ROYAL BANK OF SCOTLAND PLC
Form 424B5
December 13, 2011

PRODUCT PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 18, 2010)

Product Prospectus Supplement No. CYN-1 to
Registration Statement Nos. 333-162219 and
333-162219-01
Dated December 13, 2011
Rule 424(b)(5)

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

Callable Yield Notes

- Callable Yield Notes (which we refer to, together with the related guarantees, as the "securities") are unsecured and unsubordinated obligations of The Royal Bank of Scotland plc, and are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc. The securities are not principal protected. Any payment on the securities (including any coupon payment and the payment at maturity) is subject to the ability of The Royal Bank of Scotland plc, as issuer of the securities, and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations under the securities, to pay their respective obligations as they become due. You may lose some or a significant portion of your investment in the securities.

- This product prospectus supplement (which we refer to as the "product supplement") describes the general terms of the securities and the general manner in which they may be offered and sold. For each offering of the securities, we will provide you with a term sheet or pricing supplement (which we refer to as a "pricing supplement") that will describe the specific terms of that offering. The pricing supplement will identify any additions or changes to the terms specified in this product supplement. The pricing supplement will also identify one or more underlying market measures to which the securities are linked, which we refer to each as an "Underlying Market Measure" and each of which may be equity-based or commodity-based indices, commodities, exchange-traded funds or any other statistical or numerical measure of economic or financial performance.

- During the term of the securities and if the securities have not been previously redeemed, you will be entitled to receive a periodic cash coupon per security (each, a "Coupon Payment"). The Coupon Payment will be equal to the product of the Original Offering Price, the Coupon Rate and the applicable day-count fraction for the coupon period. Generally, the Coupon Rate will be equal to a fixed percentage per annum specified in the applicable pricing supplement. However, the applicable pricing supplement may specify that the Coupon Rate will equal (a) a maximum fixed percentage per annum for so long as a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Maximum Coupon Rate") and (b) a minimum fixed percentage per annum once a Knock-Out Event has occurred (i.e., a Buffer Value is reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Minimum Coupon Rate"). Coupon Payments may be payable annually, semi-annually, quarterly, monthly, or at such other intervals as set forth in the applicable pricing supplement.

- At maturity and if the securities have not been previously redeemed, you will be entitled to receive a cash payment per security (the "Payment at Maturity") based upon the performance of the Underlying Market Measure to which your securities are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure (as defined herein). Specifically, the Payment at Maturity will depend on whether the closing value of any Underlying Market Measure has been equal to or less than its Buffer Value on any Monitoring Day(s) or during the Monitoring Period (each as defined below), as applicable (we refer to such event as a "Knock-Out Event"), during the term of your securities. Each "Buffer Value" will be a particular level of an Underlying Market Measure that is less than the Initial Value of such Underlying Market Measure; we refer to the corresponding percentage decrease from each Initial Value to its corresponding Buffer Value as the "Buffer Amount" for such Underlying Market Measure.

- If a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached), the Payment at Maturity will equal the Original Offering Price.

- If a Knock-Out Event has occurred (i.e., a Buffer Value is reached), you will be exposed to any decrease (but not any increase) on a one-for-one basis in the closing value of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be. If the closing value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, has decreased from its Initial Value to its Final Value, the Payment at Maturity will be less than the Original Offering Price per security and you could lose some or a significant portion of your investment in the securities. The Payment at Maturity will not exceed the Original Offering Price.

- The securities may be subject to an automatic early redemption or may be redeemable at our option on or prior to the maturity date, in each case in whole but not in part, on any of the Redemption Dates specified in the applicable pricing supplement, at a price equal to the Original Offering Price per security plus any accrued and unpaid Coupon Payment to but excluding such Redemption Date, unless otherwise specified in the applicable pricing supplement.

- The applicable pricing supplement will specify the Coupon Rate, Maximum Coupon Rate and Minimum Coupon Rate, if applicable, Monitoring Day(s) or Monitoring Period, Buffer Value(s) and/or Buffer Amount(s) and the terms of any automatic or optional early redemption for your securities. We may determine the actual Coupon Rate, Maximum Coupon Rate and Minimum Coupon Rate, if applicable, Monitoring Day(s) or Monitoring Period, Buffer Value(s) and/or Buffer Amount(s) and the terms of any automatic or optional early redemption on the "pricing date" of the securities, which will be the date the securities are priced for initial sale to the public.

- Each security will have an initial public offering price as set forth in the applicable pricing supplement (the "Original Offering Price"). The securities will be issued in denominations of the Original Offering Price or in integral multiples thereof. The pricing supplement may also set forth a minimum number of securities that you must purchase.

- Unless provided for in the applicable pricing supplement, the securities will not be listed on any securities exchange or quotation system.

The securities involve risks not associated with an investment in conventional debt securities. See "Risk Factors" beginning on S-16. The securities 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 these securities, or determined if this product supplement or prospectus or any applicable pricing supplement are truthful or complete. Any representation to the contrary is a criminal offense.

RBS Securities Inc.

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PRODUCT SUPPLEMENT

PROSPECTUS

ABOUT THIS PRODUCT SUPPLEMENT

As used in this product supplement, “RBS plc,” “we,” “us,” “our” and the “Bank” refer to The Royal Bank of Scotland plc, “RBSG” 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 securities 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 product supplement, together with the applicable pricing supplement, set forth certain terms of the securities and supplements the prospectus dated May 18, 2010 relating to our securities of which the securities are part. This product 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 May 18, 2010: http://www.sec.gov/Archives/edgar/data/729153/000095010310001492/dp17682_424b2.pdf

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

This product supplement, together with the applicable pricing supplement and the prospectus described above, contains the terms of the securities 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 product supplement, as the securities 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 securities.

It is important for you to read and consider all information contained in the applicable pricing supplement, this product 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 contained in this product supplement, the applicable pricing supplement and the accompanying prospectus with respect to the securities. 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 securities. We are offering to sell these securities and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. Neither the delivery of this product supplement or the accompanying prospectus, nor any sale made hereunder and thereunder will, under any circumstances, create any implication that there has been no change in the affairs of RBS plc or RBSG since the date of the product supplement or that the information contained or incorporated by reference in the accompanying prospectus is correct as of any time subsequent to the date of such information.

The information set forth in this product 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 securities. These persons should consult their own legal and financial advisors 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 at 100 F Street, NE, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. The SEC also maintains an Internet website that contains reports and other information regarding RBSG that are filed through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) System. This website can be accessed at www.sec.gov. You can find information RBSG has filed with the SEC by reference to file number 1-10306.

The SEC allows us to incorporate by reference much of the information RBSG files with it, which means that we and RBSG can disclose important information to you by referring you to those publicly available documents. The information that we and RBSG incorporate by reference in this product supplement is considered to be part of this product supplement. Because we and RBSG are incorporating by reference future filings with the SEC, this product supplement is continually updated and those future filings may modify or supersede some of the information included or incorporated in this product supplement. This means that you must look at all of the SEC filings that we and RBSG incorporate by reference to determine if any of the statements in this product supplement or in any document previously incorporated by reference have been modified or superseded. This product supplement incorporates the Annual Report on Form 20-F below, all Form 6-Ks filed with the SEC subsequent to such Annual Report, as of the date hereof, that are specifically incorporated by reference into the Registration Statement of which this product supplement is a part, all subsequent Annual Reports filed on Form 20-F and any future filings we or RBSG make with the SEC (including any Form 6-Ks RBSG subsequently files with the SEC and specifically incorporates by reference into the Registration Statement of which this product supplement is a part) under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act that are identified in such filing as being specifically incorporated by reference into the Registration Statement of which this product supplement is a part until we and RBSG complete our offering of the securities to be issued under the registration statement or, if later, the date on which any of our affiliates cease offering and selling these securities:

- Annual Report on Form 20-F of RBSG for the year ended December 31, 2010, filed on March 31, 2011.

You may request, at no cost to you, a copy of these documents (other than exhibits not specifically incorporated by reference) by writing or telephoning us at:

The Royal Bank of Scotland plc
RBS Gogarburn
P.O. Box 1000
EH12 1HQ Edinburgh, Scotland
+44-131-626-0000

SUMMARY

This product supplement relates only to the securities and does not relate to any underlying asset(s) that comprise each Underlying Market Measure described in any pricing supplement. This summary includes questions and answers that highlight selected information from the prospectus and this product supplement to help you understand the securities. You should read carefully the entire prospectus and product supplement, together with the applicable pricing supplement, to understand fully the terms of your securities, as well as the tax and other considerations important to you in making a decision about whether to invest in any of the securities. In particular, you should review carefully the section in this product supplement entitled “Risk Factors,” which highlights a number of risks of an investment in the securities, to determine whether an investment in the securities is appropriate for you. If information in this product supplement is inconsistent with the prospectus, this product supplement will supersede the prospectus. However, if information in any pricing supplement is inconsistent with this product supplement, that pricing supplement will supersede this product supplement.

Certain capitalized terms used and not defined in this product supplement have the meanings ascribed to them in the prospectus.

You are urged to consult with your own attorneys and business and tax advisors before making a decision to purchase any of the securities.

The information in this “Summary” section is qualified in its entirety by the more detailed explanation set forth elsewhere in this product supplement and in the prospectus, as well as the applicable pricing supplement. You should rely only on the information contained in those documents. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor any selling agent is making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this product supplement and prospectus, together with the pricing supplement, is accurate only as of the date on their respective front covers.

What are the securities?

The securities are senior unsecured obligations issued by us, The Royal Bank of Scotland plc (“RBS plc”), and are fully and unconditionally guaranteed by our parent company, The Royal Bank of Scotland Group plc (“RBSG”). The securities will rank equally with all of our other unsecured senior indebtedness from time to time outstanding, and any payments due on the securities, including any repayment of your investment, will be subject to our credit risk, as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities.

Each series of the securities will mature on the date set forth in the applicable pricing supplement. The securities are not repayable at the option of the holder prior to the maturity date. However, the securities may be subject to an automatic early redemption or may be redeemable at our option on or prior to the maturity date as further described in the applicable pricing supplement and under “Description of the Securities—Early Redemption; Defeasance” in this product supplement.

Unless the applicable pricing supplement provides otherwise, and if the securities have not been previously redeemed, you will be entitled to receive a periodic cash coupon per security at the coupon rate specified in the applicable pricing supplement. At maturity, and if the securities have not been previously redeemed, you will be entitled to receive a cash payment per security based upon the performance of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Underlying Market Measure with the lowest Reference

Return of such Underlying Market Measures (the “Least Performing Underlying Market Measure”), and based upon whether a Knock-Out Event has occurred. The "Reference Return" for each Underlying Market Measure, measures the performance of such Underlying Market Measure from its Initial Value to its Final Value, as described under "Description of the Securities—Payment at Maturity" below.

In no event will the Payment at Maturity exceed the Original Offering Price, and your return on investment on the securities will never exceed the periodic coupon payments during the term of your securities. The securities are not principal protected. You may lose some or a significant portion of your investment in the securities.

Who might consider investing in the securities?

The securities are designed for investors who are seeking exposure to one or more Underlying Market Measures, who have a view that each Underlying Market Measure will perform within a moderate range, who seek periodic cash coupons per security based on the performance of each Underlying Market Measure, and who are willing to accept the risk of losing some or a significant portion of their investment.

The securities are not suitable for all investors. You may consider an investment in the securities if:

- you anticipate that the value of each Underlying Market Measure will remain unchanged or will increase or decrease moderately over the term of the securities. You do not believe that the value of any Underlying Market Measure will decrease from its Initial Value by a percentage that exceeds its Buffer Amount;

- you seek periodic cash coupons, you understand that such cash coupons will comprise the only return, if any, on your investment and you believe that such cash coupons will provide a sufficient return on investment;

- you accept that your investment may result in a loss, which could be significant, if a Knock-Out Event has occurred and the Final Value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be, is less than its Initial Value and, in such event, you understand that the periodic cash coupons may not be sufficient to offset potential losses at maturity;

- you accept that the return on the securities, if any, will not exceed the Coupon Rate and that the Payment at Maturity or the payment upon early redemption will not exceed the Original Offering Price;

- you are willing to accept the risk that we may redeem the securities on or prior to the scheduled maturity date and you may be unable to reinvest the proceeds of such redemption in other investments with similar returns;

- you seek exposure to the Underlying Market Measure to which the securities are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, with no expectation of dividends or other benefits of owning such Underlying Market Measure(s) or the underlying asset(s) comprising such Underlying Market Measure(s);

- you are willing to forgo market rates of interest on the securities such as fixed or floating rate interest paid on conventional interest-bearing debt securities;

- you are willing to accept that a trading market is not expected to develop for the securities, and you understand that secondary market prices for the securities, if any, will be affected by various factors, including our actual and perceived creditworthiness;

- you are able to and willing to hold the securities until maturity if the securities are not automatically redeemed; and

- you are willing to make an investment, the payments on which depend on the creditworthiness of RBS plc, as the issuer of the securities, and RBSG, as the guarantor of the issuer's obligations under the securities.

You should carefully consider whether the securities 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 advisors with respect to any investment in the securities.

What is an Underlying Market Measure?

An Underlying Market Measure may consist of one or more of any of the following:

- U.S. broad-based equity indices, U.S. sector or style-based equity indices, non-U.S. or global equity indices or commodity-based indices, each of which we refer to as an "Underlying Index." We refer to an Underlying Index comprised of securities as an "Underlying Equity Index" and to an Underlying Index comprised of commodities or commodity futures contracts as an "Underlying Commodity Index."

- A commodity, which we refer to as an "Underlying Commodity."

- An exchange-traded fund, which we refer to as an "Underlying Fund." We refer to an Underlying Fund that tracks an equity index or basket of stocks as an "Underlying Equity Fund" and to an Underlying Fund that tracks a commodity, commodity index or basket of commodities or commodity futures contracts as an "Underlying Commodity Fund." We refer to the index that an Underlying Fund tracks as a "Target Index."

- Any other statistical or numerical measure of U.S. or non-U.S. economic or financial performance.

When we refer to the value of an Underlying Market Measure in this product supplement, we mean the level of an index, the price of the shares of an exchange-traded fund, or the rate of a statistical or numerical measure of economic or financial performance, in each case as specified in the applicable pricing supplement.

The applicable pricing supplement will set forth information as to the specific Underlying Market Measure(s), including information as to the historical values of each Underlying Market Measure. However, historical values of each Underlying Market Measure are not indicative of the future performance of each Underlying Market Measure or the performance of your securities.

How are the periodic cash coupons determined?

Subject to our credit risk as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities, and unless the applicable pricing supplement provides otherwise, we will pay a periodic cash coupon per security (each, a "Coupon Payment") if the securities have not been previously redeemed. Unless otherwise specified in the applicable pricing supplement, the Coupon Payment for any coupon period will be paid periodically in arrears and will equal:

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Original Offering Price x Coupon Rate x (day - count fraction for the coupon period),

where the "day-count fraction" will be the number of days in such coupon period (calculated on the basis of a 360-day year of twelve 30-day months) divided by 360, unless otherwise specified in the applicable pricing supplement. The Coupon Payment will be payable on the relevant Coupon Payment Date for each period, as specified in the applicable pricing supplement. Coupon Payments may be payable annually, semi-annually, quarterly, monthly, or at such other intervals as set forth in the applicable pricing supplement.

Each "coupon period" (other than the first coupon period) will commence on, and will include, a Coupon Payment Date, and will extend to, but will exclude, the next succeeding Coupon Payment Date, the maturity date or the Redemption Date, as applicable, unless otherwise specified in the applicable pricing supplement. The first coupon period will commence on, and will include, the original date of issuance of the securities, and will extend to, but will exclude, the first Coupon Payment Date.

Generally, the "Coupon Rate" will be equal to a fixed percentage per annum specified in the applicable pricing supplement. However, the applicable pricing supplement may specify that the Coupon Rate will equal (a) a maximum fixed percentage per annum for so long as a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Maximum Coupon Rate") and (b) a minimum fixed percentage per annum once a Knock-Out Event has occurred (i.e., a Buffer Value is reached) on any Monitoring Day(s) or during any Monitoring Period (which we refer to as the "Minimum Coupon Rate").

Coupon Payments will accrue from and including the issuance date of the securities to but excluding the maturity date or, if the securities are redeemed, to but excluding the applicable Redemption Date. Coupon Payments will be paid in arrears on each Coupon Payment Date to but excluding the maturity date or, if the securities are redeemed, to but excluding the applicable Redemption Date. Coupon Payments will be payable to the person in whose name a security is registered at the close of business on the record date before each Coupon Payment Date. Coupon Payments payable at maturity or, if the securities are redeemed, the Redemption Date, as applicable, will be payable to the person to whom principal is payable, and the paying agent will make the Coupon Payment on the maturity date or Redemption Date, as applicable, whether or not that date is a Coupon Payment Date. Unless otherwise set forth in the applicable pricing supplement, the "record date" for a Coupon Payment Date is the date that is 15 calendar days prior to that Coupon Payment Date, whether or not that date is a business day.

The "Coupon Payment Dates" will be as specified in the applicable pricing supplement, provided that if a scheduled Coupon Payment Date is not a business day, then the applicable Coupon Payment will be made on the next succeeding business day following such scheduled Coupon Payment Date; provided further that the final Coupon Payment Date will be the maturity date, in each case subject to postponement as described under "Description of the Securities—Coupon Payments" and "Description of the Securities—Market Disruption Events" below, and in each case, no adjustment will be made to the length of the corresponding coupon period and no interest will accrue or be payable as a result of the delayed payment.

How is the Payment at Maturity determined?

At maturity and if the securities have not been previously redeemed, subject to our credit risk as issuer of the securities, and the credit risk of RBSG, as the guarantor of our obligations under the securities, and unless the applicable pricing supplement provides otherwise, you will be entitled to receive a cash payment per security (the "Payment at Maturity") that you hold, denominated in U.S. dollars, calculated as described in "Description of the Securities—Payment at Maturity" below. Unless the applicable pricing supplement provides otherwise, the Payment at Maturity that you will be entitled to receive will be based upon the performance of the Underlying Market Measure to which your securities

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are linked or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure (as defined herein). Specifically, the Payment at Maturity will depend on whether the closing value of any Underlying Market Measure has been equal to or less than its Buffer Value on any Monitoring Day(s) or during the Monitoring Period (each as defined below), as applicable (we refer to such event as a "Knock-Out Event"), during the term of your securities.

- If a Knock-Out Event has not occurred (i.e., a Buffer Value is not reached), the Payment at Maturity will equal to the Original Offering Price.

- If a Knock-Out Event has occurred (i.e., a Buffer Value is reached), you will be exposed to any decrease (but not any increase) on a one-for-one basis in the closing value of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, as the case may be. If the closing value of the Underlying Market Measure or Least Performing Underlying Market Measure, as the case may be, has decreased from its Initial Value to its Final Value, the Payment at Maturity will be less than the Original Offering Price per security and you could lose some or a significant portion of your investment in the securities. The Payment at Maturity will not exceed the Original Offering Price.

You should not invest in the securities if you are unable or unwilling to bear the risk of loss of some or a significant portion of your investment.

Any payment on the securities (including any coupon payment and the payment at maturity) is subject to the creditworthiness (i.e., the ability to pay) of RBS plc, as the issuer of the securities, and RBSG, as the guarantor of the issuer's obligations under the securities.

How does the contingent buffer work and what is a Knock-Out Event?

The Payment at Maturity will be based on the performance of the Underlying Market Measure or, if the securities are linked to more than one Underlying Market Measure, the Least Performing Underlying Market Measure, in each case, subject to the terms of a contingent buffer. The level of each buffer, or each "Buffer Value," will be a specified value of any Underlying Market Measure that is less than the Initial Value of such Underlying Market Measure. Each "Buffer Amount" represents the corresponding percentage decrease from each Initial Value to its corresponding Buffer Value for such Underlying Market Measure. Each Buffer Value and/or Buffer Amount will be set forth in the applicable pricing supplement, and each actual Buffer Value will be determined on the pricing date upon determination of the Initial Value for such Underlying Market Measure.

Your securities will be protected against a specified level of decrease only if the closing value of any Underlying Market Measure has not been equal to or less than its corresponding Buffer Value on any Monitoring Day(s) or during the Monitoring Period, as applicable, as described below; in other words, your securities will be protected against a specified level of decrease only if the closing value of any Underlying Market Measure has not decreased from the Initial Value for such Underlying Market Measure by a percentage that is equal to or greater than its corresponding Buffer Amount on any Monitoring Day(s) or during the Monitoring Period, as applicable, as described below. If the closing value of any Underlying Market Measure has been equal to or less than its corresponding Buffer Value, or in other words, the closing value of any Underlying Market Measure has decreased from the Initial Value for such Underlying Market Measure by a percentage that is equal to or greater than its corresponding Buffer Amount on any applicable Monitoring Day(s) or during the Monitoring Period (which we refer to in this product supplement as a "Knock-Out Event"), your investment in the securities will no longer be protected by any buffer, and you will be exposed to the full downside movement in the value of the Underlying Market Measure, or if the securities are linked to more than one Underlying Market Measure,

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the Least Performing Underlying Market Measure. You should not invest in the securities if you are unable or unwilling to bear the risk of loss of some or a significant portion of your investment.

The applicable "Monitoring Day" (or "Monitoring Days") or the duration of the "Monitoring Period" will be as specified in the applicable pricing supplement. For example, the applicable pricing supplement may specify that the Monitoring Period consists of each Market Measure Business Day from the pricing date to and including the final valuation date. The applicable pricing supplement may also specify that the Monitoring Day(s) will be the applicable valuation date(s). Alternatively, the applicable pricing supplement may specify that the Monitoring Days consist of the last calendar day of each month, commencing and ending on specified dates, or may specify weekly or monthly specified day(s) during a week or month.

Unless otherwise specified in the applicable pricing supplement, the calculation agent will determine whether a Knock-Out Event has occurred. Unless otherwise provided in the applicable pricing supplement, if any day within a Monitoring Period is not a Market Measure Business Day, or if a Market Disruption Event occurs or is continuing on a Market Measure Business Day within a Monitoring Period, that day will be ignored for purposes of determining whether a Knock-Out Event will have occurred. Unless otherwise provided in the applicable pricing supplement, if any specified Monitoring Day is not a Market Measure Business Day, or if a Market Disruption Event occurs or is continuing on that Monitoring Day, the impacted Monitoring Day will be postponed to the immediately succeeding Market Measure Business Day on which no Market Disruption Event has occurred or is continuing, as further described under "Description of the Securities—Contingent Buffer and Knock-Out Event" and "Description of the Securities—Market Disruption Events."

How will the Initial Value be determined?

Underlying Equity Indices and Underlying Funds

Unless otherwise specified in the applicable pricing supplement, the "Initial Value" for an Underlying Market Measure that is one or more Underlying Equity Indices or Underlying Funds, will equal the closing level of the Underlying Equity Index or the closing price of the shares of the Underlying Fund, at a specific time on the pricing date, as determined by the calculation agent, as set forth in the section "Description of the Securities—The Initial Value and the Final Value."

Underlying Commodities and Underlying Commodity Indices

Unless otherwise specified in the applicable pricing supplement, the "Initial Value" for an Underlying Market Measure that are Underlying Commodities or one or more Underlying Commodity Indices, will equal the price or value of the Underlying Commodity or the closing level of the Underlying Commodity Index on the pricing date, as determined by the calculation agent; provided that if a Market Disruption Event (as defined in "Description of the Securities—Market Disruption Events") occurs or is continuing on the pricing date the calculation agent will establish the Initial Value as set forth in the section "Description of the Securities—The Initial Value and the Final Value."

How will the Final Value be determined?

The calculation agent will determine the "Final Value" for an Underlying Market Measure either (i) by reference to a single value of an Underlying Market Measure in respect of a single valuation date (as defined below), or (ii) by reference to the arithmetic average of the values of an Underlying Market Measure in respect of two or more valuation dates. The applicable pricing supplement will specify how the Final Value for your securities will be determined, and will set forth the valuation date or valuation dates applicable to your securities. In the event of a Market Disruption Event (as defined in "Description of the Securities—Market Disruption Events") on a scheduled valuation date, or if a scheduled valuation

date is not a Market Measure Business Day (as defined in "Description of the Securities—The Initial Value and the Final Value"), such valuation date will be postponed as described under "Description of the Securities—The Initial Value and the Final Value" and "Description of the Securities—Market Disruption Events."

Underlying Equity Indices

Unless otherwise specified in the applicable pricing supplement, the "Final Value" for an Underlying Market Measure that is one or more Underlying Equity Indices will equal either (i) the closing level of the Underlying Equity Index, at a specific time on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the closing levels of the Underlying Equity Index, at specific times on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent, subject to the terms and provisions which we describe in "Description of the Securities—The Initial Value and the Final Value," "Description of the Securities—Market Disruption Events" and "Description of the Securities—Discontinuation or Modification of an Underlying Market Measure."

Underlying Commodities and Underlying Commodity Indices

Unless otherwise specified in the applicable pricing supplement, the "Final Value" for an Underlying Market Measure that are Underlying Commodities or one or more Underlying Commodity Indices will equal either (i) the price or value of the Underlying Commodity or the closing level of the Underlying Commodity Index on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the prices or values of the Underlying Commodity or the closing levels of the Underlying Commodity Index on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent; provided that if a Market Disruption Event (as defined below) occurs or is continuing on one or more valuation dates or if any scheduled valuation date is determined by the calculation agent not to be a Market Measure Business Day, then the calculation agent will establish the value of an Underlying Market Measure on the affected valuation date as set forth in the section "Description of the Securities—The Initial Value and the Final Value," "Description of the Securities—Market Disruption Events" and "Description of the Securities—Discontinuation or Modification of an Underlying Market Measure."

Underlying Funds

Unless otherwise specified in the applicable pricing supplement, the "Final Value" for an Underlying Market Measure that is one or more Underlying Funds will equal either (i) the closing price of the shares of the Underlying Fund on a single valuation date, as determined by the calculation agent, or (ii) the arithmetic average of the closing prices of the shares of the Underlying Fund on specific valuation dates, as specified in the applicable pricing supplement, and as determined by the calculation agent, in each case multiplied by the Adjustment Factor, subject to the terms and provisions which we describe in "Description of the Securities—The Initial Value and the Final Value," "Description of the Securities—Market Disruption Events" and "Description of the Securities—Discontinuation or Modification of an Underlying Market Measure." With respect to the Underlying Fund, the "Adjustment Factor" will be set initially at 1.0, but will be subject to adjustment upon the occurrence of certain corporate events affecting such Underlying Fund. See "Description of the Securities—Adjustment Events for Underlying Funds" below.

A "valuation date" means either (i) the single Market Measure Business Day (as defined below) on which the Final Value will be calculated, or (ii) two or more Market Measure Business Days over which an arithmetic average of the closing values of an Underlying Market Measure will be determined in order to calculate the Final Value, in each case as specified in the applicable pricing supplement; provided that, other than with respect to Underlying Commodities or one or more Underlying Commodity Indices, and

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unless otherwise specified in the applicable pricing supplement, (i) if a Market Disruption Event has occurred or is continuing on any such Market Measure Business Day(s) or (ii) if a scheduled valuation date is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration or otherwise, the affected valuation date for such Underlying Market Measure will be the immediately succeeding Market Measure Business Day where no Market Disruption Event has occurred or is continuing; provided further that no valuation date will be postponed by more than five (5) business days beyond the original valuation date, as further described under "Description of the Securities—The Initial Value and the Final Value" and "Description of the Securities—Market Disruption Events."

The "maturity date" will be as specified in the applicable pricing supplement. If the scheduled maturity date (as specified in the applicable pricing supplement) is not a business day, then the maturity date will be the next succeeding business day following such scheduled maturity date. If, due to a Market Disruption Event or otherwise, as described above, a valuation date is postponed so that it falls less than three (3) business days prior to the scheduled maturity date, the maturity date will be the third business day following that valuation date, as postponed, unless otherwise specified in the applicable pricing supplement. See "Description of the Securities—Market Disruption Events."

Unless otherwise specified in the applicable pricing supplement, a "business day" means 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.

Unless otherwise specified in the applicable pricing supplement, a "Market Measure Business Day" means:

(a) With respect to an Underlying Equity Index, a day on which (1) the New York Stock Exchange (the "NYSE") and The NASDAQ Stock Market, or their successors, are open for trading and (2) the relevant Underlying Equity Index is calculated and published.