

ROYAL BANK OF SCOTLAND PLC

Form 424B5

June 07, 2011

The information in this preliminary pricing supplement is not complete and may be changed. A registration statement relating to the securities has been filed with the Securities and Exchange Commission. This preliminary pricing supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale of securities is not permitted.

Subject to Completion

Preliminary Pricing Supplement dated June 7, 2011

Preliminary Pricing Supplement No. 73
to Product Prospectus Supplement No. EPN-1
dated April 7, 2011
and Prospectus dated May 18, 2010

Filed pursuant to Rule 424(b)(5)
Registration Statement Nos. 333-162219 and
333-162219-01
June 7, 2011

The Royal Bank of Scotland plc (Issuer)
The Royal Bank of Scotland Group plc (Guarantor)
\$
RBS Capped Enhanced Participation Notes™
with Fixed Buffer
Linked to the iShares® Russell 2000 Index Fund

n 300% upside participation at maturity in any increase in the price per share of the iShares® Russell 2000 Index Fund, subject to a maximum return of 26% - 28% over the Original Offering Price.

n Full downside exposure to any decrease in the price per share of the iShares® Russell 2000 Index Fund in excess of the 10% Buffer Amount. Potential for substantial loss if the price per share of the iShares® Russell 2000 Index Fund falls below the Buffer Value.

n Payment at maturity is subject to the creditworthiness of The Royal Bank of Scotland plc, as the issuer, and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations under the securities.

n 24-month term (approximately).

n No periodic interest payments.

n No listing on any securities exchange.

\$1,000 Original Offering Price per RBS Capped Enhanced Participation Note™ with Fixed Buffer
Expected* dates:

Pricing Date:	June 27, 2011
Settlement Date:	June 30, 2011
Maturity Date:	July 1, 2013

CUSIP / ISIN No.: 78009PAR2 / US78009PAR29
*Expected. In the event that we make any change to the expected pricing date or settlement date, the maturity date will be changed so that the stated term of the securities remains the same. See also "Clearance and Settlement" on page PS-18 of this pricing supplement.

The RBS Capped Enhanced Participation Notes™ with Fixed Buffer Linked to the iShares® Russell 2000 Index Fund due July , 2013 (together with the related guarantees, the "securities") involve risks not associated with an investment in conventional debt securities. See "Risk Factors" beginning on page PS-6 of this pricing supplement and beginning on page S-16 of Product Prospectus Supplement No. EPN-1 (the "product supplement").

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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 the securities, or determined if this pricing supplement, the product supplement or the prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Per security	Total
Original Offering Price (1)	\$1,000.00	\$
Underwriting discount (2)	\$ 10.00	\$
Proceeds, before expenses, to The Royal Bank of Scotland plc	\$ 990.00	\$

(1) The value you might expect to receive if you were able to resell the securities on the pricing date is less than the Original Offering Price. This is because the Original Offering Price includes the underwriting discount set forth above and also reflects our cost of hedging our obligations under the securities. For additional information, see “Risk Factors—The value of your securities on the pricing date is less than the Original Offering Price due to the underwriting discount and our cost of hedging, both of which can be expected to be reflected in secondary market prices” on page S-21 of the product supplement. The Original Offering Price also does not include fees that you may be charged if you buy the securities through your registered investment advisers for managed fee-based accounts.

(2) RBS Securities Inc. (“RBSSI”) has entered into an agreement with SIP America LLC (“SIP America”), a registered broker-dealer and FINRA member, under which RBSSI will pay SIP America a fee in an amount equal to 0.50% of the face value of securities issued by The Royal Bank of Scotland plc on the settlement date in consideration for its role in marketing the securities. No securities will be sold by RBSSI to or through SIP America in this offering. For additional information, see “Supplemental Plan of Distribution (Conflicts of Interest)” on page PS-18 of this pricing supplement.

RBS Securities Inc.
June , 2011

THE ROYAL BANK OF SCOTLAND PLC
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 due July , 2013

Summary

The RBS Capped Enhanced Participation Notes™ with Fixed Buffer Linked to the iShares® Russell 2000 Index Fund due July , 2013 (together with the related guarantees, each, a “security” and collectively, the “securities”) are senior unsecured obligations issued by us, The Royal Bank of Scotland plc, and are fully and unconditionally guaranteed by our parent company, The Royal Bank of Scotland Group plc. The securities will rank equally with all of our senior unsecured indebtedness from time to time outstanding, and any payments due on the securities, including any repayment of your investment, will be subject to the ability of RBS, as the issuer of the securities, and RBSG, as the guarantor of the issuer’s obligations under the securities, to pay their respective obligations as they become due. The securities provide investors with enhanced upside participation, subject to a maximum return over the Original Offering Price, in a moderate increase, if any, in the price per share of the iShares® Russell 2000 Index Fund (the “Underlying Equity Fund”) from the Initial Value to the Final Value. Investors will not receive any interest payments, the return on the securities will never exceed the Capped Return, and the Payment at Maturity will never exceed the Maximum Payment per Security. Investors must be willing to accept the risk of losing some or substantially all of their investment.

Capitalized terms used but not defined in this pricing supplement have the meanings set forth in the product supplement.

Key Terms

Issuer:	The Royal Bank of Scotland plc (“RBS”)
Guarantor:	The Royal Bank of Scotland Group plc (“RBSG”)
Original Offering Price:	\$1,000 per security
Term:	24 months (approximately)
Underlying Equity Fund:	The iShares® Russell 2000 Index Fund (Bloomberg ticker: IWM), which tracks the Russell 2000® Index (the “Target Index”).
Participation Rate:	300%. This represents three times upside participation in any increase in the price per share of the Underlying Equity Fund from the Initial Value to the Final Value, subject to the Capped Return.
Initial Value:	The closing price per share of the Underlying Equity Fund on the pricing date. The Initial Value will be determined by the Calculation Agent and set forth in the final pricing supplement.
Final Value:	The closing price per share of the Underlying Equity Fund on the Valuation Date multiplied by the Adjustment Factor.
Adjustment Factor:	

Set initially at 1.0, but will be subject to adjustment upon the occurrence of certain corporate events affecting the Underlying Equity Fund as described in the accompanying product supplement under “Description of the Securities—Adjustment Events for Underlying Stocks and Underlying Funds.”

Reference Return: Measures the percentage increase or decrease in the price per share of the Underlying Equity Fund from the Initial Value to the Final Value, and will be equal to:

$$\frac{\text{Final Value} - \text{Initial Value}}{\text{Initial Value}}$$

Capped Return: 26% - 28% over the Original Offering Price per security. The Capped Return represents a return over the full term of the security and not an annualized return. The actual Capped Return will be determined on the pricing date and set forth in the final pricing supplement.

Maximum Payment per Security: \$1,260 - \$1,280 per security. The actual Maximum Payment per Security will be determined on the pricing date and set forth in the final pricing supplement.

Buffer Amount (%): 10% (representing a protection against any decrease in the price per share of the Underlying Equity Fund up to the Buffer Value).

Buffer Value: 90% of the Initial Value, rounded to two decimal places. The actual Buffer Value will be determined on the pricing date and set forth in the final pricing supplement.

Valuation Date: June , 2013, the third Market Measure Business Day before the Maturity Date. If a Market Disruption Event occurs or is continuing on the scheduled Valuation Date or if the scheduled Valuation Date is not a Market Measure Business Day, the Valuation Date will be postponed as described in the accompanying product supplement under “Description of the Securities—The Initial Value and the Final Value” and “Description of the Securities—Market Disruption Events.”

Maturity Date: July , 2013. If the Valuation Date is postponed, the Maturity Date will be the third business day following the Valuation Date, as postponed.

Payment at Maturity: On the Maturity Date, you will be entitled to receive a cash payment per security determined by the Calculation Agent as described on the following page.

Calculation Agent: RBS Securities Inc., an affiliate of RBS

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Determining the Payment at Maturity

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Examples of Payment at Maturity Calculations

Set forth below are four hypothetical examples of Payment at Maturity calculations (rounded to two decimal places), reflecting the following values and hypothetical data:

- the Participation Rate of 300%;
- the Buffer Amount of 10% (representing a protection against any decrease in the price per share of the Underlying Equity Fund up to the Buffer Value);
- the hypothetical Initial Value of 80.87 (the closing price per share of the Underlying Equity Fund on June 3, 2011);
- the hypothetical Buffer Value of 72.78 (90% of the hypothetical Initial Value, rounded to two decimal places); and
- the hypothetical Capped Return of 27% over the Original Offering Price per security (the midpoint of the Capped Return range of 26% to 28%).

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

EXAMPLE 1 — The hypothetical Final Value is 56.61 (which is 30% below the hypothetical Initial Value), representing a decrease in the price per share of the Underlying Equity Fund by more than the Buffer Amount:

$$\text{Reference Return} = \frac{56.61 - 80.87}{80.87} = -30\%$$

Payment at Maturity (per security) = \$1,000 + [\$1,000 x (-30% + 10%)] = \$800 (i.e., a 20% loss).

If the price per share of the Underlying Equity Fund has decreased from the Initial Value to the Final Value by a percentage that is greater than the Buffer Amount (i.e., if the Final Value is less than the Buffer Value), your investment will be fully exposed to any decline of the Underlying Equity Fund beyond the Buffer Amount, and you could lose some or most (up to 90% of the Original Offering Price) of your investment.

EXAMPLE 2 — The hypothetical Final Value is 72.78 (which is 10% below the hypothetical Initial Value), representing a decrease in the price per share of the Underlying Equity Fund equal to the Buffer Amount:

$$\text{Reference Return} = \frac{72.78 - 80.87}{80.87} = -10\%$$

Payment at Maturity (per security) = \$1,000 (i.e., a 0% return).

If the price per share of the Underlying Equity Fund has decreased from the Initial Value to the Final Value by a percentage that is not greater than the Buffer Amount (i.e., if the Final Value is less than the Initial Value, but is equal

to or greater than the Buffer Value), the Payment at Maturity will equal the \$1,000 Original Offering Price.

EXAMPLE 3 — The hypothetical Final Value is 84.91 (which is 5% above the hypothetical Initial Value):

$$\text{Reference Return} = \frac{84.91 - 80.87}{80.87} = 5\%$$

Payment at Maturity (per security) will be equal to the lesser of:

- (a) $\$1,000 + (\$1,000 \times 300\% \times 5\%) = \$1,150$; and
- (b) $\$1,000 + (\$1,000 \times 27\%) = \$1,270$.

Payment at Maturity (per security) = \$1,150 (i.e., a 15% return).

EXAMPLE 4 — The hypothetical Final Value is 105.13 (which is 30% above the hypothetical Initial Value):

$$\text{Reference Return} = \frac{105.13 - 80.87}{80.87} = 30\%$$

Payment at Maturity (per security) will be equal to the lesser of:

- (a) $\$1,000 + (\$1,000 \times 300\% \times 30\%) = \$1,900$; and
- (b) $\$1,000 + (\$1,000 \times 27\%) = \$1,270$.

Payment at Maturity (per security) = \$1,270 (i.e., a 27% return).

The Payment at Maturity cannot exceed the Maximum Payment per Security.

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Hypothetical Payout Profile and Payment at Maturity

For purposes of illustration only, the Hypothetical Payout Profile and Hypothetical Payment at Maturity below reflect the hypothetical returns at maturity and hypothetical payments at maturity per security for a range of hypothetical Final Values of the Underlying Equity Fund from +50% to -50%. The Final Values presented below will not include any income generated by dividends paid on the shares of Underlying Equity Fund, which you would otherwise be entitled to receive if you invested in those shares directly.

The graph and chart reflect the Participation Rate of 300%, the Buffer Amount of 10%, the hypothetical Initial Value of 80.87 (the closing price per share of the Underlying Equity Fund on June 3, 2011), the hypothetical Buffer Value of 72.78 (90% of the hypothetical Initial Value, rounded to two decimal places), the hypothetical Capped Return of 27% over the Original Offering Price per security (the midpoint of the Capped Return range of 26% to 28%), and the hypothetical Maximum Payment per Security of \$1,270 (the midpoint of the Maximum Payment per Security range of \$1,260 to \$1,280). The actual Payment at Maturity that you are entitled to receive and the resulting return on your investment will depend on the actual Initial Value, Buffer Value, Capped Return and Maximum Payment per Security, which will be determined on the pricing date and set forth in the final pricing supplement.

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

HYPOTHETICAL PAYOUT PROFILE

This graph reflects the hypothetical returns on the securities at maturity. The green line reflects the hypothetical returns on the securities, while the dotted line reflects the return of a hypothetical direct investment in the Underlying Equity Fund, excluding dividends.

HYPOTHETICAL PAYMENT AT MATURITY

Final Value	Reference Return	Return on the Securities	Payment at Maturity per Security
121.31	50.00%	27.00%	\$1,270.00
113.22	40.00%	27.00%	\$1,270.00
105.13	30.00%	27.00%	\$1,270.00
97.04	20.00%	27.00%	\$1,270.00
88.96	10.00%	27.00%	\$1,270.00
88.15	9.00%	27.00%	\$1,270.00
84.91	5.00%	15.00%	\$1,150.00
80.87	0.00%	0.00%	\$1,000.00

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76.83	-5.00%	0.00%	\$1,000.00
72.78	-10.00%	0.00%	\$1,000.00
64.70	-20.00%	-10.00%	\$900.00
56.61	-30.00%	-20.00%	\$800.00
48.52	-40.00%	-30.00%	\$700.00
40.44	-50.00%	-40.00%	\$600.00

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Risk Factors

There are important differences between the securities and a conventional debt security. An investment in the securities involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the securities in the “Risk Factors” sections beginning on page S-16 of the product supplement. We also urge you to consult with your investment, legal, accounting, tax, and other advisors before you invest in the securities.

- The securities are not conventional debt securities—they do not pay interest and there is no principal protection; you may lose some or all of your investment in the securities.
- The credit risk of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc, and their credit ratings and credit spreads may adversely affect the value of the securities.
- The return on your initial investment is limited to the Capped Return and your Payment at Maturity is limited to the Maximum Payment per Security.
- The Payment at Maturity will depend on the Final Value, which is determined only on a valuation date shortly before the maturity date.
- The securities may not be a suitable investment for you.
- Although we are a bank, 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 will not be listed on any securities exchange and there may be little or no secondary market for the securities.
- The value of the securities prior to maturity will be influenced by many unpredictable factors, and may be less than the Original Offering Price.
- In the event that we or RBSG, as guarantor, exercise our option to redeem the securities, as described in the section of the product supplement entitled “Description of the Securities—Optional Tax Redemption,” the amount of cash you will be entitled to receive upon redemption of the securities is uncertain.
- An increase in the price per share of the Underlying Equity Fund may not increase the value of your securities.
- The value of your securities on the pricing date is less than the Original Offering Price due to the underwriting discount and our cost of hedging, both of which can be expected to be reflected in secondary market prices.
- Hedging and trading activities by us or our affiliates may adversely affect your return on the securities and the value of the securities.

- The holding of securities by our affiliates and future sales by our affiliates could be in conflict with your interests.
- There may be potential conflicts of interest between security holders and the calculation agent or other of our affiliates.
- RBSSI and its affiliates may publish reports, express opinions or provide recommendations that are inconsistent with investing in or holding the securities. Any such reports, opinions or recommendations could affect the value of the Underlying Equity Fund and therefore the value of the securities.
- The U.S. federal income tax consequences of an investment in the securities are unclear.
- An investment in the securities is not the same as a direct investment in the Underlying Equity Fund or in the securities that comprise the Underlying Equity Fund.
- Adjustments to the Underlying Equity Fund could adversely affect the securities.
- We may engage in business with or involving one or more of the issuers of the securities comprising the Underlying Equity Fund or Target Index without regard to your interests.
- We do not control the Underlying Equity Fund or any issuer whose securities comprise the Target Index and we are not responsible for any of their disclosure.
- There may be limited anti-dilution protection.
- The policies of the investment advisor for the Underlying Equity Fund could affect the value of the securities.
- There are risks associated with the specific Underlying Equity Fund to which your securities are linked.
- The Underlying Equity Fund may not always be able exactly to replicate the performance of the Target Index.
- The return of the Underlying Equity Fund will be reduced by its expense ratio.

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Investor Considerations

You may wish to consider an investment in the securities if:

- You anticipate that the price per share of the Underlying Equity Fund will increase moderately from the Initial Value to the Final Value.
- You accept that your investment may result in a loss, which could be significant, if the Final Value of the Underlying Equity Fund is less than the Initial Value by more than the Buffer Amount.
- You accept that the return on the securities will not exceed the Capped Return.
- You do not seek a current income stream from your investment.