Absolute Return Barrier Notes
Linked to the S&P 500® Index,
Due May 14, 2014

INVESTMENT THESIS

- Receive a one-for-one positive return if the Reference Asset increases from the Initial Level to the Final Level.
- If the level of the Reference Asset decreases from the Initial Level to the Final Level:
  - if the Reference Asset does not have a closing level that is less than [68.75% to 72.75%] of the Initial Level (the “Barrier Level,” which will be determined on the Pricing Date) between the Pricing Date and the Valuation Date, inclusive, the Notes will provide a positive return equal to the percentage by which the level of the Index has decreased as of the Final Valuation Date; or
  - if the Reference Asset does have a closing level that is less than the Barrier Level during that period, the Notes will provide a negative return that is equal to the percentage decrease in the level of the Reference Asset.

PRELIMINARY KEY TERMS

- Reference Asset: S&P 500® Index (SPX)
- Barrier Level: [68.75% to 72.75%] of the Initial Level (to be determined on the Pricing Date)
- Percentage Change: \( \frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}} \)

KEY RISK FACTORS

- The notes are subject to Royal Bank of Canada’s credit risk.
- The notes are not principal protected.
- Your notes are likely to have limited liquidity.

TAX

- Each investor will agree to treat the Notes as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes, as described in more detail in the preliminary terms supplement.

ORDER DEADLINE

- RBCCM will accept orders to purchase the notes until April 25, 2012.

RETURN ON THE NOTES AT MATURITY IF NO BARRIER EVENT OCCURS*

<table>
<thead>
<tr>
<th>RETURN ON THE REFERENCE ASSET</th>
</tr>
</thead>
<tbody>
<tr>
<td>-100%</td>
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</tbody>
</table>

DETERMINING PAYMENT AT MATURITY

Determine the Percentage Change

Is the Percentage Change positive?

- Yes: You will receive at maturity, per $1,000 principal amount of the notes:
  Principal Amount + (Principal Amount x Percentage Change)
- No:
  Has a Barrier Event occurred?
    - Yes: You will lose 1% of the principal amount of your notes for each 1% decline in the price of the Reference Asset. Accordingly, your payment at maturity per $1,000 in principal amount of the notes will be calculated as follows:
      Principal Amount + (Principal Amount x Percentage Change)
    - No: You will receive at maturity, per $1,000 principal amount of the notes:
      Principal Amount + [-1 x (Principal Amount x Percentage Change)]

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, by you for the purpose of avoiding penalties that may be imposed on you under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing by us of the transactions or matters addressed herein; and (c) you should seek advice based on your particular circumstances from an independent tax advisor.
The Notes provide a one-for-one positive return if the level of the S&P 500® Index (the “Reference Asset”) increases from the Initial Level to the Final Level.

If the level of the Reference Asset decreases from the Initial Level to the Final Level:

- if the Reference Asset does not have a closing level that is less than 68.75% to 72.75% of the Initial Level (the “Barrier Level,” which will be determined on the Pricing Date) between the Pricing Date and the Valuation Date, inclusive, the Notes will provide a positive return equal to the percentage by which the level of the Index has decreased as of the Final Valuation Date; or
- if the Reference Asset does have a closing level that is less than the Barrier Level during that period, the Notes will provide a negative return that is equal to the percentage decrease in the level of the Reference Asset.

The Notes do not pay interest, and investors may lose a portion of the principal amount of the Notes. Any payments on the Notes are subject to our credit risk.

The Notes will be issued on May 15, 2012, and will mature on May 14, 2014. The Notes will not be listed on any U.S. securities exchange. The CUSIP number for the Notes is 78008T5H3.

Investing in the Notes involves a number of risks. See “Risk Factors” beginning on page 1 of the prospectus supplement dated January 28, 2011, “Additional Risk Factors Specific to the Notes” beginning on page PS-4 of the product prospectus supplement dated January 28, 2011, and “Selected Risk Considerations” on page P-6 of this terms supplement.

The Notes will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation (the “FDIC”) or any other Canadian or U.S. government agency or instrumentality.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this terms supplement is truthful or complete. Any representation to the contrary is a criminal offense.

<table>
<thead>
<tr>
<th>Per Note</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price to public</td>
<td>%</td>
</tr>
<tr>
<td>Underwriting discounts and commissions</td>
<td>%</td>
</tr>
<tr>
<td>Proceeds to Royal Bank of Canada</td>
<td>%</td>
</tr>
</tbody>
</table>

The price at which you purchase the Notes includes hedging costs and profits that Royal Bank of Canada or its affiliates expect to incur or realize. These costs and profits will reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Issue Date.

If the Notes priced on the date of this terms supplement, RBC Capital Markets, LLC, which we refer to as RBCCM, acting as agent for Royal Bank of Canada, would receive a commission of approximately $2.50 per $1,000 in principal amount of the Notes and would use a portion of that commission to allow selling concessions to other dealers of up to approximately $2.50 per $1,000 in principal amount of the Notes. The other dealers may forgo, in their sole discretion, some or all of their selling concessions. If the Notes priced on the date of this terms supplement, the price of the Notes would also include a profit of approximately $10.00 per $1,000 in principal amount of the Notes earned by Royal Bank of Canada in hedging its exposure under the Notes. In no event will the total of the commission received by RBCCM, which includes concessions to be allowed to other dealers, and the hedging profits of Royal Bank of Canada, exceed $25.00 per $1,000 in principal amount of the Notes.

We may use this terms supplement in the initial sale of the Notes. In addition, RBC Capital Markets, LLC or another of our affiliates may use this terms supplement in a market-making transaction in the Notes after their initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this terms supplement is being used in a market-making transaction.
**SUMMARY**

The information in this “Summary” section is qualified by the more detailed information set forth in this terms supplement, the product prospectus supplement, the prospectus supplement, and the prospectus.

Issuer: Royal Bank of Canada (“Royal Bank”)

Issue: Senior Global Medium-Term Notes, Series E

Underwriter: RBC Capital Markets, LLC

Reference Asset: S&P 500® Index

Bloomberg Ticker: SPX

Currency: U.S. Dollars

Minimum Investment: $1,000 and minimum denominations of $1,000 in excess thereof

Pricing Date: May 10, 2012

Issue Date: May 15, 2012

CUSIP: 78008T5H3

Valuation Date: May 9, 2014

Payment at Maturity (if held to maturity): If, on the Valuation Date, the Percentage Change is **positive**, then the investor will receive an amount per $1,000 principal amount per Note equal to:

\[
\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})
\]

If, on the Valuation Date, the Percentage Change is less than or equal to zero, and **a Barrier Event has not occurred**, the investor will receive an amount per $1,000 principal amount per Note equal to:

\[
\text{Principal Amount} + [-1 \times (\text{Principal Amount} \times \text{Percentage Change})]
\]

*In this case, the return on the Notes will be positive, even though the Percentage Change is negative.*

If, on the Valuation Date, the Percentage Change is less than or equal to zero, and **if a Barrier Event has occurred**, the investor will receive an amount per $1,000 principal amount per Note equal to:

\[
\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})
\]

*In this case, the payment on the Notes will be less than the principal amount, and you may lose all or a substantial portion of the principal amount.*
Percentage Change: The Percentage Change, expressed as a percentage, is calculated using the following formula:

\[
\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}
\]

Initial Level: The closing level of the Reference Asset on the Pricing Date.

Final Level: The closing level of the Reference Asset on the Valuation Date.

Barrier Level: [68.75% to 72.75%] of the Initial level, to be determined on the Pricing Date.

Barrier Event: A Barrier Event will be deemed to occur if the closing level of the Reference Asset on any day during the Monitoring Period is less than the Barrier Level.

Monitoring Period: Each trading day from the Pricing Date to, and including, the Valuation Date.

Monitoring Method: Close of trading day

Maturity Date: May 14, 2014, subject to extension for market and other disruptions, as described in the product prospectus supplement dated January 28, 2011.

Term: Approximately two (2) years

Principal at Risk: The Notes are NOT principal protected. You may lose all or a substantial portion of your principal amount at maturity if a Barrier Event occurs, and the Final Level is less than the Initial Level.

Calculation Agent: RBC Capital Markets, LLC

U.S. Tax Treatment: By purchasing a Note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the Note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the Notes are uncertain and the Internal Revenue Service could assert that the Notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion in this terms supplement under “Supplemental Discussion of U.S. Federal Income Tax Consequences” and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement dated January 28, 2011 under "Supplemental Discussion of U.S. Federal Income Tax Consequences," which applies to the Notes.

Secondary Market: RBC Capital Markets, LLC (or one of its affiliates), though not obligated to do so, plans to maintain a secondary market in the Notes after the Issue Date. The amount that you may receive upon sale of your Notes prior to maturity may be less than the principal amount of your Notes.

Listing: The Notes will not be listed on any securities exchange.

Clearance and Settlement: DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under “Description of Debt Securities—Ownership and Book-Entry Issuance” in the prospectus dated January 28, 2011).
Terms Incorporated in the Master Note: All of the terms appearing above the item captioned “Secondary Market” on pages P-2 and P-3 of this terms supplement and the terms appearing under the caption “General Terms of the Notes” in the product prospectus supplement dated January 28, 2011, as modified by this terms supplement.
ADDITIONAL TERMS OF YOUR NOTES

You should read this terms supplement together with the prospectus dated January 28, 2011, as supplemented by the prospectus supplement dated January 28, 2011 and the product prospectus supplement dated January 28, 2011, relating to our Senior Global Medium-Term Notes, Series E, of which these Notes are a part. Capitalized terms used but not defined in this terms supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this terms supplement will control. The Notes vary from the terms described in the product prospectus supplement in several important ways. You should read this terms supplement carefully.

This terms supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, 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 the prospectus supplement dated January 28, 2011 and “Additional Risk Factors Specific to the Notes” in the product prospectus supplement dated January 28, 2011, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the Securities and Exchange Commission (the “SEC”) website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated January 28, 2011:
http://www.sec.gov/Archives/edgar/data/1000275/000121465911000309/f127115424b3.htm

Prospectus Supplement dated January 28, 2011:
http://sec.gov/Archives/edgar/data/1000275/000121465911000311/m127114424b3.htm

Product Prospectus Supplement ERN-EI-1 dated January 28, 2011:
http://www.sec.gov/Archives/edgar/data/1000275/000121465911000380/m22111424b5.htm

Our Central Index Key, or CIK, on the SEC website is 1000275. As used in this terms supplement, the “Company,” “we,” “us,” or “our” refers to Royal Bank of Canada.

Royal Bank of Canada has filed a registration statement (including a product prospectus supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this terms supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, Royal Bank of Canada, any agent or any dealer participating in this offering will arrange to send you the product prospectus supplement, the prospectus supplement and the prospectus if you so request by calling toll-free at 1-866-609-6009.
The examples and table set out below are included for illustration purposes only. The hypothetical Percentage Changes of the Reference Asset used to illustrate the calculation of the Payment at Maturity (rounded to two decimal places) are not estimates or forecasts of the Initial Level, the Final Level or the level of the Reference Asset on the Valuation Date or on any trading day prior to the Maturity Date.

All the following three examples assume that a holder purchased Notes with an aggregate principal amount of $1,000.

Example 1— Calculation of the Payment at Maturity where the Percentage Change is positive.

Percentage Change: 5%

Payment at Maturity: $1,000 + ($1,000 x 5%) = $1,000 + $50.00 = $1,050.00

On a $1,000 investment, a 5% Percentage Change results in a Payment at Maturity of $1,050.00, a 5.00% return on the Notes.

Example 2— Calculation of the Payment at Maturity where the Percentage Change is negative, and a Barrier Event has not occurred.

Percentage Change: -5%

Payment at Maturity: $1,000 + [-1 x ($1,000 x -5%)] = $1,000 + $50.00 = $1,050.00

On a $1,000 investment, if a Barrier Event has not occurred, a -5% Percentage Change results in a Payment at Maturity of $1,050.00, a 5.00% positive return on the Notes.

Example 3— Calculation of the Payment at Maturity where the Percentage Change is negative, and a Barrier Event has occurred.

Percentage Change: -5%

Payment at Maturity: $1,000 + ($1,000 x -5%) = $1,000 - $50.00 = $950.00

On a $1,000 investment, if a Barrier Event has occurred, a -5% Percentage Change results in a Payment at Maturity of $950.00, a -5.00% positive return on the Notes.
The table below illustrates the Payment at Maturity of the Notes, assuming a hypothetical Initial Level of 100, a hypothetical Barrier Level of 70.75 (the midpoint of the Barrier Level range of 68.75% to 72.75% of the Initial Level), and an initial investment of $1,000. Hypothetical Final Levels are shown in the first column on the left. The second column shows the Payment at Maturity (as a percentage of the principal amount) in a case where the closing level of the Reference Asset does not fall below the Barrier Level on any trading day during the Monitoring Period. The third column shows the Payment at Maturity (as a percentage of the principal amount) in a case where the level of the Reference Asset does fall below the Barrier Level during the Monitoring Period.

<table>
<thead>
<tr>
<th>Hypothetical Final Level</th>
<th>If the closing level of the Reference Asset does not fall below the Barrier Level on any day during the Monitoring Period: Payment at Maturity as Percentage of Principal Amount</th>
<th>If the closing level of the Reference Asset falls below the Barrier Level on any day during the Monitoring Period: Payment at Maturity as Percentage of Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>150.00</td>
<td>$1,500.00</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>125.00</td>
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<tr>
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</tr>
<tr>
<td>25.00</td>
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<td>250.00</td>
</tr>
<tr>
<td>0.00</td>
<td>N/A</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The Payments at Maturity shown above are entirely hypothetical; they are based on levels of the Reference Asset that may not be achieved on the Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical Payments at Maturity shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Notes or on an investment in the securities represented by the Reference Asset. Please read “Additional Risk Factors Specific to Your Notes” and “Hypothetical Returns on Your Notes” in the accompanying product prospectus supplement.
SELECTED RISK CONSIDERATIONS

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Asset. These risks are explained in more detail in the section “Additional Risk Factors Specific to the Notes,” beginning on page PS-4 of the product prospectus supplement. In addition to the risks described in the prospectus supplement and the product prospectus supplement, you should consider the following:

- **Principal at Risk** – Investors in the Notes could lose a substantial portion of their principal amount if a Barrier Event occurs. If the closing level of the Reference Asset on any trading day during the Monitoring Period is less than the Barrier Level, you will lose one percent of the principal amount of your Notes for each 1% that the Final Level is less than the Initial Level.

- **The Notes Do Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity** – There will be no periodic interest payments on the Notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of Royal Bank.

- **Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes** – The Notes are Royal Bank’s senior unsecured debt securities. As a result, your receipt of the amount due on the maturity date is dependent upon Royal Bank’s ability to repay its obligations at that time. This will be the case even if the level of the Reference Asset increases after the pricing date. No assurance can be given as to what our financial condition will be at the maturity of the Notes.

- **There May Not Be an Active Trading Market for the Notes—Sales in the Secondary Market May Result in Significant Losses** – There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and other affiliates of Royal Bank may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of Royal Bank may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your Notes in any secondary market could be substantial.

- **You Will Not Have Any Rights to the Securities Included in the Reference Asset** – As a holder of the Notes, you will not have voting rights or rights to receive cash dividends or other distributions or other rights that holders of securities included in the Reference Asset would have. The Final Level will not reflect any dividends paid on the securities included in the Reference Asset.

- **The Inclusion in the Purchase Price of the Notes of a Selling Concession and of Royal Bank’s Cost of Hedging its Market Risk under the Notes Will Adversely Affect the Value of the Notes Prior to Maturity** – The price at which you purchase of the Notes includes a selling concession (including broker’s commission), as well as the costs that Royal Bank (or one of its affiliates) expects to incur in the hedging of its market risk under the Notes. Such hedging costs include the expected cost of undertaking this hedge, as well as the profit that Royal Bank (or its affiliates) expects to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than your original purchase price. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

- **Market Disruption Events and Adjustments** – The payment at maturity and the valuation date are subject to adjustment as described in the product prospectus supplement. For a description of what constitutes a market disruption event as well as the consequences of that market disruption event, see “General Terms of the Notes—Market Disruption Events” in the product prospectus supplement.
INFORMATION REGARDING THE REFERENCE ASSET

All disclosures contained in this terms supplement regarding the Reference Asset, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, Standard & Poor’s Financial Services LLC (“S&P”). S&P, which owns the copyright and all other rights to the Reference Asset, has no obligation to continue to publish, and may discontinue publication of, the Reference Asset. The consequences of S&P discontinuing publication of the Reference Asset are discussed in the section of the product prospectus supplement entitled “General Terms of the Notes—Unavailability of the Level of the Reference Asset on a Valuation Date.” Neither we nor RBC Capital Markets, LLC accepts any responsibility for the calculation, maintenance or publication of the Reference Asset or any successor index.

The Reference Asset is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the Reference Asset is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of April 18, 2012, 400 companies included in the Reference Asset traded on the New York Stock Exchange, and 100 companies included in the Reference Asset traded on The NASDAQ Stock Market. On April 18, 2012, the average market capitalization of the companies included in the Reference Asset was $25.04 billion. As of that date, the largest component of the Reference Asset had a market capitalization of $576.20 billion, and the smallest component of the Reference Asset had a market capitalization of $1.18 billion.

S&P chooses companies for inclusion in the Reference Asset with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its Stock Guide Database of over 10,000 companies, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company’s common stock generally is responsive to changes in the affairs of the respective industry, and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the Reference Asset, with the approximate percentage of the market capitalization of the Reference Asset included in each group as of April 18, 2012, indicated in parentheses: Consumer Discretionary (11.14%); Consumer Staples (10.95%); Energy (11.06%); Financials (14.73%); Health Care (11.34%); Industrials (10.56%); Information Technology (20.53%); Materials (3.48%); Telecommunication Services (2.77%); and Utilities (3.44%). S&P from time to time, in its sole discretion, may add companies to, or delete companies from, the Reference Asset to achieve the objectives stated above.

S&P calculates the Reference Asset by reference to the prices of the constituent stocks of the Reference Asset without taking account of the value of dividends paid on those stocks. As a result, the return on the Notes will not reflect the return you would realize if you actually owned the Reference Asset constituent stocks and received the dividends paid on those stocks.

Computation of the Reference Asset

While S&P currently employs the following methodology to calculate the Reference Asset, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the Redemption Amount.

Historically, the market value of any component stock of the Reference Asset was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, S&P began shifting the Reference Asset halfway from a market capitalization weighted formula to a float-adjusted formula, before moving the Reference Asset to full float adjustment on September 16, 2005. S&P’s criteria for selecting stocks for the Reference Asset did not change with the shift to float adjustment. However, the adjustment affects each company’s weight in the Reference Asset.

Under float adjustment, the share counts used in calculating the Reference Asset reflect only those shares that are available to investors, not all of a company’s outstanding shares. S&P defines three groups of shareholders whose holdings are subject to float adjustment:
holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners, or leveraged buyout groups;

holdings by government entities, including all levels of government in the U.S. or foreign countries; and

holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors, or founders, as well as holdings of trusts, foundations, pension funds, employee stock ownership plans, or other investment vehicles associated with and controlled by the company.

However, treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that group are excluded from the float-adjusted count of shares to be used in the Reference Asset calculation. Mutual funds, investment advisory firms, pension funds, or foundations not associated with the company and investment funds in insurance companies, shares of a U.S. company traded in Canada as “exchangeable shares,” shares that trust beneficiaries may buy or sell without difficulty or significant additional expense beyond typical brokerage fees, and, if a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class if such shares are convertible by shareholders without undue delay and cost, are also part of the float.

For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares, defined as the total shares outstanding less shares held in one or more of the three groups listed above where the group holdings exceed 10% of the outstanding shares, by the total shares outstanding. The float-adjusted index is then calculated by multiplying, for each stock in the Reference Asset, the IWF, the price, and total number of shares outstanding, adding together the resulting amounts, and then dividing that sum by the index divisor. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The Reference Asset is calculated using a base-weighted aggregate methodology. The level of the Reference Asset reflects the total market value of all 500 component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the level easier to use and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941-43 = 10. In practice, the daily calculation of the Reference Asset is computed by dividing the total market value of the component stocks by the “index divisor.” By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the Reference Asset, it serves as a link to the original base period level of the Reference Asset. The index divisor keeps the Reference Asset comparable over time and is the manipulation point for all adjustments to the Reference Asset, which is index maintenance.

Index Maintenance

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the Reference Asset, and do not require index divisor adjustments.

To prevent the level of the Reference Asset from changing due to corporate actions, corporate actions which affect the total market value of the Reference Asset require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the Reference Asset remains constant and does not reflect the corporate actions of individual companies in the Reference Asset. Index divisor adjustments are made after the close of trading and after the calculation of the Reference Asset closing level.

Changes in a company’s shares outstanding of 5.00% or more due to mergers, acquisitions, public offerings, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. All other changes of 5.00% or more (due to, for example, company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participation units, at the market offerings, or other recapitalizations) are made weekly and are announced on Wednesdays for implementation after the close of trading on the following
Wednesday. Changes of less than 5.00% due to a company’s acquisition of another company in the Reference Asset are made as soon as reasonably possible. All other changes of less than 5.00% are accumulated and made quarterly on the third Friday of March, June, September, and December, and are usually announced two to five days prior.

Changes in IWFs of more than five percentage points caused by corporate actions (such as merger and acquisition activity, restructurings, or spinoffs) will be made as soon as reasonably possible. Other changes in IWFs will be made annually when IWFs are reviewed.

License Agreement

S&P and Royal Bank have entered into a non-exclusive license agreement providing for the license to Royal Bank, and certain of its affiliates, in exchange for a fee, of the right to use the Reference Asset, in connection with securities, including the Notes. The Reference Asset is owned and published by S&P.

The license agreement between S&P and Royal Bank provides that the following language must be set forth in this terms supplement:

The Notes are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly, or the ability of the S&P Index to track general stock market performance. S&P’s only relationship to Royal Bank is the licensing of certain trademarks and trade names of S&P and of the S&P Index which is determined, composed and calculated by S&P without regard to Royal Bank or the Notes. S&P has no obligation to take the needs of Royal Bank or the owners of the Notes into consideration in determining, composing or calculating the S&P Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in the determination or calculation of the equation by which the Notes are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Notes.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P INDEX OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY ROYAL BANK, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P INDEX OR ANY DATA INCLUDED THEREIN.

WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

“Standard & Poor’s®,” “S&P®,” “S&P 500®,” “Standard & Poor’s 500®” are trademarks of Standard & Poor’s Financial Services LLC and have been licensed for use by Royal Bank. The Notes are not sponsored, endorsed, sold or promoted by S&P and S&P makes no representation regarding the advisability of investing in the Notes.
Historical Information

The graph below sets forth the information relating to the historical performance of the Reference Asset. In addition, below the graph is a table setting forth the intra-day high, intra-day low and period-end closing levels of the Reference Asset. The information provided in this table is for the four calendar quarters of 2009, 2010, and 2011, the first calendar quarter of 2012 and for the period from April 1, 2012 to April 19, 2012.

We obtained the information regarding the historical performance of the Reference Asset in the chart below from Bloomberg Financial Markets.

We have not independently reviewed the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical performance of the Reference Asset should not be taken as an indication of its future performance, and no assurance can be given as to the Final Level of the Reference Asset. We cannot give you assurance that the performance of the Reference Asset will result in any positive return on your initial investment.
SUPPLEMENTAL PLAN OF DISTRIBUTION

We expect that delivery of the Notes will be made against payment for the Notes on or about May 15, 2012, which is the third (3rd) business day following the Pricing Date (this settlement cycle being referred to as “T+3”). See “Supplemental Plan of Distribution” in the prospectus supplement dated January 28, 2011. For additional information as to the relationship between us and RBC Capital Markets, LLC, please see the section “Plan of Distribution—Conflicts of Interest” in the prospectus dated January 28, 2011.

RBCCM may pay fees of up to $        to one or more FINRA members for marketing services relating to this offering.

SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

The following disclosure supplements the discussion in the product prospectus supplement dated January 28, 2011 under “Supplemental Discussion of U.S. Federal Income Tax Consequences.”

Dividend Equivalent. A “dividend equivalent” payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder (as defined in the product prospectus supplement). Under recently proposed U.S. Treasury Department regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends, with respect to equity-linked instruments, including the notes, may be treated as dividend equivalents. If enacted in their current form, the regulations may impose a withholding tax on payments made on the notes on or after January 1, 2013 that are treated as dividend equivalents. In that case, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld. Further, non-U.S. holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the notes in order to minimize or avoid U.S. withholding taxes.

Foreign Account Tax Compliance Act. The Internal Revenue Service has issued notices and the Treasury Department has issued proposed regulations affecting the legislation enacted on March 18, 2010 and discussed in the product supplement under “Supplemental Discussion of U.S. Federal Income Tax Considerations— Supplemental U.S. Tax Considerations— Legislation Affecting Taxation of Notes Held By or Through Foreign Entities.” Pursuant to the Internal Revenue Service notices, withholding requirements with respect to payments made on the Notes will generally begin no earlier than January 1, 2014. Pursuant to the proposed regulations, if finalized in their current form, the withholding tax will not be imposed on payments pursuant to obligations outstanding on January 1, 2013. Holders are urged to consult their own tax advisors regarding the implications of this legislation and subsequent guidance on their investment in the Notes.