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**LaunchPAD Programme**

**Supplementary Prospectus dated 18 March 2011**

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**SEVENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE  
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF REVERSE EXCHANGEABLE  
SECURITIES**



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**The Royal Bank of Scotland plc**

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

**The Royal Bank of Scotland plc LaunchPAD Programme**

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- 1 This Supplement dated 18 March 2011 (this **Supplement**) constitutes the seventh supplement to the base prospectus dated 28 May 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Reverse Exchangeable Securities approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 28 May 2010 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 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.

- 6 On 17 March 2011, The Royal Bank of Scotland Group plc (**RBSG**) published its annual report and accounts for the year ended 31 December 2010 (the **2010 Annual Report and Accounts of RBSG**). The 2010 Annual Report and Accounts of RBSG have been previously filed with the AFM.
- 7 By virtue of this Supplement, the following sections of the 2010 Annual Report and Accounts of RBSG shall be deemed to be incorporated in, and form part of, the Base Prospectus:
- (i) Independent auditors' report on page 267;
  - (ii) Consolidated income statement on page 268;
  - (iii) Consolidated statement of comprehensive income on page 269;
  - (iv) Balance sheets as at 31 December 2010 on page 270;
  - (v) Statements of changes in equity on pages 271 to 273;
  - (vi) Cash flow statements on page 274;
  - (vii) Accounting policies on pages 275 to 286;
  - (viii) Notes on the accounts on pages 287 to 385;
  - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
  - (x) Chairman's statement on pages 2 to 3;
  - (xi) Group Chief Executive's review on pages 4 to 5;
  - (xii) Our key targets on page 7;
  - (xiii) Our business and our strategy on pages 10 to 19;
  - (xiv) Divisional review on pages 21 to 41;
  - (xv) Business review on pages 50 to 224;
  - (xvi) Report of the Directors on pages 230 to 234;
  - (xvii) Corporate governance on pages 235 to 245;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
  - (xix) Directors' remuneration report on pages 248 to 263;
  - (xx) Directors' interests in shares on page 264;
  - (xxi) Financial Summary on pages 387 to 395;
  - (xxii) Exchange rates on page 395;
  - (xxiii) Economic and monetary environment on page 396;
  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;
  - (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;

(xxviii) Material contracts on pages 399 to 404; and

(xxix) Glossary of terms on pages 434 to 439.

- 8 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2010 Annual Report and Accounts of RBSG:

8.1 the unaudited annual results of RBSG for the year ended 31 December 2010, which were published via the Regulatory News Service of the London Stock Exchange plc (**RNS**) on 24 February 2011 and which were incorporated by reference in the Base Prospectus pursuant to the supplementary prospectus dated 28 February 2011, shall, by virtue of this Supplement, no longer be so incorporated;

8.2 the sections of the 2008 annual report and accounts of RBSG (which were published via RNS on 9 March 2009) incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated; and

8.3 the press release of RBSG, which was published via RNS on 6 April 2010 headed “The Royal Bank of Scotland Group plc and National Westminster Bank Public Limited Company Launch a Cash Tender Offer for Certain Outstanding Securities; Further Details of EC Dividend/Coupon Deferral Announced” incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated.

- 9 By virtue of this Supplement, the paragraphs under the heading “Material Contracts” on pages 61 to 63 of the registration document dated 25 February 2011 of the Issuer (which was published via RNS on 25 February 2011) (the **Registration Document**) shall, for the purposes of being incorporated by reference in the Base Prospectus, be deemed to be deleted and replaced with the following paragraph:

“RBS and its subsidiaries are party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 Annual Report and Accounts of RBSG.”.

- 10 By virtue of this Supplement, the references to “BBB” and to “BB” in the fourth paragraph on page 1 of the Registration Document shall, for the purposes of being incorporated by reference in the Base Prospectus, be deemed to be replaced by “BBB+” and “BB+” respectively.

- 11 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/EN/Showpage.aspx?pageID=1028>, on the London Stock Exchange plc’s website at [www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html) and can be obtained from the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +33 131 523 3636.

- 12 If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.

- 13 To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) above will prevail.

- 14** Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or been noted since the publication of the Base Prospectus.

**The Royal Bank of Scotland plc**