

NOTICE TO HOLDERS: NOTICE OF PROPOSED TERMINATION AND SUBSTITUTION OF INDEX

DATED: 7 MAY 2015



OPEN END CERTIFICATES LINKED ON THE RBS TOTAL RETURN WATER STOCKS INDEX (REBASED IN EUR)

ISIN: NL0000290195

ISSUE DATE: 4 NOVEMBER 2005

(THE “**SECURITIES**”)

The Royal Bank of Scotland plc (“**RBS**”) is the issuer of the above mentioned Securities (pursuant to a banking business transfer scheme approved by the Court of Session in Scotland on 23 September 2011).

On 19 February 2014, RBS announced that it had reached agreement with BNP Paribas S.A. (“**BNPP**”) for the disposal of certain assets and liabilities related to its structured retail investor products and equity derivatives businesses, as well as associated market-making activities (the “**Proposed Transaction**”). In connection with the implementation of the Proposed Transaction, RBS hereby gives notice to the Holders of the Securities under General Condition 4 (*Notices*) of the proposed termination and replacement of the Index.

Pursuant to Product Condition 4(b)(1)(B) of the Securities, RBS (in its capacity as the Calculation Agent) is proposing to replace the existing Index with the BNP Paribas Water Total Return (USD) Index (Bloomberg page: BNPIAWUT Index) (the “**Successor Index**”) on 21 May 2015 (the “**Scheduled Substitution Date**”) on the basis that the Successor Index uses a substantially similar formula for and method of calculation as used in the calculation of the existing Index.

Following the replacement of the existing Index with the Successor Index, BNPP as the “**Successor Sponsor**” will be responsible (directly or through an agent) for the screening of any actual or prospective companies in the Successor Index on, and following, scheduled re-weighting dates. The research and analysis by BNPP of a company’s involvement in water related activities requires BNPP to exercise discretion and make relevant determinations. RBS will not verify the composition and weighting of the companies in the Successor Index resulting from the implementation of the screening methodology employed by BNPP.

An index guide which includes a description of the Successor Index is accessible on https://indices-globalmarkets.bnpparibas.com/nr/Index_Description_AWUT_ENG.pdf and the rules of the Successor Index will be accessible on <https://indices-globalmarkets.bnpparibas.com/nr/AWUT.pdf> on the Scheduled Substitution Date, and each can be obtained from BNPP’s registered office at 16 boulevard des Italiens, 75009 Paris, France; or via telephone at 900 6275387.

With effect from the Scheduled Substitution Date, (i) the Index will cease to be calculated and published by RBS, (ii) the Successor Index will be calculated and published by BNP Paribas Arbitrage S.N.C., (iii) all references in the Conditions to either the Index, the Index Sponsor or the Bloomberg Code under which the Index is published, shall be read as references to the Successor Index, the Successor Sponsor, or the successor Bloomberg page BNPIAWUT Index, respectively, (iv) the description and rules applicable to the Successor Index referred to in the preceding paragraph shall replace and supersede in their entirety any former description and rules in relation to the existing Index, and (v) RBS (in its capacity as both the Issuer and the Calculation Agent of the Securities), pursuant to Product Condition 4(b)(4) of the Securities, will adjust the Initial Reference Price on the Scheduled Substitution Date, which it considers to be appropriate in these circumstances, to reflect any differences between the relevant levels of the existing Index and the Successor Index, and the adjusted Initial Reference Price shall be published as soon as practicable after the Scheduled Substitution Date.

Please contact RBS if you require any further information: RBS Client Services Desk at derivatives.salestrading@rbs.com or via telephone at +44 207 678 2776.

Summary of the Securities

ISIN	Issue Date	Name of Securities	Base Prospectus	Currency	Exchange	Index
NL0000290195	04/11/2005	5,000,000 RBS Total Return Water Stocks Index (Rebased in EUR) Open End Certificates	Base Prospectus relating to Certificates dated 1 July 2005	EUR	Euronext Amsterdam	RBS Water Stocks USD TR Index (Bloomberg: RBSZWAT)