO, and in any case no more than a stake of 49%. To the extent the maximum ownership level is reached, the bond will be partially redeemed in cash such that the Investors will receive a total value of £600 million of cash and shares at the IPO price. At the IPO, subject to RBSG's consent, the Investors will have the option to acquire up to 10 per cent. additionally at the IPO price, subject to their pro forma ownership being no more than 49 per cent in aggregate.

The subscription for the bond will be satisfied by way of a cash payment from the Investors. RBSG's Markets division is providing a £270 million secured financing package to the Investors for the investment.

The transaction is subject to necessary regulatory closing conditions including approvals from the European Commission in relation to the timing for satisfaction of RBSG's related State Aid commitments.

Save as disclosed in this Supplement, there has been: (1) no significant change affecting any matter contained in the Programme Document (as supplemented at the date hereof) since the publication of the Programme Document; or (2) no significant new matter which has arisen, the inclusion of information in respect of which would have been so required had it arisen at the time the Programme Document was prepared.