

TSS, Inc.
Form SC 13D/A
February 10, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D/A

**Under the Securities Exchange Act of 1934
(Amendment No. 4)***

TSS, Inc.

(Name of Issuer)

Common Stock, \$0.0001 Par Value

(Title of Class of Securities)

87288V101

(CUSIP Number)

Peter H. Woodward

MHW Capital Management, LLC

150 East 52nd Street

New York, New York 10022

Tel. No.: (212) 486-7300

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 3, 2015

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1.

MHW Capital Management, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(see instructions)

2. (a) ..

(b) ..

3. SEC USE ONLY

SOURCE OF FUNDS (see instructions)

4.

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

SOLE VOTING POWER

7.

0

NUMBER OF SHARES

SHARED VOTING POWER

BENEFICIALLY OWNED BY

8.

3,103,708

EACH REPORTING PERSON WITH

SOLE DISPOSITIVE POWER

9.

0

SHARED DISPOSITIVE POWER

10.

3,103,708

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11.

3,103,708¹

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(see instructions) ..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

19.0%²

TYPE OF REPORTING PERSON (see instructions)

14.

OO

¹ The shares of the common stock, par value \$0.0001 per share (the “Shares”) of TSS, Inc. (the “Issuer”) over which MHW Capital Management, LLC may be deemed to have shared voting power are comprised of the 1,987,881 outstanding Shares, plus 1,115,827 Shares issuable upon exercise of the warrant described in Item 6 below.

² Based on a total of 16,315,495 Shares issued and outstanding as of November 13, 2014, as reported on the Issuer’s Quarterly Report on Form 10-Q for the period ended September 30, 2014.

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NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1.

Peter H. Woodward

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(see instructions)

2. (a) ..

(b) ..

3. SEC USE ONLY

SOURCE OF FUNDS (see instructions)

4.

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

United States

SOLE VOTING POWER

7.

100,000

NUMBER OF SHARES

SHARED VOTING POWER

BENEFICIALLY OWNED BY

8.

3,103,708

EACH REPORTING PERSON WITH

SOLE DISPOSITIVE POWER

9.

100,000

SHARED DISPOSITIVE POWER

10.

3,103,708

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11.

3,203,708³

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(see instructions) x

12.

Non-vested options to purchase 50,000 shares.

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

19.6%⁴

14.

TYPE OF REPORTING PERSON (see instructions)

IN

³ The Shares over which Mr. Woodward may be deemed to have shared voting power are comprised of the 1,987,881 outstanding Shares, plus 1,115,827 Shares issuable upon exercise of the warrant described in Item 6 below.

⁴ Based on a total of 16,315,495 Shares issued and outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014.

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NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1.

MHW Partners, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(see instructions)

2. (a) ..

(b) ..

3. SEC USE ONLY

SOURCE OF FUNDS (see instructions)

4.

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

SOLE VOTING POWER

7.

0

NUMBER OF SHARES

SHARED VOTING POWER

BENEFICIALLY OWNED BY

8.

825,086

EACH REPORTING PERSON WITH

SOLE DISPOSITIVE POWER

9.

0

SHARED DISPOSITIVE POWER

10.

825,086

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11.

825,086

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(see instructions) ..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

5.1%⁵

TYPE OF REPORTING PERSON (see instructions)

14.

OO

⁵ Based on a total of 16,315,495 Shares issued and outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014.

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NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1.

MHW SPV II, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(see instructions)

2.

(a) ..

(b) ..

3.

SEC USE ONLY

SOURCE OF FUNDS (see instructions)

4.

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

SOLE VOTING POWER

7.

1,115,827

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8.

0

SOLE DISPOSITIVE POWER

9.

1,115,827

SHARED DISPOSITIVE POWER

10.

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11.

1,115,827⁶

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(see instructions) ..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

6.8%⁷

TYPE OF REPORTING PERSON (see instructions)

14.

OO

⁶ The Shares over which MHW SPV II, LLC may be deemed to have shared voting power are comprised of 1,115,827 Shares issuable upon exercise of the warrant described in Item 6 below.

⁷ Based on a total of 16,315,495 Shares issued and outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014.

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This Amendment No. 4 (the "Amendment") amends and supplements the Schedule 13D originally filed with the Securities and Exchange Commission (the "SEC") on February 21, 2013, as amended and supplemented by Amendment No. 1 filed with the SEC on January 8, 2014, Amendment No. 2 filed with the SEC on March 5, 2014 and Amendment No. 3 filed with the SEC on November 18, 2014 (together, the "Schedule 13D"), which relates to the common stock, par value \$0.0001 per share (the "Shares") of TSS, Inc., a Delaware corporation (the "Issuer"). Capitalized terms used herein and not otherwise defined have the meaning assigned to such terms in the Schedule 13D. All items or responses not described herein remain as previously reported in the Schedule 13D.

Item 2. Identity and Background.

Item 2 of the Schedule 13D is hereby amended and restated in its entirety as follows:

- (a) – (c), (f) This Schedule 13D is being filed on behalf of MHW Partners, L.P., a Delaware limited partnership ("MHW Partners"), MHW SPV II, LLC, a Delaware limited liability company ("MHW II"), MHW Capital Management, LLC, a Delaware limited liability company and the investment manager of each of MHW Partners and MHW II (the "Investment Manager"), and Mr. Peter H. Woodward, a United States citizen and a principal of the Investment Manager and Managing Member of MHW II. MHW Partners, MHW II, the Investment Manager and Mr. Woodward shall collectively be referred to herein as the "Reporting Persons". The principal business address for each of the Reporting Persons is 150 East 52nd Street, New York, New York 10022.
- (d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e)

None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source or Amount of Funds or Other Consideration.

Item 3 of the Schedule 13D is hereby amended and supplemented by adding the following immediately at the conclusion thereof:

On February 3, 2015, the Issuer granted MHW II the right to purchase up to 1,115,827 Shares as partial consideration for a multiple advance term loan on February 3, 2015 in the maximum principal amount of \$2,000,000 from MHW II to the Issuer and its subsidiaries, Innovative Power Systems, Inc., VTC, L.L.C., Vortech, L.L.C., Total Site Solutions Arizona, LLC and Alletag Buildings, Inc.

Item 5. Interest in Securities of the Issuer.

Item 5 of the Schedule 13D is hereby amended and restated in its entirety as follows:

As of the date hereof, the Investment Manager may be deemed to be the beneficial owner of 3,103,708 Shares, constituting 19.0% of the Shares (based upon 16,315,495 Shares outstanding as of November 13, 2014, as (a) -reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014). The (e) Investment Manager has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 3,103,708 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 3,103,708 Shares.

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As of the date hereof, Mr. Woodward may be deemed to be the beneficial owner of 3,203,708 Shares, constituting 19.6% of the Shares (based upon 16,315,495 Shares outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014). Mr. Woodward has the sole power to vote or direct the vote of 100,000 Shares; has the shared power to vote or direct the vote of 3,103,708 Shares; has the sole power to dispose or direct the disposition of 100,000 Shares; and has the shared power to dispose or direct the disposition of 3,103,708 Shares.

As of the date hereof, MHW Partners may be deemed to be the beneficial owner of 825,086 Shares, constituting 5.1% of the Shares (based upon 16,315,495 Shares outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014). MHW Partners has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 825,086 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 825,086 Shares.

As of the date hereof, MHW II may be deemed to be the beneficial owner of 1,115,827 Shares, constituting 6.8% of the Shares (based upon 16,315,495 Shares outstanding as of November 13, 2014, as reported on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014). MHW II has the sole power to vote or direct the vote of 1,115,827 Shares; has the shared power to vote or direct the vote of 0 Shares; has the sole power to dispose or direct the disposition of 1,115,827 Shares; and has the shared power to dispose or direct the disposition of 0 Shares.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 of the Schedule 13D is hereby amended and restated in its entirety as follows:

The Issuer granted to Mr. Woodward non-vested options to buy 150,000 Shares as compensation for serving as a director of the Issuer. The options vest ratably over three years on the anniversary of the issuance, with 50,000 options that vested on June 29, 2013, 50,000 options vested on June 29, 2014 and 50,000 options to vest on June 29, 2015.

MHW Partners and Mr. Thomas Rosato entered into a Stock Purchase Agreement, dated December 31, 2013, pursuant to which MHW Partners acquired 200,000 Shares in exchange for an aggregate purchase price of \$80,000 in cash, which was obtained from the working capital of MHW Partners. Pursuant to the terms of the Stock Purchase Agreement, Mr. Rosato agreed not to, directly or indirectly, sell, transfer, assign, hypothecate or similarly dispose of, or enter into any contract, option or other arrangement or understanding with respect to the voting of or sale, transfer,

assignment, hypothecation or similar disposition of the remaining Shares that he owns for a period of ninety days following the execution of the Stock Purchase Agreement. The foregoing description of the Stock Purchase Agreement is intended as a summary only and is qualified in its entirety by reference to the Stock Purchase Agreement, which is filed as Exhibit B to this Schedule 13D/A and incorporated by reference herein.

The Issuer and MHW II entered into a warrant (the "Warrant"), dated February 3, 2015, granting MHW II the right to purchase up to 1,115,827 Shares. The Warrant is exercisable for a period of five years from February 3, 2015 at an exercise price of \$0.50 for the first 472,500 Shares, \$1.00 for the next 425,250 Shares and \$1.30 for the final 218,077 Shares. The exercise price and number of Shares issuable on exercise of the Warrant will be subject to adjustment in the event of any stock split, reverse stock split, recapitalization, reorganization or similar transaction.

Item 7. Material to Be Filed as Exhibits.

Item 7 of the Schedule 13D is hereby amended and restated in its entirety as follows:

Exhibit A: Joint Filing Agreement, dated February 9, 2015

Exhibit B: Stock Purchase Agreement, dated December 31, 2013 (incorporated by reference to Exhibit B of the Schedule 13 D/A (Amendment No. 1) filed by the Reporting Persons on January 8, 2014)

Exhibit C: Warrant, dated February 3, 2015

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 9, 2015

MHW Capital Management, LLC

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

MHW Partners, L.P.

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

MHW SPV II, LLC

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

/s/ Peter H. Woodward
Peter H. Woodward

Exhibit A

JOINT FILING AGREEMENT

The undersigned agree that this Schedule 13D/A, dated February 9, 2015, relating to the Common Stock, \$0.0001 par value of TSS, Inc., shall be filed on behalf of the undersigned.

Dated: February 9, 2015

MHW Capital Management, LLC

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

MHW Partners, L.P.

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

MHW SPV, LLC

By: /s/ Peter H. Woodward
Peter H. Woodward, Managing Member

/s/ Peter H. Woodward
Peter H. Woodward

Exhibit C

WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE CORPORATION REQUESTS, AN OPINION SATISFACTORY TO THE CORPORATION TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL.

Warrant Certificate No.: 001

Original Issue Date: February 3, 2015

FOR VALUE RECEIVED, TSS, Inc., a Delaware corporation (the “**Company**”), hereby certifies that MHW SPV II, LLC, a Delaware limited liability company, or its registered assigns (the “**Holder**”) is entitled to purchase from the Company the number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share set forth in **Section 2** hereof, all subject to the terms, conditions and adjustments set forth below in this Warrant. Certain capitalized terms used herein are defined in **Section 1** hereof.

1. **Definitions.** As used in this Warrant, the following terms have the respective meanings set forth below:

“**Aggregate Exercise Price**” means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3**, *multiplied by* (b) the Exercise Price.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day, except a Saturday, Sunday or legal holiday, on which banking institutions in the city of New York, New York are authorized or obligated by law or executive order to close.

“**Common Stock**” means the common stock, par value \$0.0001 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

“**Company**” has the meaning set forth in the preamble.

“**Exercise Date**” means, for any given exercise of this Warrant, the date on which the conditions to such exercise as set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., eastern time, on a Business Day, including, without limitation, the receipt by the Company of the Exercise Agreement, the Warrant and the Exercise Price.

“**Exercise Agreement**” has the meaning set forth in **Section 3(a)(i)**.

“**Exercise Period**” has the meaning set forth in **Section 2**.

“**Exercise Price**” has the meaning set forth in **Section 2**.

“**Fair Market Value**” means, as of any particular date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock may at the time be listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on the Pink OTC Markets or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on the the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which “Fair Market Value” is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term “Business Day” as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on the Pink OTC Markets or similar quotation system or association, the “Fair Market Value” of the Common Stock shall be the fair market value per share as determined jointly by the Board and the Holder.

“**Holder**” has the meaning set forth in the preamble.

“**Original Issue Date**” means February 3, 2015.

“**Person**” means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

“Pink OTC Markets” means the OTC Markets Group Inc. electronic inter-dealer quotation system, including OTCQX, OTCQB and OTC Pink.

“Transaction” has the meaning set forth in **Section 4(b)**.

“Warrant” means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

“Warrant Shares” means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant in accordance with the terms of this Warrant.

2. **Term of Warrant.** Subject to the terms and conditions hereof, at any time or from time to time after the date hereof and prior to 5:00 p.m., eastern time, on February 3, 2020, or, if such day is not a Business Day, on the next preceding Business Day (the “**Exercise Period**”), the Holder of this Warrant may exercise this Warrant for all or any part of the number of Warrant Shares (subject to adjustment as provided herein) at the purchase price per share (the “**Exercise Price**”) set forth below:

Number of Shares	Exercise Price
472,500 shares	\$0.50 per share
425,250 shares	\$1.00 per share
218,077 shares	\$1.30 per share

3. **Exercise of Warrant.**

(a) **Exercise Procedure.** This Warrant may be exercised from time to time on any Business Day during the Exercise Period, for all or any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with an Exercise Agreement in the form attached hereto as **Exhibit A** (each, an “**Exercise Agreement**”), duly completed (including specifying the number of Warrant Shares to be purchased) and executed; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price.** Payment of the Aggregate Exercise Price shall be made, at the option of the Holder as expressed in the Exercise Agreement, by the following methods:

(i) by delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company, in the amount of such Aggregate Exercise Price;

(ii) by instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price;

(iii) by surrendering to the Company (x) Warrant Shares previously acquired by the Holder with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price and/or (y) other securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof); or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) in the case of Common Stock, the Fair Market Value per Warrant Share as of the Exercise Date, and, in all other cases, the value thereof as of the Exercise Date determined in accordance with clause (iii)(y) above.

(c) **Delivery of Stock Certificates.** Upon receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall, as promptly as practicable, and in any event within twenty (20) Business Days thereafter, execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be, to the extent possible, in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and shall be registered in the name of the Holder or, subject to compliance with **Section 5** below, such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares.** The Company shall not be required to issue a fractional Warrant Share upon exercise of any Warrant. As to any fraction of a Warrant Share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one Warrant Share on the Exercise Date.

(e) **Valid Issuance of Warrant and Warrant Shares; Payment of Taxes.** With respect to the exercise of this Warrant, the Company hereby represents, covenants and agrees:

(i) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(ii) All Warrant Shares issuable upon the exercise of this Warrant pursuant to the terms hereof shall be, upon issuance, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights of any stockholder of the Company and free and clear of all taxes, liens and charges.

(iii) The Company shall take all such actions as may be necessary to ensure that all such Warrant Shares are issued without violation by the Company of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Common Stock or other securities constituting Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

(iv) The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to any applicable withholding or the issuance or delivery of the Warrant Shares to any Person other than the Holder, and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

(f) **Reservation of Shares.** During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant, and the par value per Warrant Share shall at all times be less than or equal to the applicable Exercise Price. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price, and shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

4. Adjustment to Exercise Price or Number of Warrant Shares. In order to prevent dilution of the purchase rights granted under this Warrant, the Exercise Price or the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4** (in each case, after taking into consideration any prior adjustments pursuant to this **Section 4**).

(a) **Dividend, Subdivision or Combination of Common Stock.** If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock payable in shares of Common Stock, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and the number of Warrant Shares issuable upon

exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Any adjustment under this **Section 4(a)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(b) **Transactions.** In case at any time the Company shall initiate any transaction or be a party to any transaction (including, without limitation, a merger, consolidation, stock exchange, sale, lease or other disposition of all or substantially all of the Company's assets, liquidation, recapitalization or reclassification of any of the Common Stock) in connection with which the Common Stock shall be changed into or exchanged for different securities of the Company or capital stock or other securities of another corporation or interests in a non-corporate entity or other property (including cash) or any combination of the foregoing (each such transaction being herein called a "**Transaction**"), then, as a condition of the consummation of the Transaction, lawful, enforceable and adequate provision shall be made so that the Holder shall be entitled to receive (i) a new warrant in form and substance similar to, and in exchange for, this Warrant to purchase all or a portion of such securities or other property, or (ii) the securities or other property (including cash) to which the Holder would have been entitled upon consummation of the Transaction if the Holder had exercised such applicable portion of this Warrant immediately prior thereto. This **Section 4(b)** shall similarly apply to successive Transactions.

5. Transfer of Warrant. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices with a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B**, together with funds sufficient to pay any transfer taxes required in connection with the making of such transfer. Upon such compliance, surrender and delivery and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

6. Holder Not Deemed a Stockholder: Limitations on Liability. Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares to which the Holder is then entitled to receive upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

7. Replacement on Loss; Division and Combination.

(a) **Replacement of Warrant on Loss.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant.** Subject to compliance with the applicable provisions of this Warrant as to any transfer or other assignment that may be involved in such division or combination, this Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. Subject to compliance with the applicable provisions of this Warrant, as to any transfer or assignment that may be involved in such division or combination, the Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

8. Compliance with the Securities Act.

(a) **Agreement to Comply with the Securities Act; Legend.** The Holder, by acceptance of this Warrant, agrees to comply in all respects with the provisions of this **Section 8** and the restrictive legend requirements set forth on the face of this Warrant and further agrees that such Holder shall not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the Securities Act of 1933, as amended (the “**Securities Act**”). This Warrant and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Securities Act) shall be stamped or imprinted with a legend in substantially the following form:

“THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE CORPORATION REQUESTS, AN OPINION SATISFACTORY TO THE CORPORATION TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL.

(b) **Representations of the Holder.** In connection with the issuance of this Warrant, the Holder specifically represents, as of the date hereof, to the Company by acceptance of this Warrant as follows:

(i) The Holder is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. The Holder is acquiring this Warrant and the Warrant Shares to be issued upon exercise hereof for investment for its own account and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act.

(ii) The Holder understands and acknowledges that this Warrant and the Warrant Shares to be issued upon exercise hereof are “restricted securities” under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that, under such laws and applicable regulations, such securities may be resold without registration under the Securities Act only in certain limited circumstances. In addition, the Holder represents that it is familiar with Rule 144 under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

(iii) The Holder acknowledges that it can bear the economic and financial risk of its investment for an indefinite period, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Warrant and the Warrant Shares. The Holder has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Warrant and the business, properties, prospects and financial condition of the Company.

9. **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during

normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 9**).

TSS, Inc.

110 E. Old Settler's Blvd.

Round Rock, Texas 78664

If to the Company: Facsimile: (512) 310-1828

E-mail: jpenver@totalsitesolutions.com

Attention: Chief Financial Officer

Miles & Stockbridge P.C.

100 Light Street

Baltimore, Maryland 21202

with a copy to: Facsimile: (410) 698-4505

E-mail: cjohnson@milesstockbridge.com

Attention: Christopher R. Johnson

MHW SPV II, LLC

150 East 52nd Street, 30th Floor

New York, New York 10022

If to the Holder: Facsimile: (212) 486-7580

E-mail: pwoodward@mhwcapital.com

Attention: Managing Member

10. Cumulative Remedies. The rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

11. Equitable Relief. Each of the Company and the Holder acknowledges that a breach or threatened breach by such party of any of its obligations under this Warrant would give rise to irreparable harm to the other party hereto for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction.

12. Entire Agreement. This Warrant constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

13. Successor and Assigns. This Warrant and the rights evidenced hereby shall be binding upon and shall inure to the benefit of the parties hereto and the successors of the Company and the successors and permitted assigns of the Holder. Such successors and/or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder.

14. No Third-Party Beneficiaries. This Warrant is for the sole benefit of the Company and the Holder and their respective successors and, in the case of the Holder, permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Warrant.

15. Headings. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

16. Amendment and Modification; Waiver. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

17. Severability. If any term or provision of this Warrant is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Warrant or invalidate or render unenforceable such term or provision in any other jurisdiction.

18. Governing Law. This Warrant shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

19. Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of Delaware in each case located in the city of Wilmington, Delaware, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process,

summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

20. Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

21. Counterparts. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

22. No Strict Construction. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

TSS, Inc.
By: /s/ Anthony Angelini
Name: Anthony Angelini
Title: Chief Executive
Officer and President

Accepted and agreed,

MHW SPV II, LLC

By: /s/ Peter H. Woodward
Name: Peter H. Woodward
Title: Managing Member

e; FONT-FAMILY: Arial; FONT-SIZE: 10pt">Because the Index was only created on January 24, 2011, the Index has limited actual history. The Index Sponsor and the Index calculation agent have retrospectively calculated the performance of the Index prior to its inception based on the actual historical data for the Price of Gold Bullion, the historical 200-Index business day simple moving average for the Price of Gold Bullion and actual historical data for the Cash Rate starting from the Index Base Date of October 20, 1975, and using the Index Base Value of 144.75. The Index Base Value was retrospectively calculated based on the actual historical Price of Gold Bullion on the Index Base Date. The retrospective calculations by The Royal Bank of Scotland plc, as the Index Sponsor and Standard & Poor's Financial Services LLC, as the Index calculation agent, from the Index Base Date through January 21, 2011 were performed using the Index methodology described in the section "The Index—Index Methodology" in this pricing supplement.

The first graph below shows Index closing levels retrospectively calculated from October 20, 1975 through to January 21, 2011, together with actual Index closing levels from January 24, 2011 through to March 21, 2012. The graph also includes the actual Prices of Gold Bullion and the Price of Gold Simple Moving Average, and shaded areas in the graph indicate when the Index was tracking the Price of Gold Bullion and the Cash Rate.

The second graph below shows again the Index closing levels retrospectively calculated from October 20, 1975 through to January 21, 2011, together with actual Index closing levels from January 24, 2011 through to March 21, 2012. However, for comparison purposes, the Index closing levels in this graph are based to a value of 100 on October 20, 1975, and the graph also includes the historical Prices of Gold Bullion based to a value of 100 on October 20, 1975.

The table below shows the retrospectively calculated March 31 year-end Index closing levels (up to and including March 31, 2010) and the actual Index closing level on March 31, 2011, the actual Prices of Gold Bullion and the Cash Rate for the period from March 31, 1976 to March 31, 2011, as well as the actual Index closing level, Price of Gold Bullion and Cash Rate on March 21, 2012.

The performance of the Index, Price of Gold Bullion and the Cash Rate in the graphs and in the table below were determined on an approximate basis and do not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs.

Although the Index Sponsor and the Index calculation agent believe that the retrospective calculations of the Index levels represent accurately and fairly an approximate estimation of how the Index would have performed from October 20, 1975 through to January 21, 2011, the Index did not exist during that period. You should be aware that no actual investment allowing for tracking of the performance of the Index was possible prior to January 24, 2011. The retrospectively calculated closing levels and performances for the Index should not be taken as an indication of future performance, and no assurance can be given as to the closing level of the Index on any given date. In addition, the performance of the Index, the Price of Gold Bullion and the Cash Rate do not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs.

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Source: Bloomberg.

* The RBS Gold Trendpilot™ Index (USD) (the “Index”) was created on January 24, 2011. Therefore, for the Index the graph above reflects an actual Index performance from January 24, 2011 to March 21, 2012 and reflects a retrospectively calculated Index performance from October 20, 1975 to January 21, 2011 that is based on the Index Methodology (determined on an approximate basis).

Source: Bloomberg.

* The RBS Gold Trendpilot™ Index (USD) (the “Index”) was created on January 24, 2011. Therefore, for the Index the graph above reflects an actual Index performance from January 24, 2011 to March 21, 2012 and reflects a retrospectively calculated Index performance from October 20, 1975 to January 21, 2011 that is based on the Index Methodology (determined on an approximate basis).

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March 31 Year-End Retrospectively Calculated* and Actual Historical Index Closing Levels and
Prices of Gold Bullion and Actual Historical Cash Rates
March 31, 1976 to March 21, 2012

Year	Date	Price of Gold		
		Bullion (USD)	Index	Cash Rate
1976	3/31/1976	129.60	148.25	4.89%
1977	3/31/1977	148.90	167.30	4.55%
1978	3/31/1978	181.60	204.04	6.31%
1979	3/30/1979	240.10	269.76	9.50%
1980	3/31/1980	494.50	555.59	16.53%
1981	3/31/1981	513.75	658.60	12.70%
1982	3/31/1982	320.00	758.42	12.55%
1983	3/31/1983	414.75	791.06	8.43%
1984	3/30/1984	388.50	828.26	9.76%
1985	3/29/1985	329.25	867.21	8.41%
1986	3/31/1986	344.00	924.80	6.36%
1987	3/31/1987	421.00	1,091.07	5.55%
1988	3/31/1988	456.95	1,197.89	5.76%
1989	3/31/1989	383.20	1,290.96	9.10%
1990	3/30/1990	368.50	1,298.90	7.85%
1991	3/29/1991	355.65	1,055.94	5.86%
1992	3/31/1992	341.70	1,076.79	4.08%
1993	3/31/1993	337.80	1,023.74	2.96%
1994	3/31/1994	389.20	1,128.78	3.50%
1995	3/31/1995	392.00	1,082.90	5.65%
1996	3/29/1996	396.35	1,065.48	4.99%
1997	3/31/1997	348.15	1,083.25	5.19%
1998	3/31/1998	301.00	1,141.54	5.06%
1999	3/31/1999	279.45	1,135.87	4.38%
2000	3/31/2000	276.75	1,029.42	5.72%
2001	3/30/2001	257.70	1,107.86	4.20%
2002	3/29/2002	301.40	1,161.65	1.82%
2003	3/31/2003	334.85	1,290.57	1.10%
2004	3/31/2004	423.70	1,600.49	0.95%
2005	3/31/2005	427.50	1,419.55	2.78%
2006	3/31/2006	582.00	1,797.21	4.50%
2007	3/30/2007	661.75	1,879.79	4.93%
2008	3/31/2008	933.50	2,651.74	1.44%
2009	3/31/2009	916.50	2,394.02	0.20%
2010	3/31/2010	1,115.50	2,913.84	0.15%
2011	3/31/2011	1,439.00	3,758.86	0.10%
2012~	3/21/2012	1,649.25	4,219.15	0.10%

Source: Bloomberg, U.S. Treasury.

* The Index was created on January 24, 2011. Therefore, for the Index closing values the table above reflects the actual Index performance on March 31, 2011 and March 21, 2012 and reflects a retrospectively calculated Index

performance from March 31, 1976 to March 31, 2010 that is based on the Index Methodology (determined on an approximate basis).

~ The closing levels, Price of Gold Bullion and the Cash Rate are specified for March 21, 2012, unlike the closing levels, Prices of Gold Bullion and the Cash Rates for the previous years which are all specified for the last business day of March of the relevant year.

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What if I have more questions?

You should read “Valuation of the ETNs” and “Specific Terms of the ETNs” in this pricing supplement for a detailed description of the terms of the ETNs. The ETNs are unsecured and unsubordinated obligations of RBS NV issued as part of our RBS NotesSM program and are fully and unconditionally guaranteed by RBS Holdings. The ETNs offered by RBS NV will constitute our unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all our other present and future unsecured and unsubordinated obligations. The guarantees of RBS Holdings will constitute RBS Holdings’ unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all RBS Holdings’ other current and future unsecured and unsubordinated obligations. You can find a general description of the basic features of the ETNs in the section of the accompanying prospectus called “Description of Debt Securities and Guarantee.”

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RISK FACTORS

The ETNs are our unsecured and unsubordinated obligations and are fully and unconditionally guaranteed by RBS Holdings. The ETNs are securities as described in the accompanying prospectus dated March 23, 2012 and are riskier than ordinary unsecured debt securities. The return on the ETNs is linked to the performance of the Index, which in turn depends on the performance of the Price of Gold Bullion or the Cash Rate. Investing in the ETNs is not equivalent to investing directly in gold, U.S. Treasury bills or the Index itself. See “The Index” below for more information.

You should carefully consider whether the ETNs 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 ETNs.

Risks Relating to the ETNs

The proposed restructuring of the issuer, RBS NV, may adversely affect the secondary market price of the ETNs. However, the calculation of the daily redemption value, and your right to offer at least the applicable minimum repurchase amount of ETNs for early repurchase at that daily redemption value, will not be affected.

The Royal Bank of Scotland Group plc and its subsidiaries (the “RBS Group”) is in the course of implementing an extensive restructuring of its businesses, operations and assets, including those of RBS Holdings and its consolidated subsidiaries and other members of the RBS Group, and may, in the future, consider making further changes to its business, operations, structure and assets.

In January 2012, The Royal Bank of Scotland Group plc (“RBSG”) announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes will see the reorganization of RBS Holdings’ wholesale businesses into “Markets” and “International Banking” and the exit and downsizing of selected activities. Since the announcement RBS Holdings has agreed the sale of the cash equities, corporate finance and sector advisory, corporate actions and transaction support services, corporate financing and risk solutions, and equity capital markets businesses in the Netherlands to ABN AMRO Bank N.V. The sale is expected to close in the second quarter of 2012, subject to certain conditions, including obtaining approvals from regulators and RBS Holdings’ social partners.

In particular, on April 19, 2011, RBS Holdings announced its intention to transfer a substantial part of the business activities of RBS NV to The Royal Bank of Scotland plc (“RBS”) (the “Proposed Transfers”), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

Subject to, among other matters, regulatory and other approvals, it is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on December 31, 2013. The successful transfer of eligible business carried out in the United Kingdom, including certain securities issued by RBS NV, was completed in the last quarter of 2011. A large part of the remainder of Proposed Transfers (including the transfers of certain securities issued by RBS NV) is expected to have taken place by the end of 2012. If any of the Proposed Transfers are delayed (or are not completed) for any reason, such as a failure to secure required regulatory approvals, it is possible that the relevant regulatory authorities could impose sanctions which could adversely impact the minimum regulatory requirements for capital and liquidity of RBS NV. A delay in implementation of (or any failure to implement) any of the Proposed Transfers may therefore adversely impact RBS NV’s capital and liquidity resources and requirements, with consequential adverse impacts on its funding resources and requirements.

The Proposed Transfers include a proposal to change the issuer of a number of securities issued by RBS NV (including the ETNs), as well as some or all of the securities to be issued by RBS NV up to the date(s) that the Proposed Transfers take effect. However, there is no assurance that any of these securities will be transferred to RBS or, if transferred, when such transfer may take place (see “Description of Debt Securities and Guarantee—Covenant Restricting Mergers and Other Significant Corporate Actions” in the prospectus). The Proposed Transfers do not impact the calculation of the daily redemption value payable at maturity or upon early repurchase

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or redemption of your ETNs, or your right to offer the applicable minimum repurchase amount or more of your ETNs for repurchase.

RBSG is committed to providing all the necessary support to ensure RBS NV continues to meet its commitments during and after the Proposed Transfers. Nevertheless, it is possible that the Proposed Transfers might have a material adverse impact on the business of RBS Holdings and its consolidated group of companies and associated companies, their financial condition, their results of operations and prospects, and an adverse impact on RBS NV's credit ratings, and might also negatively impact the value of the securities issued by RBS NV. If securities issued by RBS NV are transferred to RBS, the fact of such transfer and/or the fact that RBS is a Scottish incorporated company might impact holders of such securities, whether for tax reasons or otherwise. For further information, see the press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" filed on Form 6-K by RBS Holdings on April 19, 2011.

You may lose all or a significant portion of your investment in the ETNs

The ETNs do not have a minimum redemption or repurchase value and you may receive less, and possibly significantly less, at maturity or upon early repurchase or redemption, than the amount you originally invested. Our cash payment on your ETNs at maturity or upon early repurchase or redemption of your ETNs will be based primarily on any increase or decrease in the level of the Index, and will be reduced by the accrued investor fee on your ETNs. You may lose all or a significant amount of your investment in the ETNs if the level of the Index decreases substantially.

The credit risk of RBS NV and RBS Holdings, and their credit ratings and their credit spreads may adversely affect the market value of the ETNs prior to maturity, and all payments on the ETNs will be subject to the ability of RBS NV and RBS Holdings to pay their respective obligations as they become due

You are dependent on RBS NV's ability to pay all amounts due on the ETNs, and therefore you are subject to the credit risk of RBS NV and to changes in the market's view of RBS NV's creditworthiness. In addition, because the ETNs are unconditionally guaranteed by RBS NV's parent company, RBS Holdings, you are also dependent on the credit risk of RBS Holdings in the event that RBS NV fails to make any payment or delivery required by the terms of the ETNs. Any actual or anticipated decline in RBS NV's or RBS Holdings' credit ratings or increase in their credit spreads charged by the market for taking credit risk is likely to adversely affect the value of the ETNs prior to maturity, and all payments on the ETNs will be subject to the ability of RBS NV and RBS Holdings to pay their respective obligations as they become due.

Our credit ratings are an assessment, by each rating agency, of our ability to pay our obligations, including those under the ETNs. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating organization in their sole discretion. However, because the return on the ETNs is dependent upon factors in addition to our ability to pay our obligations under the ETNs, an improvement in our credit ratings will not necessarily increase the market value of the ETNs and will not reduce market risk and other investment risks related to the ETNs. Credit ratings (i) do not reflect market risk, which is the risk that the level of the Index may fall resulting in a loss of some or all of your investment, (ii) do not address the price, if any, at which the ETNs may be resold prior to maturity (which may be substantially less than the issue price of the ETNs), and (iii) are not recommendations to buy, sell or hold the ETNs. Credit ratings are not taken into account in determining the daily redemption value of the ETNs. See "—The market value of the ETNs may be influenced by many unpredictable factors" below.

Although we are a bank, the ETNs 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 ETNs are our obligations but are not bank deposits. In the event of our insolvency, the ETNs will rank equally with our other unsecured, unsubordinated obligations and will not have the benefit of any insurance or guarantee of the Federal Deposit Insurance Corporation, The Deposit Insurance Fund or any other government agency.

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Your return at maturity or upon early repurchase or redemption will be reduced by the investor fee

The daily redemption value payable at maturity or upon early repurchase or redemption of your ETNs will be reduced by the aggregate investor fee applicable to your ETNs. As a result, the level of the Index must increase by an amount sufficient to offset such reduction in order for you to receive at least the initial amount of your investment at maturity or upon early repurchase or redemption. If the level of the Index decreases or does not increase sufficiently, you will receive less, and possibly significantly less, than the initial amount of your investment at maturity or upon early repurchase or redemption. This is true not only when the Index is tracking the Price of Gold Bullion, but also when the Index is tracking the Cash Rate. If the Index is tracking the Price of Gold Bullion, the applicable investor fee is 1.00% per annum. If the Index is tracking the Cash Rate, the applicable investor fee is 0.50% per annum. Accordingly, if the Index is tracking the Cash Rate, especially in a low interest rate environment and if the Cash Rate is less than the applicable investor fee for an extended period of time, you may lose some or all of your investment at maturity or upon early repurchase or redemption.

There are restrictions on the minimum number of ETNs you may offer to us for repurchase

Unless the minimum repurchase amount has been reduced by RBS NV, we will repurchase your ETNs at your election, only if you are offering at least 20,000 ETNs for any single repurchase and you have followed the procedures for repurchase detailed herein. The minimum repurchase amount and the procedures involved in the offer of any repurchase represent substantial restrictions on your ability to cause us to repurchase your ETNs. If you own fewer than 20,000 ETNs, you will not be able to cause us to repurchase your ETNs. However, RBS NV may, in its sole discretion, from time to time, reduce the minimum repurchase amount. Any such reduction will be applied on a consistent basis for all holders of the ETNs from the time the reduction becomes effective.

If you make an offer to us to repurchase your ETNs, your offer will be irrevocable. If your offer for repurchase is received after 4:00 p.m., New York City time, on a business day, or your confirmation of repurchase is received after 5:00 p.m., New York City time, on a business day, you will be deemed to have made your offer for repurchase on the following business day. Also, unless the scheduled repurchase date is postponed because the applicable valuation date is postponed or otherwise due to a market disruption event, the final day on which we will repurchase your ETNs will be February 13, 2041. As such, you must offer your ETNs for repurchase no later than February 7, 2041. The repurchase date in respect of any offer you make to us will be the third business day following the applicable valuation date. See “Specific Terms of the ETNs—Repurchase at Your Option” for more information.

The daily repurchase feature is intended to induce arbitrageurs to counteract any trading of the ETNs at a discount to their indicative value. There can be no assurance that arbitrageurs will employ the repurchase feature in this manner.

You will not know the daily redemption value you will receive at the time an election is made to repurchase or redeem your ETNs

You will not know the daily redemption value you will receive at the time you elect to request that we repurchase your ETNs or that we elect to redeem your ETNs. This is because you will not know the daily redemption value until after the close of business on the applicable valuation date, and the applicable valuation date will be:

- in the case of ETNs you have offered for repurchase, the trading day immediately following the business day on which you make, or are deemed to have made, your offer and confirmation to us to repurchase your ETNs; or
- in the case of ETNs we have elected to redeem, the trading day immediately following the business day on which we deliver a redemption notice to DTC (as holder of the global note).

Upon repurchase of your ETNs, we will pay you an amount per ETN equal to the daily redemption value calculated as of the applicable valuation date. We will pay you this amount on the applicable repurchase date or redemption date, as applicable, which will be the third business day immediately following the valuation date for such repurchase or the date specified in the redemption notice for such redemption (which will not be less than five business days or more than ten business days after the date of the redemption notice).

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The valuation date and repurchase date may be postponed if the valuation date is not a trading day or if a market disruption event exists. See “Specific Terms of the ETNs—Payment upon Repurchase or Redemption.” As a result, you will be exposed to market risk in the event that the market fluctuates between (i) either the time you deliver the repurchase offer to us or the date on which we deliver a redemption notice to DTC and (ii) the applicable valuation date.

We may redeem your ETNs at our option

We may, in our sole discretion, redeem the ETNs, in whole but not in part, at any time during the period from, and including, the initial settlement date to, and including, February 13, 2041.

If we exercise our right to redeem the ETNs, we will deliver an irrevocable redemption notice to DTC (the holder of the global note) not less than five business days prior to the applicable redemption date. The last day on which we can deliver a redemption notice is February 6, 2041. If we exercise our right to redeem your ETNs, you will receive a cash payment in an amount equal to the daily redemption value calculated as of the applicable valuation date, subject to postponement if the valuation date is not a trading day or a market disruption event exists, as described under “Specific Terms of the ETNs—Payment upon Repurchase or Redemption.” The amount you may receive upon any such redemption may be less than the amount you would have received on your investment at maturity or if you had elected to have us repurchase your ETNs at a time of your choosing.

If we elect to redeem your ETNs at a time when the Index closing level is relatively low, the daily redemption value, when calculated, will likely be relatively low as well, and any payment upon redemption may be substantially less than the amount you initially invested, the amount you could have received on your investment at maturity if the ETNs had not been redeemed or the amount you could have received if you had disposed of your ETNs or offered your ETNs for repurchase by us at the time of your choosing.

We have no obligation to take your interests into account when deciding whether to call the ETNs.

If the ETNs are redeemed, you will be exposed to reinvestment risk

If the ETNs are redeemed by us, the holding period could be significantly less than the full term of the ETNs. There is no guarantee that you would be able to reinvest the proceeds in another investment with similar characteristics.

The market value of the ETNs may be influenced by many unpredictable factors

The market value of your ETNs may fluctuate between the date you purchase them and the valuation date when the calculation agent determines the amount to be paid to you upon repurchase or redemption of your ETNs, or on the final valuation when the calculation agent determines the amount to be paid at maturity, as applicable. You may also sustain a significant loss if you sell the ETNs in the secondary market. We expect that generally the level of the Index will affect the market value of the ETNs more than any other factor. Other factors that may influence the market value of the ETNs include:

- the price of gold, which can fluctuate significantly;
- the volatility (frequency and magnitude of changes) in the price of gold;
- the time remaining to the maturity of the ETNs;

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supply and demand for the ETNs, including inventory positions with any market maker, which may be affected by the amount of ETNs we decide to issue (we are under no obligation to issue any ETNs);

- economic, financial, political, regulatory or judicial events that affect the price of gold, level of the Index or the return on the Price of Gold Bullion and the Cash Rate;
 - the Cash Rate and the prevailing rate of interest generally; and

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- the actual or perceived creditworthiness of RBS NV as issuer of the ETNs and RBS Holdings as the guarantor of RBS NV's obligations under the ETNs.

These factors interrelate in complex ways, and the effect of one factor on the market value of your ETNs may offset or enhance the effect of another factor.

Some or all of these factors will influence the price that you will receive if you sell your ETNs prior to maturity in the secondary market, if any. If you sell your ETNs prior to maturity, the price at which you are able to sell your ETNs may be at a discount, which could be substantial, from the then applicable daily redemption value or the stated face amount. For example, there may be a discount on the ETNs if at the time of sale the Index is at or below its initial level or if market interest rates rise. Even if there is an appreciation in the level of the Index from its initial level, the secondary market price of the ETNs may be subject to a discount based on the time remaining to the maturity of the ETNs. Thus, if you sell your ETNs before maturity, the price that you receive for your ETNs may be less than the applicable indicative value or the applicable daily redemption value of the ETNs. Further, you may receive less than the stated face amount of the ETNs or the price that you paid for them.

Some or all of these factors will influence the return, if any, that you receive upon maturity of the ETNs. We cannot predict the future performance of the ETNs, the Index, the Price of Gold Bullion or the yield on a hypothetical notional investment in 3-month U.S. Treasury bills based on the retrospectively calculated performance of the Index, Price of Gold Bullion or 3-month U.S. Treasury bills. Neither we nor RBS Holdings nor any of our affiliates can guarantee that the level of the Index will increase so that you will receive at maturity an amount in excess of the stated face amount of the ETNs.

As an investor in the ETNs you assume the risk that as a result of the performance of the ETNs you may not receive any return on your initial investment in the ETNs or that you may lose some or all of your investment in the ETNs.

The ETNs may not be a suitable investment for you

The ETNs may not be a suitable investment for you if:

- you are not willing to be exposed to fluctuations in the level of the Index;
- you seek a guaranteed return of principal;
- you believe the level of the Index will decrease or will not increase by an amount sufficient to offset the impact of the accrued investor fee during the term of the ETNs;
- you prefer the lower risk and therefore accept the potentially lower but more predictable returns of fixed income investments with comparable maturities and credit ratings; or
- you seek current income from your investment.

Your return, if any, may be less than a comparable investment directly in gold

Your ETNs are linked to the Index, which in turn tracks the return on the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend relative to its historical 200-Index business day simple moving average) or the Cash Rate (if the Price of Gold Bullion is in a negative trend relative to its historical 200-Index business day simple moving average). Your return, if any, will not reflect the return you would realize if you actually invested in gold.

The Price of Gold Bullion will be determined by reference to the afternoon gold fixing price (also known as the “London Gold P.M. Fixing Price”) reported by the LBMA. The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of LBMA price fixings as a global benchmark for the value of the Price of Gold Bullion may be adversely affected. The LBMA is a principals’ market which operates in a manner more closely analogous to over-the-counter physical commodity markets than regulated futures markets, and certain

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features of U.S. futures contracts are not present in the context of LBMA trading. For example, there are no daily price limits on the LBMA, which would otherwise restrict fluctuations in the prices of LBMA contracts. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days. Any suspension or disruption of trading in gold on the LBMA also may have an adverse impact on the level of the Index and, consequently, the market value of the ETNs.

Your return will not reflect the return of owning instruments the returns of which track the Price of Gold Bullion or the Cash Rate

Your ETNs are linked to the Index, which in turn tracks the return on the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend relative to its historical 200-Index business day simple moving average) or the Cash Rate (if the Price of Gold Bullion is in a negative trend relative to its historical 200-Index business day simple moving average). In addition, the investor fee is embedded in the daily redemption value of your ETNs as described above under “—Your return at maturity or upon early repurchase or redemption will be reduced by the investor fee.”

As a result, the performance of your ETNs will not be the same as the performance of the Price of Gold Bullion or the Cash Rate, or the return on a similar investment in exchange traded notes or other instruments tracking the Price of Gold Bullion or the Cash Rate. Even if the Price of Gold Bullion or the Cash Rate increases from its level on the pricing date for the ETNs, the market value of the ETNs may not increase. It is also possible for the Price of Gold Bullion or the Cash Rate to increase while the market price of the ETNs declines. Your payment at maturity may be less than you would have received if you had invested directly in gold or 3-month U.S. Treasury bills. The trading value of the ETNs and final return on the ETNs may also differ from the performance of the Index for the reasons described under “—The credit risk of RBS NV and RBS Holdings, and their credit ratings and their credit spreads may adversely affect the market value of the ETNs prior to maturity, and all payments on the ETNs will be subject to the ability of RBS NV and RBS Holdings to pay their respective obligations as they become due” and “—The market value of the ETNs may be influenced by many unpredictable factors.”

The Price of Gold Bullion is volatile and is affected by numerous factors

The market for gold bullion is global, and the Price of Gold Bullion is subject to volatile price movements over short periods of time and is affected by numerous factors, including macroeconomic factors such as the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the Price of Gold Bullion is generally quoted), interest rates and gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial or other events. The Price of Gold Bullion may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of gold by the official governmental sector, including central banks and other governmental agencies and multilateral institutions that hold gold, sales of gold recycled from jewelry, as opposed to newly produced gold, in particular as the result of financial crises, levels of gold production and production costs, and short-term changes in supply and demand because of trading activities in the gold market. The supply of gold consists of a combination of new mine production and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals. From time to time, above-ground inventories of gold may also influence the market. The Price of Gold Bullion has recently been, and may continue to be extremely volatile. Therefore, investments linked to the price of a single commodity, such as gold, are considered to be speculative and risky.

There may not be an active trading market in the ETNs; sales in the secondary market may result in significant losses

There is currently no secondary market for the ETNs. Although the ETNs are listed on NYSE Arca, Inc. (“NYSE Arca”) under the ticker symbol “TBAR,” there is no guarantee of secondary liquidity. On the initial settlement date, we

issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) to be sold through RBSSI. There will be no liquidity in the ETNs until the ETNs are sold by RBSSI. Even if a secondary market does develop, it may not be liquid and may not continue for the term of the ETNs. In addition, no assurances can be given as to the continuation of the listing during the term of the ETNs. We are not required to maintain any listing of the ETNs on NYSE Arca or any other exchange or quotation system.

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The liquidity of the market for the ETNs may vary materially over time

As stated on the cover of this pricing supplement, we issued only a small portion of the ETNs (\$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs)) on the initial settlement date. These ETNs and additional ETNs may be offered and sold from time to time by or through RBSSI, an affiliate of ours, acting as principal or as our agent, to one or more dealers purchasing as principals for resale to investors. We cannot assure you that any minimum number of ETNs will be sold or be outstanding at any given point. Also, the number of ETNs outstanding or held by persons other than our affiliates could be reduced at any time due to repurchases of the ETNs by us as described in this pricing supplement. Accordingly, the liquidity of the market for the ETNs could vary materially over the term of the ETNs. While you may elect to offer your ETNs for repurchase by us prior to maturity, such repurchase is subject to the restrictive conditions and procedures described elsewhere in this pricing supplement, including the condition that you must offer at least the applicable minimum repurchase amount to us at one time for repurchase on any repurchase date.

Hedging and trading activities by us or our affiliates could affect prices of ETNs

We and our affiliates may carry out activities that minimize our risks related to the ETNs. In particular, on or prior to the date of this pricing supplement, we, through our affiliates, may have hedged our anticipated exposure in connection with the ETNs by taking positions in gold, U.S. Treasury bills, options or futures contracts on gold or the Cash Rate, exchange-traded funds that track the Price of Gold Bullion or in other instruments that we deemed appropriate in connection with such hedging. We may enter into such hedging arrangements with or through one of our subsidiaries or affiliates. These trading activities could potentially alter the value of the Price of Gold Bullion or the Cash Rate and, therefore, the value of the ETNs.

We or our affiliates are likely to modify our hedge position throughout the term of the ETNs by purchasing and selling gold, U.S. Treasury bills, options or futures contracts on gold, exchange-traded funds that track the Price of Gold Bullion or the Cash Rate or other instruments that we deem appropriate. We cannot give any assurance that our hedging or trading activities will not affect the Price of Gold Bullion or the value of the Cash Rate. It is also possible that we or one of more of our affiliates could receive substantial returns from these hedging activities while the value of the ETNs declines.

We or one or more of our affiliates may also engage in trading gold, U.S. Treasury bills, options or futures contracts on gold, exchange-traded funds that track the Price of Gold Bullion or the Cash Rate, or other financial instruments related to gold or the Cash Rate on a regular basis as part of our or their general broker-dealer activities, commodity trading and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including through block transactions. Any of these activities could adversely affect the Price of Gold Bullion or the Cash Rate and, therefore, the value of the ETNs.

We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the Price of Gold Bullion or the value of the Cash Rate. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the ETNs.

Potential conflicts of interest between holders of the ETNs and the calculation agent

Our affiliate, RBSSI, will serve as the calculation agent for the ETNs. RBSSI will, among other things, decide the amount of the return paid out to you on the ETNs at maturity or upon repurchase. For a fuller description of the calculation agent's role, see "Specific Terms of the ETNs—Role of Calculation Agent." For example, the calculation agent may have to determine whether a market disruption event has occurred or is continuing on a trading day when the

calculation agent will determine the daily redemption value. This determination may, in turn, depend on the calculation agent's judgment about whether the event has materially interfered with our ability to unwind our hedge positions. In addition, the calculation agent may have to make additional calculations if the Index is liquidated, discontinued, suspended, modified, delisted or otherwise terminated or if the LBMA, or successor association, stops publishing the London Gold P.M. Fixing Price. The calculation agent will exercise its judgment when performing its functions. Since these determinations by the calculation agent may affect the market value of the ETNs, the calculation agent may have a conflict of interest if it needs to make any such decision.

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Our affiliates through which we hedge our obligations under the ETNs expect to make a profit. Since hedging our obligations entails risk and may be influenced by market forces beyond our affiliates' control, such hedging may result in a profit that is more or less than initially projected.

If a market disruption event has occurred or exists on a valuation date (including the final valuation date), the calculation agent will postpone the valuation date (and the applicable maturity date or repurchase date) and will determine the daily redemption value applicable to such valuation date according to the methodology described below

The determination of the daily redemption value of the ETNs on a valuation date, including the final valuation date, may be postponed if such valuation date is not a trading day or the calculation agent determines that a market disruption event has occurred or exists on such valuation date. In no event, however, will a valuation date be postponed by more than five business days.

If a valuation date is postponed for five business days, the daily redemption value for such valuation date will be determined (or if not determinable, estimated) by the calculation agent in a manner that is commercially reasonable under the circumstances on the fifth business day after the originally scheduled valuation date. The daily redemption value as determined by the calculation agent may differ from the result that would be produced by simple application of the formula for the daily redemption value set forth under "Specific Terms of the ETNs—Daily Redemption Value" to any published level of the Index or, if applicable, by a simple application of the formula for the Price of Gold Bullion set forth under "The Index—Index Level Calculation" in this pricing supplement.

If the valuation date is postponed, the repurchase date (or in the case of the final valuation date, the maturity date) will also be postponed to the third business day immediately following the valuation date (or final valuation date, as the case may be), as postponed. Any such postponement or determinations by the calculation agent may adversely affect your return on the ETNs. In addition, no interest or other payment will be payable as a result of such postponement. See "Specific Terms of the ETNs—Payment upon Repurchase or Redemption" and Specific Terms of the ETNs—Payment at Maturity."

You will have no rights in the Index, gold or U.S. Treasury bills, and you have no rights against the Index Sponsor or Index calculation agent

The ETNs track the Index, which in turn uses a systematic trend-following strategy to track the return on the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend relative to its historical 200-Index business day simple moving average) or the Cash Rate (if the Price of Gold Bullion is in a negative trend relative to its historical 200-Index business day simple moving average).

As an owner of the ETNs, you will not have the rights that investors in the Index, gold or U.S. Treasury bills have. You will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the Index, gold or U.S. Treasury bills, and you will not be entitled to receive distributions, if any, made on of the Index or U.S. Treasury bills. Your ETNs will be paid in cash, and you will have no right to receive delivery of gold or any U.S. Treasury bills.

The LBMA and the London Gold Market Fixing Ltd. are not in any way involved in this offering and have no obligations relating to the ETNs or to the holders of the ETNs. You will have no rights against the Index Sponsor or the Index calculation agent, even though the amount you receive at maturity or upon repurchase of your ETNs by us will depend on the level of the Index throughout the term of the ETNs.

The ETNs do not pay interest

We will not pay interest on the ETNs. You may receive less at maturity than you could have earned on ordinary interest-bearing debt securities with similar maturities, including our debt securities, since the payment at maturity is based on the appreciation or depreciation of the Index, as reduced by the aggregate investor fee applicable to your ETNs. Because the payment due at maturity may be less than the amount originally invested in the ETNs, the return on the ETNs (the effective yield to maturity) may be negative. Even if it is positive, the return payable on the ETNs may not be enough to compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

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RBSSI and its affiliates may publish reports, express opinions or provide recommendations that are inconsistent with investing in or holding the ETNs. Any such reports, opinions or recommendations could affect the value of the Index and therefore the market value of the ETNs

RBSSI and its affiliates may publish reports from time to time on financial markets and other matters that may influence the value of the ETNs or express opinions or provide recommendations that are inconsistent with purchasing or holding the ETNs. RBSSI and its affiliates may have published or may publish reports or other opinions that call into question the investment view implicit in an investment in the ETNs. Any reports, opinions or recommendations expressed by RBSSI or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the ETNs and the Index to which the ETNs are linked.

The U.S. federal income tax consequences of an investment in the ETNs are unclear

There is no direct legal authority regarding the proper U.S. federal income tax treatment of the ETNs, and we do not plan to request a ruling from the Internal Revenue Service (the “IRS”). Consequently, significant aspects of the tax treatment of the ETNs are uncertain, and the IRS or a court might not agree with the treatment of the ETNs as prepaid financial contracts that are not debt, as described in the section of this pricing supplement entitled “U.S. Federal Income Tax Consequences.” If the IRS were successful in asserting an alternative treatment for the ETNs, the tax consequences of ownership and disposition of the ETNs could be materially and adversely affected. Even if this treatment is respected, there remain significant uncertainties regarding the tax consequences of owning and disposing of the ETNs. For instance, it is possible that the expected assumption of the ETNs by RBS could result in a “deemed” taxable exchange. In addition, in 2007 Treasury and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments, such as the ETNs. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the ETNs, possibly with retroactive effect.

You should review the discussion under “U.S. Federal Income Tax Consequences” and consult your tax adviser regarding the U.S. federal tax consequences of an investment in the ETNs, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Risks Relating to the Index

The Index closing level on each Index business day and the Daily Redemption Value will only reflect the London Gold P.M. Fixing Price

Standard & Poor’s Financial Services, LLC, the Index calculation agent, will calculate and disseminate the Index level throughout each Index business day. Even though the level of the Index depends on the prices of gold bullion published by the LBMA, which publishes such prices only twice a day—once based on the morning gold fixing price (also known as the “London Gold A.M. Fixing Price”), and a second time based on the London Gold P.M. Fixing Price—the level of the Index will change only once a day, reflecting the London Gold P.M. Fixing Price.

In addition, the Price of Gold Bullion Trend will be determined only by comparing London Gold P.M. Fixing Price to the moving average of the London Gold P.M. Fixing Price for the period of 200 consecutive Index business days. The London Gold A.M. Fixing Price is not used to determine the Price of Gold Bullion Trend. Consequently, the closing level of the Index on each Index business day and the Daily Redemption Value of the ETNs will only reflect changes in the London Gold P.M. Fixing Price, and will not reflect any changes in the London Gold A.M. Fixing Price.

The Index has limited actual history and may perform in unexpected ways

The Index was established on January 24, 2011 and, therefore, has limited actual history and may perform in unexpected ways. However, The Royal Bank of Scotland plc, as the Index Sponsor, and Standard & Poor's Financial Services LLC, as the Index calculation agent have retrospectively calculated Index closing levels (on an approximate basis) to illustrate how the Index would have performed had it existed in the past using the methodology of the Index as it exists today. The retrospectively calculated Index closing levels were calculated based on historical data for the Price of Gold Bullion and the Cash Rate. The retrospectively calculated and

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historical Index closing levels, Prices of Gold Bullion and the Cash Rate should not be taken as an indication of future performance, and no assurance can be given as to the Index closing level, Price of Gold Bullion or the Cash Rate on any given date.

The Index is expected to perform poorly in volatile markets, especially over short-term periods

An investment in the ETNs carries the risks associated with the Index's systematic trend-following strategy. This strategy generally seeks to capitalize on positive trends in the Price of Gold Bullion determined based on the Price of Gold Bullion relative to the simple average of Prices of Gold Bullion over the immediately preceding 200 Index business days. This systematic trend-following strategy is different from a strategy that seeks long-term long-only exposure to an asset. In particular, the Index is expected to perform poorly in non-trending markets characterized by short-term volatility when the Price of Gold Bullion either remains flat or is subject to short-term fluctuations. For example, the Index may fail to realize gains that could occur as a result of tracking the Price of Gold Bullion when the Price of Gold Bullion increases, but after which the Price of Gold Bullion experiences a sudden decline. We cannot assure you that the systematic trend-following strategy used to construct the Index will be successful or that it will outperform any alternative strategy that might be constructed from the Price of Gold Bullion and the Cash Rate.

The Index may underperform the Price of Gold Bullion

The Index uses a systematic trend-following strategy to track the return on the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend relative to its historical 200-Index business day simple moving average) or the Cash Rate (if the Price of Gold Bullion is in a negative trend relative to its historical 200-Index business day simple moving average). Thus, the Index aims to mitigate, to some extent, the volatility of the Price of Gold Bullion by tracking the Cash Rate (instead of the Price of Gold Bullion) if the Price of Gold Bullion is below its historical 200-Index business day simple moving average.

However, the Price of Gold Bullion trend will not switch from positive to negative (or conversely, from negative to positive) unless and until the Price of Gold Bullion is below its historical 200-Index business day simple moving average for five consecutive Index business days (or conversely, at or above its historical 200-Index business day simple moving average for five consecutive Index business days). Further, once the Price of Gold Bullion trend switches from positive to negative (or conversely, from negative to positive), the Index will not start tracking the Cash Rate (or conversely, the Price of Gold Bullion) until the second Index business day immediately following the Index business day on which such Price of Gold Bullion trend switches. For an illustration, please see the table under "The Index—Index Level Calculation—Index Return Source." This means that at least six consecutive Index business days will elapse after the Index business day on which the Price of Gold Bullion first drops below its historical 200-Index business day simple moving average (or conversely, first moves to or above such average) before the Index will switch from tracking the Price of Gold Bullion to the Cash Rate (or conversely, from the Cash Rate to the Price of Gold Bullion). As a result, if the Index is in a positive trend, it may be adversely affected by a downward trend and/or volatility in the Price of Gold Bullion for up to six consecutive Index business days (or conversely, if the Index is in an overall negative trend, it may not benefit from an upward trend and/or volatility in the Price of Gold Bullion for up to six consecutive Index business days). Movements in the Price of Gold Bullion over a period of six consecutive Index business days could be significant, and may have a material and adverse impact on the performance of the Index. On any Index business day, the return on the Index may be greater than, less than or significantly less than the return on the Price of Gold Bullion. As a result, the performance of the Index and the ETNs over their term and the Index closing level on any particular Index business day could be substantially less than the performance and level would have been if the ETNs were linked solely to the Price of Gold Bullion.

We or our affiliates have and may continue to engage in business with or involving one or more of the banks who are members of the London Gold Market Fixing Ltd. without regard to your interests

The ETNs track the Index, which in turn uses a systematic trend-following strategy to track the return on gold based on the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend relative to its historical 200-Index business day simple moving average), or the Cash Rate (if the Price of Gold Bullion is in a negative trend relative to its historical 200-Index business day simple moving average). The Price of Gold Bullion is determined daily by the London Gold Market Fixing Ltd, comprised of Barclays Capital, ScotiaMocatta, Deutsche Bank, Societe Generale and HSBC Investment Banking Group, and published by the LBMA. We or our affiliates may

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presently or from time to time engage in business with one or more of the banks who are members of the LBMA without regard to your interests, including extending loans to, making equity investments in or providing investment advisory services to one or more of such banks or their affiliates or subsidiaries.

You must rely on your own evaluation of the merits of an investment linked to the Index that tracks the Price of Gold Bullion and Cash Rate

In the ordinary course of our business, we or our affiliates may express views on expected movements in gold, the Price of Gold Bullion, gold futures, and may do so in the future. In addition, we or our affiliates from time to time have published, and in the future may publish, research reports with respect to gold. These research reports may or may not recommend that investors buy or hold gold and any such research reports could affect the Price of Gold Bullion. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who deal in markets relating to gold or the Price of Gold Bullion may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the Index from multiple sources, and you should not rely on the views expressed by our affiliates.

Adjustments to the Index or the formula, method or specifications used by the LBMA to calculate the Price of Gold Bullion could adversely affect the ETNs

Standard & Poor's Financial Services LLC, the Index calculation agent, is responsible for calculating and maintaining the Index. In certain circumstances, the Index calculation agent and the Index Sponsor may make certain methodological and other changes to the Index as described further under "The Index—Index Adjustment Events", "The Index—Index Disruption Fallbacks" and "The Index—Change in Index Methodology." The Index Sponsor may also discontinue or suspend calculation or dissemination of the Index in the circumstances described under "The Index—Index Disruption Events" and "The Index—Termination of the Index" of this pricing supplement.

The Price of Gold Bullion on any given day is calculated by the London Gold Market Fixing Ltd. and published by the LBMA based on predetermined formulas, methods and specifications. There can be no assurance that the method and/or formula used by the LBMA to calculate and publish the Price of Gold Bullion, or the specifications for gold used to determine the Price of Gold Bullion, will not change. Changes in the specification, method and/or formula used by the London Gold Market Fixing Ltd. or the LBMA could reduce the Price of Gold Bullion.

Also, there can be no assurance that the bid and auction process by which the yield on 3-month U.S. Treasury bills, and consequently the Cash Rate, is determined will not change. Changes in these processes or the method by which the yield on 3-month U.S. Treasury bills is determined could reduce the Cash Rate.

If one or more of these events occurs, the calculation of the amount payable at maturity or upon repurchase could be adjusted to reflect such event or events as described under "Specific Terms of the ETNs—Discontinuation or Modification of the Index" of this pricing supplement. Any of these actions could adversely affect the amount payable at maturity or repurchase and/or the market value of the ETNs. The Index Sponsor has no obligation to consider your interests in calculating or revising the Index.

The Index comprises notional assets

The exposures to gold and to U.S. Treasury bills are purely notional and will exist solely in the records maintained by or on behalf of the Index calculation agent. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Consequently, you will not have any claim against or on the Index, gold or any U.S. Treasury bills.

We are affiliated with the Index Sponsor; conflicts of interest may exist

The methodology and rules for the Index were developed by the Index Sponsor, The Royal Bank of Scotland plc, an affiliate of RBS NV, RBS Holdings and RBSSI. The Index Sponsor is responsible for the Index Methodology (as defined under “The Index—Index Methodology” below) that the Index calculation agent will use in order to calculate the level of the Index. The Index Sponsor has the ability to take certain actions with respect to the Index Methodology, including actions that could affect the level of the Index or the value of your ETNs. Because determinations made by the Index Sponsor may affect the daily redemption value, potential conflicts of

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interest may exist between us and the Index Sponsor and you. The Index Sponsor is the final authority on the Index and the interpretation of the Index Methodology. Neither we nor the Index Sponsor will have any obligation to consider your interests as a holder of the ETNs in taking any actions that may affect the level of the Index and therefore the value of your ETNs.

Risks Relating to the Cash Rate

The Cash Rate will be determined based on the weekly auction rate for 3-month U.S. Treasury bills

The auction rate for 3-month U.S. Treasury bills is determined when the U.S. Treasury holds auctions, which is typically on a weekly basis. Because the Cash Rate is determined in reference to this weekly auction, the Cash Rate will not reflect the most current prevailing prices for 3-month U.S. Treasury bills because changes in the trading price of 3-month U.S. Treasury bills in the inter-dealer market will not be taken into account.

The Cash Rate will be affected by a number of factors outside of our control

The Cash Rate will depend on a number of factors that can affect the value of U.S. Treasury bills, including, but not limited to:

- changes in, or perceptions about, future interest rates;
 - general economic conditions;
 - supply and demand for U.S. Treasury bills;
 - prevailing interest rates; and
- policy of the Federal Reserve Board regarding interest rates.

These and other factors may have an adverse impact on the Cash Rate, and therefore the value of the ETNs and any payment at maturity or upon early repurchase or redemption. In addition, these and other factors may have an adverse impact on the value of your ETNs in the secondary market.

The Cash Rate may be volatile

The Cash Rate is subject to volatility due to a variety of factors affecting interest rates generally, including, but not limited to:

- sentiment regarding underlying strength in the U.S. and global economies;
 - expectation regarding the level of price inflation;
- sentiment regarding credit quality in U.S. and global credit markets;
 - central bank policy regarding interest rates; and
 - performance of capital markets.

Decreases in the Cash Rate at a time when the Index is tracking the Cash Rate will have an adverse impact on the Index and, therefore, the value of the ETNs and any payment at maturity or upon early repurchase or redemption. When tracking the Cash Rate, the daily redemption value of the ETNs will be negatively impacted on each day that the Cash Rate is lower than the annual investor fee.

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HYPOTHETICAL EXAMPLES

The following examples show how the ETNs would perform in hypothetical circumstances, based on the assumptions described below for each of the examples, over a period of 10 years, 10 days or 12 months, as the case may be. For ease of analysis and presentation, the numbers appearing in the following examples have been rounded.

These examples highlight the behavior of the daily redemption value of the ETNs in different hypothetical circumstances. They are not indicative of actual results. Any payment you will be entitled to receive on your ETNs is subject to the ability of The Royal Bank of Scotland N.V. as the issuer of the ETNs, and RBS Holdings N.V. as the guarantor of the issuer's obligations under the ETNs, to pay their respective obligations as they become due.

Example 1. A hypothetical increase in the level of the Index.

This example assumes an initial Index closing level of 3,000 and that the Index increases by approximately 45% over an assumed term of the ETNs of 10 years. For simplicity, the daily redemption value is determined only once a year, rather than on each valuation date, using the hypothetical Index closing levels at the end of each year and at the end of the immediately preceding year to calculate the applicable index factor, and using a hypothetical average investor fee for that year (rather than the investor fee on each valuation date) to calculate the applicable fee factor.

The hypothetical average annual investor fee for any year is assumed to be the arithmetic average of the investor fee applicable on each valuation date during such year. The use of the hypothetical average annual investor fees to calculate hypothetical daily redemption values is meant to illustrate the impact that the investor fee may have on the return on your ETNs. It is not intended to reflect any actual historical investor fees, or what the investor fees on the ETNs may be in the future, although in no event will the investor fee on any given date be greater than 1.00% per annum or less than 0.50% per annum. The actual daily redemption value on any valuation date will be calculated in the manner described under "Specific Terms of the ETNs—Daily Redemption Value" in this pricing supplement and will be different, perhaps significantly different, from any value calculated using an average annual investor fee.

Year	A Index Closing Level	B Index Factor At / At-1	C Average Annual Investor Fee	D Fee Factor 1 - C	E Daily Redemption Value Et-1 × Bt × Dt	F Annual Index Return	G Annual ETN Return
t							
0	3,000.00				\$25.00		
1	3,180.76	1.060255	0.80%	99.20%	\$26.29	6.03%	5.18%
2	3,510.61	1.103701	0.97%	99.03%	\$28.74	10.37%	9.30%
3	3,435.98	0.978740	0.55%	99.45%	\$27.97	-2.13%	-2.66%
4	3,555.69	1.034842	0.84%	99.16%	\$28.71	3.48%	2.61%
5	3,735.76	1.050641	0.95%	99.05%	\$29.87	5.06%	4.07%
6	3,840.45	1.028024	0.92%	99.08%	\$30.43	2.80%	1.86%
7	4,126.02	1.074359	0.93%	99.07%	\$32.39	7.44%	6.44%
8	4,080.92	0.989069	0.60%	99.40%	\$31.84	-1.09%	-1.69%
9	4,260.37	1.043974	0.96%	99.04%	\$32.92	4.40%	3.40%
10	4,350.00	1.021037	0.83%	99.17%	\$33.33	2.10%	1.26%

Hypothetical returns:

Average Annual Index Return:	3.79%	Cumulative Index Return:	45.00%
Average Annual ETN Return:	2.92%	Cumulative ETN Return:	33.34%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

Example 2. A hypothetical decrease in the level of the Index.

This example assumes an initial Index closing level of 3,000 and that the Index decreases by approximately 45% over an assumed term of the ETNs of 10 years. For simplicity, as for example 1 above, the daily redemption value is determined only once a year, rather than on each valuation date, using the hypothetical Index closing

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levels at the end of each year and at the end of the immediately preceding year to calculate the applicable index factor, and using a hypothetical average investor fee for that year (rather than the investor fee on each valuation date) to calculate the applicable fee factor.

The hypothetical average annual investor fee for any year is assumed to be the arithmetic average of the investor fee applicable on each valuation date during such year. The use of the hypothetical average annual investor fees to calculate hypothetical daily redemption values is meant to illustrate the impact that the investor fee may have on the return on your ETNs. It is not intended to reflect any actual historical investor fees, or what the investor fees on the ETNs may be in the future, although in no event will the investor fee on any given date be greater than 1.00% per annum or less than 0.50% per annum. The actual daily redemption value on any valuation date will be calculated in the manner described under “Specific Terms of the ETNs—Daily Redemption Value” in this pricing supplement and will be different, perhaps significantly different, from any value calculated using an average annual investor fee.

Year	A Index Closing Level	B Index Factor At / At-1	C Average Annual Investor Fee	D Fee Factor 1 – C	E Daily Redemption Value Et-1 × Bt × Dt	F Annual Index Return	G Annual ETN Return
t							
0	3,000.00				\$25.00		
1	2,970.00	0.990000	0.55%	99.45%	\$24.61	-1.00%	-1.54%
2	2,700.00	0.909091	0.84%	99.16%	\$22.19	-9.09%	-9.85%
3	3,018.68	1.118028	0.90%	99.10%	\$24.58	11.80%	10.80%
4	2,550.68	0.844965	0.80%	99.20%	\$20.61	-15.50%	-16.18%
5	2,475.45	0.970508	0.63%	99.37%	\$19.87	-2.95%	-3.56%
6	2,295.30	0.927225	0.72%	99.28%	\$18.29	-7.28%	-7.95%
7	2,010.68	0.875997	0.93%	99.07%	\$15.88	-12.40%	-13.22%
8	2,130.51	1.059599	0.60%	99.40%	\$16.72	5.96%	5.32%
9	1,914.51	0.898616	0.96%	99.04%	\$14.88	-10.14%	-11.00%
10	1,650.00	0.861839	0.83%	99.17%	\$12.72	-13.82%	-14.53%

Hypothetical returns:

Average Annual Index Return:	-5.80%	Cumulative Index Return:	-45.00%
Average Annual ETN Return:	-6.53%	Cumulative ETN Return:	-49.12%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

Example 3. A hypothetical increase followed by a hypothetical decrease in the level of the Index.

This example assumes an initial Index closing level of 3,000 and that the Index increases by approximately 25% during the first five years, but then decreases to below its original level during the next five years of an assumed term of the ETNs of 10 years. For simplicity, as for examples 1 and 2 above, the daily redemption value is determined only once a year, rather than on each valuation date, using the hypothetical Index closing levels at the end of each year and at the end of the immediately preceding year to calculate the applicable index factor, and using a hypothetical average investor fee for that year (rather than the investor fee on each valuation date) to calculate the applicable fee factor.

The hypothetical average annual investor fee for any year is assumed to be the arithmetic average of the investor fee applicable on each valuation date during such year. The use of the hypothetical average annual investor fees to calculate hypothetical daily redemption values is meant to illustrate the impact that the investor fee may have on the return on your ETNs. It is not intended to reflect any actual historical investor fees, or what the investor fees on the ETNs may be in the future, although in no event will the investor fee on any given date be greater than 1.00% per annum or less than 0.50% per annum. The actual daily redemption value on any valuation date will be calculated in the manner described under “Specific Terms of the ETNs—Daily Redemption Value” in this pricing supplement and will be different, perhaps significantly different, from any value calculated using an average annual investor fee.

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Year	A Index Closing Level	B Index Factor At / At-1	C Average Annual Investor Fee	D Fee Factor 1 - C	E Daily Redemption Value Et-1 × Bt × Dt	F Annual Index Return	G Annual ETN Return
0	3,000.00				\$25.00		
1	3,180.76	1.060255	0.98%	99.02%	\$26.25	6.03%	4.99%
2	3,345.35	1.051743	0.97%	99.03%	\$27.34	5.17%	4.15%
3	3,564.68	1.065563	1.00%	99.00%	\$28.84	6.56%	5.49%
4	3,690.69	1.035351	1.00%	99.00%	\$29.56	3.54%	2.50%
5	3,750.00	1.016070	0.78%	99.22%	\$29.80	1.61%	0.81%
6	3,450.35	0.920092	0.83%	99.17%	\$27.19	-7.99%	-8.75%
7	3,301.25	0.956787	0.90%	99.10%	\$25.78	-4.32%	-5.18%
8	3,150.80	0.954426	0.93%	99.07%	\$24.38	-4.56%	-5.44%
9	2,850.17	0.904586	0.85%	99.15%	\$21.86	-9.54%	-10.31%
10	2,812.50	0.986785	0.90%	99.10%	\$21.38	-1.32%	-2.21%

Hypothetical returns:

Average Annual Index Return:	-0.64%	Cumulative Index Return:	-6.25%
Average Annual ETN Return:	-1.55%	Cumulative ETN Return:	-14.47%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

Example 4. An illustration of the Index switching from tracking the Price of Gold Bullion to the Cash Rate.

This example assumes an initial Index closing level of 3,000 and illustrates the impact on the return on the Index and on the ETNs over a period of 10 valuation dates of the Index switching from tracking the Price of Gold Bullion, to tracking the Cash Rate, and back to tracking the Price of Gold Bullion again. Unlike examples 1, 2 and 3 above, this example reflects the actual annual investor fee that would apply on each valuation date based on whether the Index is tracking the Price of Gold Bullion or the Cash Rate on each such valuation date.

Day	A Price of Gold Bullion (in USD)	B Daily Return on Price of Gold Bullion (in USD)	C' Price of Gold Simple Moving Average Index Return	C Index Closing Level	D Index Factor At / At-1	E Annual Investor Fee	C Investor Fee C' × Day-Count Fraction	D Fee Factor 1 - C	E Daily Redemption Value Et-1 × Bt × Dt
0	1,300.00		Price of Gold Bullion	3000.00					\$25.00
1	1,301.41	0.11%	Price of Gold Bullion	3003.25	1.001082	1.00%	0.000027	99.9973%	\$25.03
2	1,303.23	0.14%	Cash Rate	3007.46	1.001403	0.50%	0.000014	99.9986%	\$25.06

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3	1,325.41	1.70%	1,320.67	Cash Rate	3058.64	1.017018	0.50%	0.000014	99.9986%	\$25.49
4	1,322.16	-0.25%	1,321.34	Cash Rate	3051.14	0.997548	0.50%	0.000014	99.9986%	\$25.42
5	1,346.81	1.86%	1,322.10	Cash Rate	3108.02	1.018644	0.50%	0.000014	99.9986%	\$25.90
6	1,338.95	-0.58%	1,322.75	Cash Rate	3089.89	0.994165	0.50%	0.000014	99.9986%	\$25.75
7	1,357.63	1.39%	1,323.48	Cash Rate	3132.99	1.013949	0.50%	0.000014	99.9986%	\$26.11
8	1,356.81	-0.06%	1,324.09	Cash Rate	3131.09	0.999394	0.50%	0.000014	99.9986%	\$26.09
9		-1.66%		Price of Gold						
	1,334.28		1,324.59	Bullion	3079.11	0.983397	1.00%	0.000027	99.9973%	\$25.66
10		-2.09%		Price of Gold						
	1,306.44		1,324.96	Bullion	3014.86	0.979137	1.00%	0.000027	99.9973%	\$25.12

Hypothetical returns:

Cumulative Index Return:	0.50%
Cumulative ETN Return:	0.48%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

Example 5. An illustration of the potential impact on the Index from a hypothetical significant decline in the Price of Gold Bullion.

This example assumes an initial Index closing level of 3,000 and illustrates the impact on the return on the Index and on the ETNs over a period of 10 valuation dates where the Index is tracking the Price of Gold Bullion

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and the Price of Gold Bullion experiences a significant decline in price for a number of valuation dates before the Index switches to tracking the Cash Rate. As for example 4 above, but unlike examples 1, 2 and 3 above, this example reflects the actual annual investor fee that would apply on each valuation date based on whether the Index is tracking the Price of Gold Bullion or the Cash Rate on each such valuation date.

Day	A	B	C'	C	D	E
	Index Closing Level	Index Factor At / At-1	Annual Investor Fee	Investor Fee C' × Day-Count Fraction	Fee Factor 1 – C	Daily Redemption Value Et-1 × Bt × Dt
t	Price of Gold Bullion (in USD)	Daily Return on Price of Gold Bullion	Price of Gold Simple Moving Average (in USD)	Index Return Source		
0	1,300.00		1,250.71	Price of Gold Bullion	3000.00	\$25.00
1	1,306.36	0.49%	1,251.03	Price of Gold Bullion	3014.68 1.004893	\$25.12
2	1,321.56	1.16%	1,252.17	Price of Gold Bullion	3049.74 1.011631	\$25.41
3	1,282.52	-2.95%	1,253.47	Price of Gold Bullion	2959.66 0.970463	\$24.66
4	1,252.48	-2.34%	1,254.65	Price of Gold Bullion	2890.33 0.976575	\$24.08
5	1,187.85	-5.16%	1,255.41	Price of Gold Bullion	2741.20 0.948403	\$22.84
6	944.74	-20.47%	1,254.84	Price of Gold Bullion	2180.16 0.795331	\$18.17
7	995.12	5.33%	1,254.50	Price of Gold Bullion	2296.42 1.053327	\$19.13
8	1,085.67	9.10%	1,254.57	Price of Gold Bullion	2505.38 1.090994	\$20.87
9	1,043.10	-3.92%	1,254.38	Price of Gold Bullion	2407.16 0.960794	\$20.05
10	1,042.97	-0.01%	1,254.15	Cash Rate	2406.87 0.999879	\$20.05

Hypothetical returns:

Cumulative Index Return:	-19.77%
Cumulative ETN Return:	-19.79%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

Example 6. An illustration of the potential impact of the Index having exposure to the Cash Rate for an extended period of time in a low interest rate environment.

This example assumes an initial Index closing level of 3,000 and that the Index has exposure to the Cash Rate at all times during a 12-month period. It illustrates the impact on the return on the Index and on the ETNs over the

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12-month period where the Cash Rate (i.e., the yield on 3-month U.S. Treasury bills) is below the annual investor fee (which, in this scenario, is 0.50% per annum) and the Index nevertheless continues to track the Cash Rate. Because the Index is assumed to be tracking the Cash Rate, the applicable annual investor fee in this example is 0.50% during that period of time. For simplicity, the index factor, the annual investor fee, the fee factor and the daily redemption value are determined for purposes of this example only once a month, rather than on each valuation date.

Month	Cash Rate	A Index Closing Level	B Index Factor At / At-1	C Annual Investor Fee	D Fee Factor $1 - (C \times$ Day-Count Fraction)	E Daily Redemption Value $Et-1 \times Bt \times$ Dt	F' Monthly Index Return	G' Monthly ETN Return
t								
0	0.25%	3,000.00		0.50%		\$25.00		
1	0.20%	3,000.90	1.000300	0.50%	99.96%	\$25.00	0.03%	-0.01%
2	0.19%	3,001.80	1.000300	0.50%	99.96%	\$24.99	0.03%	-0.01%
3	0.21%	3,002.70	1.000300	0.50%	99.96%	\$24.99	0.03%	-0.01%
4	0.24%	3,003.60	1.000300	0.50%	99.96%	\$24.99	0.03%	-0.01%
5	0.17%	3,003.60	1.000000	0.50%	99.96%	\$24.98	0.00%	-0.04%
6	0.19%	3,004.50	1.000300	0.50%	99.96%	\$24.97	0.03%	-0.01%
7	0.16%	3,004.50	1.000000	0.50%	99.96%	\$24.96	0.00%	-0.04%
8	0.26%	3,005.40	1.000300	0.50%	99.96%	\$24.96	0.03%	-0.01%
9	0.30%	3,006.31	1.000300	0.50%	99.96%	\$24.96	0.03%	-0.01%
10	0.31%	3,007.21	1.000300	0.50%	99.96%	\$24.96	0.03%	-0.01%
11	0.32%	3,008.11	1.000300	0.50%	99.96%	\$24.95	0.03%	-0.01%
12	0.33%	3,009.01	1.000300	0.50%	99.96%	\$24.95	0.03%	-0.01%

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Hypothetical returns:

Cumulative Index Return:	0.30%
Cumulative ETN Return:	-0.20%

For ease of analysis and presentation, the numbers appearing in the above chart have been rounded. As such, the hypothetical returns may not reflect results calculated based directly on the numbers above due to the impact of rounding.

The hypothetical examples above are provided for purposes of information only. The hypothetical examples are not indicative of the future performance of the Index or what the value of your ETNs may be. Fluctuations in the hypothetical examples may be greater or less than fluctuations experienced by the holders of the ETNs. We cannot predict the actual Index closing level or daily redemption value on any valuation date, nor can we predict the relationship between the Index closing level and the market value of your ETNs at any time. Accordingly, the actual amount that a holder of the ETNs will receive at maturity or upon early repurchase or redemption, as the case may be, and the rate of return on the ETNs will depend on the actual daily redemption value on the relevant valuation date, which reflects the effect of the investor fee. Further, the actual amount that a holder of the ETNs will receive if the ETNs were to be sold prior to maturity will depend on the market value of the ETNs at that time, which may differ from the daily redemption value of the ETNs. Moreover, the assumptions on which the hypothetical returns are based are purely for illustrative purposes. Consequently, the amount, in cash, to be paid in respect of your ETNs, if any, at maturity or on upon early repurchase or redemption may be very different from the information reflected in the tables above.

THE INDEX

The RBS Gold Trendpilot™ Index (USD) (the “Index”) was created by The Royal Bank of Scotland plc (the “Index Sponsor”). The Index was established on January 24, 2011 with an Index closing level equal to 3,508.10. The Index was developed with a base value of 144.75 (the “Index Base Value”) on October 20, 1975 (the “Index Base Date”). The Index tracks either the Price of Gold Bullion (as defined below) or the yield on a hypothetical notional investment in 3-month U.S. Treasury bills as of the most recent weekly auction (the “Cash Rate” and, together with the Price of Gold Bullion, the “Index Components”), depending on whether the Price of Gold Bullion is observed to be in a positive or negative trend as determined in accordance with the methodology described below. As of the date of this pricing supplement, the Index tracks the Cash Rate.

The “Price of Gold Bullion” on any given day means the spot price of physical gold, as measured by the afternoon gold fixing price (also known as the “London Gold P.M. Fixing Price”) per troy ounce of gold for delivery in London through a member of the London Bullion Market Association (“LBMA”) authorized to effect such delivery, stated in U.S. dollars, as calculated by the London Gold Market Fixing Ltd. and published by the LBMA, on such day. The Price of Gold Bullion is also published on Bloomberg page “GOLDLNPM Index.”

Information contained in any Bloomberg page (or on any successor page) referenced below is not incorporated by reference in this pricing supplement.

Index Methodology

The Index level will be calculated using the Index methodology published by the Index Sponsor (the “Index Methodology”). The Index utilizes a systematic trend-following strategy that provides exposure to either the Price of Gold Bullion or the Cash Rate, depending on the relative performance of the Price of Gold Bullion on a simple historical moving average basis. If the Price of Gold Bullion is at or above its historical 200-Index business day simple moving average for five consecutive Index business days (which we refer to in this pricing supplement as a “positive trend”), the Index will track the return on the Price of Gold Bullion and will have no exposure to the Cash Rate until two Index business days after a negative trend occurs. Conversely, if the Price of Gold Bullion is below its historical 200-Index business day simple moving average for five consecutive Index business days (which we refer to in this pricing supplement as a “negative trend”), then the Index will track the Cash Rate and will have no exposure to the Price of Gold Bullion until two Index business days after the next positive trend occurs. The rules for determining whether the Price of Gold Bullion is in a positive or negative trend is described under “—Index Level Calculation” below.

The Index aims to mitigate, to some extent, the volatility of the Price of Gold Bullion by tracking the Cash Rate (instead of the Price of Gold Bullion) if the Price of Gold Bullion is below its historical 200-Index business day simple moving average.

However, the Price of Gold Bullion trend will not switch from positive to negative (or conversely, from negative to positive) unless and until the Price of Gold Bullion is below its historical 200-Index business day simple moving average for five consecutive Index business days (or conversely, at or above its historical 200-Index business day simple moving average for five consecutive Index business days). Further, once the Price of Gold Bullion trend switches from positive to negative (or conversely, from negative to positive), the Index will not start tracking the Cash Rate (or conversely, the Price of Gold Bullion) until the second Index business day immediately following the Index business day on which the Price of Gold Bullion trend switches. For an illustration, please see the table under “—Index Level Calculation—Index Return Source” herein. This means that at least six consecutive Index business days will elapse after the Index business day on which the Price of Gold Bullion first drops below its historical 200-Index business day simple moving average (or conversely, first moves to or above such average) before the Index will switch from tracking the Price of Gold Bullion to the Cash Rate (or conversely, from the Cash Rate to the Price of Gold

Bullion). As a result, if the Index is in a positive trend, it may be adversely affected by a downward trend and/or volatility in the Price of Gold Bullion for up to six consecutive Index business days (or conversely, if the Index is in an overall negative trend, it may not benefit from an upward trend and/or volatility in the Price of Gold Bullion for up to six consecutive Index business days). Accordingly, the strategy employed by the Index does not eliminate exposure to volatility in the Price of Gold Bullion.

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Index Level Calculation

Summary

The Index is calculated, and a value for the Index (the “Index Level”) is published, on each Index business day that is not a disrupted day as defined under “—Index Disruption Events” below.

An “Index business day” means any day on which (a) afternoon gold price fixings are held and the Price of Gold Bullion is published by the Exchange for gold, and (b) the Exchange for 3-month U.S. Treasury bills is scheduled to open for its regular trading session for at least three hours in accordance with its holidays and hours schedule.

“Exchange” means (a) in respect of gold, the primary exchange, trading market or association where gold is traded, which shall initially be the LBMA, and (b) in respect of 3-month U.S. Treasury bills, the exchange, trading market or quotation system, or any substitute exchange, trading market or quotation system, in which trading of 3-month U.S. Treasury bills or derivatives that reference 3-month U.S. Treasury bills principally occurs, in each case as determined by the Index Sponsor.

For the avoidance of doubt, each of the U.S. holidays of Columbus Day and Veteran’s Day will be an Index business day, provided that the afternoon gold price fixings are held and the Price of Gold Bullion is published by the Exchange on such days.

The Index Level on any Index business day is based on the Index Level on the previous Index business day and the performance of the applicable return source (the “Index Return Source”), which is either the Price of Gold Bullion (if the Price of Gold Bullion is in a positive trend) or the Cash Rate (if the Price of Gold Bullion is in a negative trend).

Thus, for any Index business day, the Index Level is equal to:

- the Index Level on the immediately preceding Index business day in respect of which the Index Level was last determined, multiplied by
 - the return from the applicable Index Return Source for such Index business day.

See “—Detailed Calculation of Index Level” below for additional information.

The return on the Price of Gold Bullion for any Index business day in respect of which the Index Level is being determined is equal to the Price of Gold Bullion on such Index business day, divided by the Price of Gold Bullion on the immediately preceding Index business day in respect of which the Index Level was last determined. The Price of Gold Bullion will be determined by the Index calculation agent, unless in the judgment of the Index calculation agent and the Index Sponsor, both acting in good faith, such price reflects a manifest error.

The return on the Cash Rate is calculated based on the most recent 91-day auction high rate for U.S. Treasury bills as published on Bloomberg page “USB3MTA Index” (or on any successor page) (the “T-Bill Auction Rate”)—such auction is typically held on a weekly basis by the U.S. Treasury. The Cash Rate reflects the yield to maturity for a hypothetical notional investment in 3-month U.S. Treasury bills at the T-Bill Auction Rate translated into a daily return.

Price of Gold Bullion Trend

The trend of the Price of Gold Bullion on any Index business day (the “Price of Gold Bullion Trend”) is determined by comparing (a) the Price of Gold Bullion to (b) the simple moving average of the Price of Gold Bullion for the period

of 200 consecutive Index business days ending on, and including, such Index business day (the “Price of Gold Simple Moving Average”).

For any Index business day, the Price of Gold Bullion Trend will be “positive” if the Price of Gold Bullion is equal to or greater than the Price of Gold Simple Moving Average for each of the five consecutive Index business days ending on, and including, such Index business day. Conversely, the Price of Gold Bullion Trend will be “negative” for any Index business day if the Price of Gold Bullion is less than the Price of Gold Simple Moving Average for each of the five consecutive Index business days ending on, and including, such Index business day.

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If neither of those conditions is satisfied, then the Price of Gold Bullion Trend will be the same as the Price of Gold Bullion Trend on the immediately preceding Index business day.

The Price of Gold Bullion is determined as set forth above. The Price of Gold Simple Moving Average for any particular Index business day is equal to the sum of the Prices of Gold Bullion for each of the 200 consecutive Index business days ending on, and including, such Index business day, divided by 200.

Index Return Source

The Index Level for any Index business day is calculated based on the Index Level on the immediately preceding Index business day and the value determined based on the return on the applicable Index Return Source on such Index business day. The Index Return Source for any Index business day, in turn, depends on the Price of Gold Bullion Trend on the second Index business day immediately preceding such Index business day (such preceding Index business day, the “trend determination date”).

If the Price of Gold Bullion Trend is positive for the trend determination date related to any Index business day, and (i) if the Index Return Source on the immediately preceding Index business day was the Cash Rate, then the Index will switch to tracking the Price of Gold Bullion on such Index business day, and (ii) conversely, if the Index Return Source on the immediately preceding Index business day was the Price of Gold Bullion, then the Index will continue to track the Price of Gold Bullion. If the Price of Gold Bullion Trend is negative, on the other hand, and (i) if the Index Return Source on the immediately preceding Index business day was the Price of Gold Bullion, then the Index will switch to tracking the Cash Rate on such Index business day, and (ii) conversely, if the Index Return Source on the immediately preceding Index business day was the Cash Rate, then the Index will continue to track the Cash Rate.

The Price of Gold Bullion Trend will switch only if there have been five consecutive Index business days where Prices of Gold Bullion have been uniformly (a) below the Price of Gold Simple Moving Average, in the case of the Price of Gold Bullion Trend switching from positive to negative or (b) at or above the Price of Gold Simple Moving Average, in the case of the Price of Gold Bullion Trend switching from negative to positive. The Index will implement the change in the reference exposure at the open of trading on the second Index business day immediately following the Index business day on which the Price of Gold Bullion Trend switches from positive to negative or from negative to positive, as the case may be.

By way of illustration, the table below sets forth values for the Price of Gold Bullion and the Price of Gold Simple Moving Average for the period from December 27, 2006 to January 30, 2007. As set forth in that table, on January 10, 2007, the Price of Gold Bullion Trend was positive and if the Index existed at the time, it would have tracked the Price of Gold Bullion. On January 11, 2007, the Price of Gold Bullion was below the Price of Gold Simple Moving Average for each of the five Index business days ending on, and including, January 11, 2007, thereby changing the Price of Gold Bullion Trend from positive to negative. As a consequence, as of the close of the market on January 12, 2007, the Index stopped tracking the Price of Gold Bullion and commenced tracking the Cash Rate. The Cash Rate exposure hence started contributing to the performance of the Index as of the open of the market on January 15, 2007. Thus, the Index did not switch from tracking the Price of Gold Bullion to tracking the Cash Rate until the open of the market on the seventh Index business day following the first day on which the Price of Gold Bullion was below the Price of Gold Simple Moving Average.

The Price of Gold Bullion Trend changed again on January 18, 2007 when the Price of Gold Bullion was at or above the Price of Gold Simple Moving Average for each of the five consecutive Index business days ending on, and including, January 18, 2007. Therefore, as of the close of the market on January 19, 2007, the Index stopped referencing the Cash Rate and started tracking the Price of Gold Bullion. The Price of Gold Bullion exposure hence started contributing to the performance of the Index as of the open of the market on January 22, 2007. Thus, the Index

did not switch from tracking the Cash Rate to tracking the Price of Gold Bullion until the open of the market on the seventh Index business day following the first day on which the Price of Gold Bullion was at or above the Price of Gold Simple Moving Average.

The Prices of Gold Bullion set forth in the table below are as published on Bloomberg page “GOLDLNPM <Index>” (or on any successor page). Because the Index was only created on January 24, 2011, the Index Sponsor and the Index calculation agent have retrospectively calculated the Price of Gold Simple Moving Average for the dates set forth in the table below (determined on an approximate basis). For the sake of simplicity, the

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table shows results rounded to two decimal places of precision. However, the Index itself will be calculated using fifteen decimal places, as described under “—Index Calculation Agent.”

Index Business Day	Price of Gold Bullion (“PGB”) (in USD)	Price of Gold Simple Moving Average (“PGBMA”) (in USD)	Number of Consecutive Index Business Days where PGB ≥ PGBMA	Number of Consecutive Index Business Days where PGB < PGBMA	Price of Gold Bullion Trend at the end of Index Business Day	Index Return Source
12/27/06	628.50	616.11	4	0	Positive	Price of Gold Bullion
12/28/06	632.00	616.55	5	0	Positive	Price of Gold Bullion
01/02/07	639.75	617.02	6	0	Positive	Price of Gold Bullion
01/03/07	642.60	617.45	7	0	Positive	Price of Gold Bullion
01/04/07	628.70	617.83	8	0	Positive	Price of Gold Bullion
01/05/07	609.50	618.12	0	1	Positive	Price of Gold Bullion
01/08/07	609.50	618.38	0	2	Positive	Price of Gold Bullion
01/09/07	609.60	618.70	0	3	Positive	Price of Gold Bullion
01/10/07	608.40	618.98	0	4	Positive	Price of Gold Bullion
01/11/07	612.00	619.31	0	5	Negative	Price of Gold Bullion
01/12/07	619.75	619.63	1	0	Negative	Price of Gold Bullion
01/15/07	627.00	619.94	2	0	Negative	Cash Rate
01/16/07	627.05	620.23	3	0	Negative	Cash Rate
01/17/07	626.50	620.54	4	0	Negative	Cash Rate
01/18/07	635.00	620.80	5	0	Positive	Cash Rate
01/19/07	629.00	621.03	6	0	Positive	Cash Rate
01/22/07	639.00	621.29	7	0	Positive	Price of Gold Bullion
01/23/07	642.50	621.56	8	0	Positive	Price of Gold Bullion
01/24/07	642.10	621.84	9	0	Positive	Price of Gold Bullion
01/25/07	651.75	622.14	10	0	Positive	Price of Gold Bullion
01/26/07	645.50	622.42	11	0	Positive	Price of Gold Bullion
01/29/07	644.75	622.65	12	0	Positive	Price of Gold Bullion

01/30/07	645.20	622.89	13	0	Positive	Price of Gold Bullion
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Detailed Calculation of Index Level

The Index Level for any Index business day, as described above (which does not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs), is calculated according to the following equations:

Where:

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And:

I_t = the Index Level on Index business day t , where on the Index Base Date, the Index Base Value is 144.75.

Z_t = the value of the trend indicator for Index business day t (with a value of “1” indicating that the Price of Gold Bullion Trend is positive for such Index business day, a value of “0” indicating that the Price of Gold Bullion Trend is negative for such Index business day, and a value of “ Z_t ” indicating that the Price of Gold Bullion Trend is the same as the immediately preceding Index business day).

$PGBR_t$ = the return on the Price of Gold Bullion for Index business day t .

CR_t = the Cash Rate for Index business day t .

d = the number of calendar days that have elapsed between Index business day $t-1$ and Index business day t .

PGB_t = the Price of Gold Bullion on Index business day t .

$BILL_t$ = the 91-day auction high rate for U.S. Treasury bills which is effective for Index business day t , as reported by the U.S. Department of the Treasury on the most recent of the weekly auction dates prior to such Index business day t , and as published on Bloomberg page “USB3MTA Index” or any successor page. Where applicable, the value will be translated into a percentage value.

$PGBMA_t$ = the Price of Gold Simple Moving Average for Index business day t .

Retrospectively Calculated and Actual Historical Index Performance

Because the Index was only created on January 24, 2011, the Index has limited actual history. The Index Sponsor and the Index calculation agent have retrospectively calculated the performance of the Index prior to its inception based on the actual historical data for the Price of Gold Bullion, the historical 200-Index business day simple moving average for the Price of Gold Bullion and actual historical data for the Cash Rate starting from the Index Base Date of October 20, 1975, and using the Index Base Value of 144.75. The Index Base Value was retrospectively calculated based on the actual historical Price of Gold Bullion on the Index Base Date. The retrospective calculations by The Royal Bank of Scotland plc, as the Index Sponsor and Standard & Poor’s Financial Services LLC, as the Index calculation agent, from the Index Base Date through January 21, 2011 were performed using the Index methodology described in the section “The Index—Index Methodology” herein.

The first graph below shows Index closing levels retrospectively calculated from October 20, 1975 through to January 21, 2011, together with actual Index closing levels from January 24, 2011 through to March 21, 2012. The graph also includes the actual Prices of Gold Bullion and the Price of Gold Simple Moving Average, and shaded areas in the graph indicate when the Index was tracking the Price of Gold Bullion and the Cash Rate.

The second graph below shows again the Index closing levels retrospectively calculated from October 20, 1975 through to January 21, 2011, together with actual Index closing levels from January 24, 2011 through to March 21, 2012. However, for comparison purposes, the Index closing levels in this graph are based to a value of 100 on October 20, 1975, and the graph also includes the historical Prices of Gold Bullion based to a value of 100 on October 20, 1975.

In addition, the third graph below shows the historical Cash Rate from October 20, 1975 through to March 21, 2012.

The table below shows the retrospectively calculated March 31 year-end Index closing levels (up to and including March 31, 2010) and the actual Index closing level on March 31, 2011, the actual Prices of Gold Bullion and the Cash Rate for the period from March 31, 1976 to March 31, 2011, as well as the actual Index closing level, Price of Gold Bullion and Cash Rate on March 21, 2012.

The performance of the Index, Price of Gold Bullion and the Cash Rate in the graphs and in the table below were determined on an approximate basis and do not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs.

Although the Index Sponsor and the Index calculation agent believe that the retrospective calculations of the Index levels represent accurately and fairly an approximate estimation of how the Index would have performed from October 20, 1975 through to January 21, 2011, the Index did not exist during that period. You should be aware that no actual investment allowing for tracking of the performance of the Index was possible prior to January 24, 2011. The retrospectively calculated closing levels and performances for the Index should not be taken as an indication of future performance, and no assurance can be given as to the closing level of the Index on any given date. In addition, the performance of the Index, the Price of Gold Bullion and the Cash Rate do not reflect the investor fee that will be deducted in calculating the daily redemption value of the ETNs.

Source: Bloomberg.

* The RBS Gold Trendpilot™ Index (USD) (the “Index”) was created on January 24, 2011. Therefore, for the Index the graph above reflects an actual Index performance from January 24, 2011 to March 21, 2012 and reflects a retrospectively calculated Index performance from October 20, 1975 to January 21, 2011 that is based on the Index Methodology (determined on an approximate basis).

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Source: Bloomberg.

* The RBS Gold Trendpilot™ Index (USD) (the “Index”) was created on January 24, 2011. Therefore, for the Index the graph above reflects an actual Index performance from January 24, 2011 to March 21, 2012 and reflects a retrospectively calculated Index performance from October 20, 1975 to January 21, 2011 that is based on the Index Methodology (determined on an approximate basis).

Source: Bloomberg, U.S. Treasury.

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March 31 Year-End Retrospectively Calculated* and Actual Historical Index Closing Levels and
Prices of Gold Bullion and Actual Historical Cash Rates
March 31, 1976 to March 21, 2012

Year	Date	Price of Gold		
		Bullion (USD)	Index	Cash Rate
1976	3/31/1976	129.60	148.25	4.89%
1977	3/31/1977	148.90	167.30	4.55%
1978	3/31/1978	181.60	204.04	6.31%
1979	3/30/1979	240.10	269.76	9.50%
1980	3/31/1980	494.50	555.59	16.53%
1981	3/31/1981	513.75	658.60	12.70%
1982	3/31/1982	320.00	758.42	12.55%
1983	3/31/1983	414.75	791.06	8.43%
1984	3/30/1984	388.50	828.26	9.76%
1985	3/29/1985	329.25	867.21	8.41%
1986	3/31/1986	344.00	924.80	6.36%
1987	3/31/1987	421.00	1,091.07	5.55%
1988	3/31/1988	456.95	1,197.89	5.76%
1989	3/31/1989	383.20	1,290.96	9.10%
1990	3/30/1990	368.50	1,298.90	7.85%
1991	3/29/1991	355.65	1,055.94	5.86%
1992	3/31/1992	341.70	1,076.79	4.08%
1993	3/31/1993	337.80	1,023.74	2.96%
1994	3/31/1994	389.20	1,128.78	3.50%
1995	3/31/1995	392.00	1,082.90	5.65%
1996	3/29/1996	396.35	1,065.48	4.99%
1997	3/31/1997	348.15	1,083.25	5.19%
1998	3/31/1998	301.00	1,141.54	5.06%
1999	3/31/1999	279.45	1,135.87	4.38%
2000	3/31/2000	276.75	1,029.42	5.72%
2001	3/30/2001	257.70	1,107.86	4.20%
2002	3/29/2002	301.40	1,161.65	1.82%
2003	3/31/2003	334.85	1,290.57	1.10%
2004	3/31/2004	423.70	1,600.49	0.95%
2005	3/31/2005	427.50	1,419.55	2.78%
2006	3/31/2006	582.00	1,797.21	4.50%
2007	3/30/2007	661.75	1,879.79	4.93%
2008	3/31/2008	933.50	2,651.74	1.44%
2009	3/31/2009	916.50	2,394.02	0.20%
2010	3/31/2010	1,115.50	2,913.84	0.15%
2011	3/31/2011	1,439.00	3,758.86	0.10%
2012~	3/21/2012	1,649.25	4,219.15	0.10%

Source: Bloomberg, U.S. Treasury.

* The Index was created on January 24, 2011. Therefore, for the Index closing values the table above reflects the actual Index performance on March 31, 2011 and March 21, 2012 and reflects a retrospectively calculated Index performance from March 31, 1976 to March 31, 2010 that is based on the Index Methodology (determined on an approximate basis).

~ The closing levels, Price of Gold Bullion and the Cash Rate are specified for March 21, 2012, unlike the closing levels, Prices of Gold Bullion and the Cash Rates for the previous years which are all specified for the last business day of March of the relevant year.

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Index Calculation Agent

S&P, or another party designated by the Index Sponsor (as defined below), will act as the calculation agent for the Index (the “Index calculation agent”) and will be responsible for calculating the level of the Index using the Index Methodology published by the Index Sponsor. The Index Sponsor will be the final authority on the Index and the interpretation of the Index Methodology.

The Index calculation agent will calculate the Index Level for each Index business day. The Index Level will be displayed on Bloomberg page “TPGLDUT <Index>” (or on any successor page) by no later than 11:00 a.m. (New York City time) on each Index business day. Intraday Index levels will be published by the Index calculation agent via the New York Stock Exchange under ticker symbol “TPGLDUT.” The Index Level will not be published on any day on which the Index Level is not calculated, whether because such day is a disrupted day (as defined under “—Index Disruption Events” below) or otherwise. All numerical values for the Index will be rounded to fifteen decimal places.

In the event that the Index calculation agent or the Index Sponsor determines that a material error has occurred in the calculation of the Index, the Index calculation agent, having consulted, or having been consulted by, the Index Sponsor, will endeavor to correct such error on a date agreed by the Index Sponsor. If a material error is corrected, the Index Sponsor will apply the correction from the relevant date forward.

The Index is the property of the Index Sponsor, which has contracted with S&P to maintain and calculate the Index. S&P shall have no liability for any errors or omissions in calculating the Index. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC. “Calculated by S&P Custom Indices” and its related stylized marks are service marks of Standard & Poor’s Financial Services LLC and have been licensed for use by the Index Sponsor.

Index Disruption Events

If, in the opinion of the Index Sponsor, any Index business day is a disrupted day (as defined below), the Index Level will not be published on such Index business day and will instead be calculated and published by the Index calculation agent on the next succeeding Index business day that is not a disrupted day, as determined by the Index Sponsor in good faith and subject to the index disruption fallbacks described under “—Index Disruption Fallbacks” below.

A “disrupted day” means any Index business day on which:

- the Exchange fails to open for trading during its regular trading session;
- an index disruption event (as defined below) occurs; or
- an Index adjustment event (as defined under “—Index Adjustment Events” below) occurs.

An “index disruption event” means the occurrence or existence of any of the following events if, as determined by the Index Sponsor, it has a material impact on the Index:

- it becomes impossible, on a certain Index business day, to obtain the Price of Gold Bullion (notwithstanding the availability of another price source for the trading of gold) or the price or rates for 3-month U.S. Treasury Bills (a “price source disruption”);
- any suspension of, or limitation imposed on, trading by the Exchange or otherwise, and whether by reason of price movements exceeding limits permitted by the Exchange or otherwise (a “trading disruption”);

- any event (other than an early closure, as defined below) that disrupts or impairs (as determined by the Index calculation agent and/or Index Sponsor) the ability of market participants to effect transactions in, or obtain market values for, any component of or instrument that is referenced by the Index (an “exchange disruption”);

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- on any Index business day and in respect of the 3-month U.S. Treasury bills, the closure of the Exchange prior to its scheduled closing time, unless such earlier closing is announced by the Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on the Exchange on such Index business day, and (b) the submission deadline for orders to be entered into the Exchange's dealing system for execution on such Index business day (an "early closure");
- (a) the failure of trading to commerce, or the disappearance of trading, or permanent discontinuance of trading in gold, or (b) the disappearance of or permanent discontinuance of the Price of Gold Bullion, notwithstanding the availability of another price source for the trading in gold (the "disappearance of gold trading or the Price of Gold Bullion");
- in respect of gold, the occurrence since the Inception Date of a material change in the content, composition, constitution or specification of gold under the rules of the LBMA from time to time in effect (the "material change in content"); or
- in respect of gold, the occurrence since the Inception Date of a material change in the formula for or method of calculating the Price of Gold Bullion by the LBMA (the "material change in formula").

Index Adjustment Events

The Index Methodology may be adjusted, amended, deleted or otherwise altered by the Index Sponsor at any time, acting in good faith and with the consent of the Index calculation agent, if the Index is no longer calculable in accordance with the Index Methodology (any event or condition giving rise to the right to so adjust, amend, delete or alter the Index, an "Index adjustment event"). Such adjustments may include, but are not limited to, adjustments required for clarification or for minor or technical reasons (including, without limitation, to correct any manifest or proven error or to cure, correct or supplement any ambiguity or defective provision contained in the Index Methodology).

Index Disruption Fallbacks

If (a) five consecutive Index business days are disrupted days, or (b) the Index Sponsor determines that (i) there is a discontinuation in the publication of prices for any component of or instrument referenced by the Index, (ii) the use of any component of or instrument referenced by the Index has become prohibited, (iii) the sponsor of any component of or instrument referenced by the Index has changed the specifications of such instrument or component, (iv) any component of or instrument referenced by the Index is modified or changed in any other way (except for a previously announced modification), or (v) any component of or instrument referenced by the Index has been or is likely to become terminated, then the Index Sponsor will, in consultation with the Index calculation agent, have the right to:

- accept the closing level or fixing price of any component of or instrument referenced by the Index published on any alternative price source;
- if no alternative price source is available, select a substantially similar component for the Index or instrument to which the Index can be linked;
- if no alternative price source or similar instrument or component is available, adjust, amend or otherwise alter this description of the Index; and
- if none of the foregoing will achieve the objective of the Index as set forth above, permanently cease to calculate and/or disseminate levels for the Index.

Termination of the Index

The Index Sponsor may, at any time and without notice, terminate and proceed to ask the Index calculation agent to cease the calculation and dissemination of the Index.

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Change in Index Methodology

No assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances (including, without limitation, any changes to, or any suspension or termination of any components for which values must be determined in relation to the Index) will not arise that would, in the determination of the Index Sponsor, necessitate or make desirable a modification of, or change to, the Index Methodology.

Any change to, or modification of, the Index Methodology may be outside the technology employed by the Index calculation agent, and thus the Index calculation agent may not be able to calculate the Index following such change or modification. In such event the Index Sponsor may, in its sole and absolute discretion, appoint a successor Index calculation agent.

Disclaimer

Although the Index Sponsor obtains price and return data from sources that it considers reliable, for example for the Price of Gold Bullion and the Cash Rate, the Index Sponsor will not independently verify such data, and neither does it guarantee the accuracy and/or completeness of any data included in this description of the Index, nor the accuracy of any Index Levels.

The Index Sponsor is under no obligation to advise any person or entity of any error in the Index (but may do so in its sole and absolute discretion). References to the Price of Gold Bullion and the Cash Rate are included only to describe the components upon which the Index is based. The Index is not in any way sponsored, endorsed or promoted by S&P or any Exchange.

The Royal Bank of Scotland plc owns all intellectual property rights to the Index and this description of the Index. This description of the Index has been supplied by The Royal Bank of Scotland plc. Any use of any intellectual property rights must be with the consent of The Royal Bank of Scotland plc.

Background on the Index Components

Price of Gold Bullion

We have derived all information contained in this pricing supplement regarding the Price of Gold Bullion from publicly available information. We make no representation or warranty as to the accuracy or completeness of such information.

The Price of Gold Bullion on any given day means the spot price of physical gold, as measured by the London Gold P.M. Fixing Price per troy ounce of gold for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. dollars, as calculated by the London Gold Market Fixing Ltd. and published by the LBMA, on such day. The Price of Gold Bullion is also published on Bloomberg page "GOLDLNPM Index."

The market for gold bullion is global, and gold prices are subject to volatile price movements over short periods of time. Specific factors affecting the Price of Gold Bullion include economic factors, including, among other things, the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the Price of Gold Bullion is generally quoted), interest rates and gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial or other events as well as wars and political and civil upheavals. Gold prices may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions that hold gold, sales of gold recycled from

jewelry, as opposed to newly produced gold, in particular as the result of financial crises, levels of gold production and production costs in major gold producing nations such as South Africa, the United States and Australia, non-concurrent trading hours of gold markets and short-term changes in supply and demand because of trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors.

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Cash Rate

The Cash Rate is the yield on a hypothetical notional investment in 3-month U.S. Treasury bills, which are short-dated debt instruments that are issued on a regular basis by the U.S. Treasury.

The U.S. Treasury issues Treasury bills, including 3-month Treasury bills, at a discount at public auctions, typically on a weekly basis. Two types of bids are accepted. With a competitive bid, the bidder specifies the discount rate it will accept. With a non-competitive bid, the bidder agrees to accept the discount rate set at auction. At the close of an auction, the U.S. Treasury accepts all non-competitive bids that comply with the auction rules, and then accepts competitive bids in ascending order in terms of their discount rates (from lowest to highest) until the quantity of accepted bids reaches the offering amount. All bidders, competitive and non-competitive, will receive the same discount rate or yield at the highest accepted bid. This highest accepted bid is the auction high rate. The Index references the most recent auction high rate for 3-month Treasury bills as reported by the U.S. Department of the Treasury and displayed on Bloomberg page “USB3MTA Index” (or any successor page) in calculating the Index level when the Index is tracking the Cash Rate.

Because the Cash Rate is determined in reference to the weekly auction held by the U.S. Treasury, the Cash Rate will not reflect the most current prevailing prices for 3-month U.S. Treasury bills because changes in the trading price of 3-month U.S. Treasury bills in the inter-dealer market will not be taken into account.

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VALUATION OF THE ETNS

The market value or market price of the ETNs will be the bid or ask price for the ETNs as quoted on NYSE Arca under the ticker symbol “TBAR.” The market value of the ETNs will be the price at which you may be able to buy or sell your ETNs in the secondary market.

Daily Redemption Value and Market Value

While the market value of the ETNs may bear some correlation to the daily redemption value of the ETNs, the market value is not the same as the daily redemption value. The daily redemption value, which is the price at which we will pay you for your ETNs at maturity or upon early repurchase or redemption, will be determined by the calculation agent, based on the formula described in this pricing supplement. The calculation agent will publish the daily redemption value on its website at www.rbs.com/etnus/TBAR. Information contained on that website is not incorporated by reference in, and should not be considered a part of, this pricing supplement.

The market value of the ETNs will be affected by several factors, many of which are beyond our control. We expect that generally the level of the Index on any day will affect the market value of the ETNs more than any other factor. The level of the Index in turn will be affected by the performance of the Price of Gold Bullion or the Cash Rate as described under “The Index” above. Other factors that may influence the market value of the ETNs include, but are not limited to, supply and demand for the ETNs, the volatility of the Index, prevailing interest rates, the volatility of commodities (specifically gold and the Price of Gold Bullion), markets, economic, financial, political, regulatory or judicial events that affect the Price of Gold Bullion and the volatility of securities markets, economic, financial, political, regulatory or judicial events that affect the Price of Gold Bullion, level of the Index and the value of the Cash Rate, the general interest rate environment, as well as the actual or perceived creditworthiness of RBS NV and RBS Holdings. See “Risk Factors” in this pricing supplement for a discussion of the factors that may influence the market value of the ETNs prior to maturity.

Indicative Value

An intraday “indicative value” is meant to approximate the intrinsic economic value of the ETNs. The Index calculation agent will publish the intraday “indicative value” of the ETNs every 15 seconds via NYSE Arca under the symbol “TBAR.IV.” The actual trading price or market value of the ETNs may vary significantly from their indicative value.

The intraday “indicative value” is expected to be correlated to the daily redemption value; however, they are not the same. Any payment on the ETNs at maturity or upon early repurchase or redemption will be based on the daily redemption value on the applicable valuation date, as determined by the calculation agent, and not on any intraday “indicative value” of the ETNs as published by the Index calculation agent.

The “indicative value” of the ETNs, which refers to the value of the ETNs at any given time, equals (a) the daily redemption value on the immediately preceding valuation date, multiplied by (b) the index factor at such time, multiplied by (c) the fee factor for the day on which such time occurs. For purposes of determining the indicative value at any time:

- the “index factor” at any time will be equal to the Index level at such time, divided by the Index closing level on the valuation date immediately preceding the day on which such time occurs;
- the “fee factor” on any valuation date will be equal to one minus the investor fee, which is equal to the product of (a) the annual investor fee and (b) the day-count fraction;

- the “annual investor fee” will be equal to (a) 1.00% per annum when the Index is tracking the Price of Gold Bullion and (b) 0.50% per annum when the Index is not tracking the Price of Gold Bullion, and instead, is tracking the Cash Rate; and
- on any valuation date, the “day-count fraction” is equal to the number of days from, but excluding, the immediately preceding valuation date to, and including, the applicable valuation date, divided by 365.

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The indicative value calculation will be provided for reference purposes only. It is not intended as a price or quotation, or as an offer or solicitation for the purchase, sale, redemption or repurchase of your ETNs, nor will it reflect hedging or transaction costs, credit considerations, market liquidity or bid-offer spreads. The actual trading price of the ETNs may vary significantly from their indicative value.

Index Levels

The Index is a proprietary index that The Royal Bank of Scotland plc, as Index Sponsor, developed and owns. Standard & Poor's Financial Services LLC, as Index calculation agent pursuant to an agreement with the Index Sponsor, will calculate and disseminate the Index level approximately every 15 seconds (assuming the Index level has changed within such 15-second interval) from 9:30 a.m. to approximately 5:00 p.m. (New York City time) on each Index business day. Even though the level of the Index depends on the fixing prices for gold published by the LBMA, which publishes such prices only twice a day—once based on the London Gold A.M. Fixing Price, and a second time based on the London Gold P.M. Fixing Price—the level of the Index will change only once a day, reflecting the London Gold P.M. Fixing Price. Index Levels will be displayed on Bloomberg page “TPGLDUT <Index>” (or on any successor page), and will also be published via the NYSE Arca under symbol “TPGLDUT.” We are not incorporating by reference herein the website or any material included in such NYSE Arca website or Bloomberg page or website. For further information on the Index levels, see “The Index” above.

Repurchase or Redemption

As discussed in “Specific Terms of the ETNs—Payment upon Repurchase or Redemption” below, subject to certain restrictions, on any business day from, and including, the initial issuance of the ETNs on the initial settlement date to, and including, February 7, 2041, you may offer your ETNs to RBS NV for repurchase. If you choose to offer your ETNs for repurchase, you must offer at least the applicable minimum repurchase amount to RBS NV for repurchase on any repurchase date in accordance with the procedures set forth under “Specific Terms of the ETNs—Repurchase at Your Option” in this pricing supplement. The last date on which RBS NV will repurchase your ETNs will be February 13, 2041. The daily repurchase feature is intended to induce arbitrageurs to counteract any trading of the ETNs at a discount to their indicative value, although there can be no assurance that arbitrageurs will employ the repurchase feature in this manner.

SPECIFIC TERMS OF THE ETNS

In this section, references to “holders” mean those who own the ETNs registered in their own names, on the books that we or the securities administrator maintain for this purpose, and not those who own beneficial interests in the ETNs registered in street name or in the ETNs issued in book-entry form through DTC or another depository. Owners of beneficial interests in the ETNs should read the section “—Forms of the ETNs” below and “Forms of Securities” in the accompanying prospectus dated March 23, 2012 (the “prospectus”).

The ETNs are securities as described in the prospectus which also contains a detailed summary of additional provisions of the ETNs and of the indenture, dated as of September 15, 2006, as supplemented or amended from time to time, among us, Wilmington Trust Company, as trustee, Citibank, N.A., as securities administrator, and RBS Holdings, as guarantor, under which the ETNs will be issued (the “indenture”). You should read all the provisions of the accompanying prospectus, including information incorporated by reference, and the indenture.

Please note that the information about the price to the public and the proceeds to us on the front cover of this pricing supplement relates only to the initial sale of the ETNs. If you have purchased the ETNs after the initial sale, information about the price and date of sale to you will be provided in a separate confirmation of sale.

Interest

We will not make any interest payments during the term of the ETNs.

Denomination

We will offer the ETNs in denominations of \$25.00 stated face amount. Any ETNs issued in the future may be issued at a price higher or lower than the stated face amount, based on the indicative value of the ETNs at that time. However, regardless of the issue price of any ETNs, the stated face amount or par value of all ETNs will be \$25.00.

Ranking

The ETNs will constitute our unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all our other present and future unsecured and unsubordinated obligations save for those preferred by mandatory provision of law. The indenture does not limit the amount of additional indebtedness that we may incur.

Guarantee

RBS Holdings N.V., which we refer to as RBS Holdings, will fully and unconditionally guarantee payment in full to the holders of the ETNs. The guarantee is set forth in, and forms a part of, the indenture under which the ETNs will be issued. If, for any reason, we do not make any required payment in respect of the ETNs when due, RBS Holdings, as the guarantor thereof, will cause the payment to be made to or to the order of the applicable paying agent on behalf of the trustee. The holder of the guaranteed ETN may sue the guarantor to enforce its rights under the guarantee without first suing us or any other person or entity. The guarantees will constitute RBS Holdings’ unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all RBS Holdings’ other present and future unsecured and unsubordinated obligations. RBS Holdings may, without the consent of the holders of the ETNs, assume all of our rights and obligations under the ETNs and upon such assumption, we will be released from our liabilities with respect to the indenture and the ETNs. Any payment in respect of the ETNs, including any repayment of your investment, will be subject to the credit risk of us and RBS Holdings.

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Payment at Maturity

The ETNs will mature on the maturity date stated on the cover of this pricing supplement, subject to postponement as described below. If you hold your ETNs to maturity, you will receive a cash payment on the stated maturity date that is equal to the daily redemption value of the ETNs on February 12, 2041 (the “final valuation date”), unless the final valuation date and/or maturity date is postponed as described below. The calculation agent will determine the applicable daily redemption value in the manner described under “—Daily Redemption Value” below.

If the final valuation date is not a trading day or if a market disruption event exists on the final valuation date, then the calculation agent will postpone the determination of the daily redemption value for the final valuation date, in which case the maturity date will be postponed to the third business day immediately following the final valuation date, as postponed, and the calculation agent will determine the daily redemption value as described under “—Postponement of a Valuation Date” below. If the maturity date stated on the cover of this pricing supplement is not a business day, the maturity date will be the next following business day. In the event that payment at maturity is deferred beyond the stated maturity date as provided herein, no interest or other amount will accrue or be payable with respect to that deferred payment.

Any payment you will be entitled to receive on the ETNs is subject to the ability of The Royal Bank of Scotland N.V., which we refer to as RBS NV, as the issuer of the ETNs, and RBS Holdings as the guarantor of the issuer’s obligations under the ETNs, to pay their respective obligations as they become due.

Repurchase at Your Option

Subject to certain restrictions, on any business day from, and including, the initial issuance of the ETNs on the initial settlement date to, and including, February 7, 2041, you may offer your ETNs to us for repurchase. If you choose to offer your ETNs for repurchase, you must offer at least 20,000 ETNs to us for any single repurchase on any repurchase date in accordance with the procedures described below; provided that RBS NV may, in its sole discretion, from time to time, reduce the minimum repurchase amount. Any such reduction will be applied on a consistent basis for all holders of the ETNs from the time the reduction becomes effective. Subject to any reduction in the minimum repurchase amount by RBS NV, if you offer at least 20,000 ETNs to us for repurchase and fulfill the repurchase procedures described below, we will be obligated to repurchase your ETNs on the applicable repurchase date.

If you wish to offer your ETNs to us for repurchase, you and your broker must follow the following procedures:

- Your broker must deliver an irrevocable offer for repurchase, a form of which is attached as Annex A to this pricing supplement, to us by e-mail at ETNUSCorpActions@rbs.com. If your offer for repurchase is received by us after 4:00 p.m., New York City time, on a business day, you will be deemed to have delivered your offer for repurchase on the following business day.
- In addition to the offer for repurchase, your broker must deliver a completed and signed irrevocable confirmation of repurchase, a form of which is attached as Annex B, to us by facsimile by 5:00 p.m., New York City time, on the same day. If your irrevocable confirmation of repurchase is received after 5:00 p.m., New York City time, you will be deemed to have delivered your confirmation of repurchase on the following business day. One portion of the confirmation of repurchase must be completed by you as beneficial owner of the ETNs, and the other portion must be completed by your broker. You must offer at least 20,000 ETNs for repurchase by us on any repurchase date; provided that RBS NV may, in its sole discretion, from time to time, reduce the minimum repurchase amount. We must acknowledge receipt from your broker in order for your offer to be effective.

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Your broker must book a delivery versus payment trade with respect to your ETNs on the applicable valuation date at a price equal to the applicable daily redemption value, facing us.

- Your broker must cause your DTC custodian to deliver the trade as booked for settlement via DTC at or prior to 10:00 a.m., New York City time, on the applicable repurchase date (which is the third business day following the relevant valuation date as described under “—Payment upon Repurchase or Redemption” below).

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Different brokers and DTC participants may have different deadlines for accepting instructions from their customers. Accordingly, you should consult the brokerage firm or other DTC participant through which you own your interest in the ETNs in respect of such deadlines. Any repurchase instructions which we receive in accordance with the procedures described above will be irrevocable.

The applicable valuation date for any repurchase will be the trading day immediately following the business day on which you make, or are deemed to have made, your offer and confirmation to us to repurchase your ETNs, and the applicable repurchase date will be the third business day immediately following such valuation date.

Unless the scheduled repurchase date is postponed as described under “—Payment upon Repurchase or Redemption” below, the final day on which we will repurchase your ETNs will be February 13, 2041. As such, you must offer your ETNs for repurchase no later than February 7, 2041 in order to have your ETNs repurchased on February 13, 2041, and the applicable valuation date for any such repurchase would be February 8, 2041.

A “trading day” is a day on which (a) trading is generally conducted on NYSE Arca and the relevant exchange, and (b) the level of the Index is calculated and published, in each case as determined by the calculation agent.

A “business day” is 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.

Redemption at Our Option

We may, in our sole discretion, redeem the ETNs, in whole but not in part, at any time during the period from, and including, the initial issuance of the ETNs on the initial settlement date, to, and including, February 13, 2041. If we exercise our right to redeem the ETNs, we will deliver an irrevocable redemption notice to DTC (the holder of the global note) not less than five business days prior to the applicable redemption date. The last day on which we can deliver a redemption notice is February 6, 2041.

The valuation date for any redemption, will be the trading day immediately following the business day on which we deliver the relevant redemption notice to DTC in accordance with the procedures set forth above. The applicable redemption date will be specified in the redemption notice and will not be less than five business days or more than ten business days after the date of the redemption notice.

Payment upon Repurchase or Redemption

If your ETNs are repurchased or if we elect to redeem your ETNs in accordance with the procedures described under “—Repurchase at Your Option” and “—Redemption at Our Option” above, as the case may be, you will receive a cash payment on the relevant repurchase date or redemption date, as the case may be, in an amount per ETN equal to the daily redemption value of the ETNs on the applicable valuation date.

The applicable valuation date will be:

- in the case of ETNs you have offered for repurchase, the trading day immediately following the business day on which you make, or are deemed to have made, your offer and confirmation to us to repurchase your ETNs; or
- in the case of ETNs we have elected to redeem, the trading day immediately following the business day on which we deliver a redemption notice to DTC (as holder of the global note).

The repurchase date applicable to any repurchase will be the third business day immediately following the valuation date for such repurchase. The redemption date will be specified in the redemption notice and will not be less than five business days or more than ten business days after the date of the redemption notice.

The calculation agent will determine the applicable daily redemption value in the manner described under “—Daily Redemption Value” below.

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If the valuation date for any repurchase or redemption is not a trading day or if a market disruption event exists on such valuation date, then the calculation agent will postpone the valuation date as described under “—Postponement of a Valuation Date,” in which case the repurchase date or redemption date, as the case may be, will be postponed to the third business day immediately following the applicable valuation date, as postponed, and the calculation agent will determine the daily redemption value as described under “—Postponement of a Valuation Date” below. In the event that payment upon repurchase or redemption by us is deferred beyond the original repurchase date or redemption date, as the case may be, as provided herein, no interest or other amount will accrue or be payable with respect to that deferred payment.

Any ETNs repurchased by us at your option or redeemed by us at our option will be cancelled.

Any payment you will be entitled to receive on the ETNs is subject to the ability of RBS NV as the issuer of the ETNs, and RBS Holdings as the guarantor of the issuer’s obligations under the ETNs, to pay their respective obligations as they become due.

The daily redemption value payable at maturity or upon early repurchase or redemption of your ETNs is reduced by the aggregate investor fee applicable to your ETNs. As a result, the level of the Index must increase by an amount sufficient to offset such reduction in order for you to receive at least the face amount of your investment at maturity or upon early repurchase or redemption. If the level of the Index decreases or does not increase sufficiently, you will receive less, and possibly significantly less, than the face amount of your investment at maturity or upon early repurchase or redemption.

Daily Redemption Value

The daily redemption value as of February 17, 2011, the inception date, is equal to the stated face amount of \$25.00 per ETN. For any valuation date thereafter, the daily redemption value per ETN will be equal to:

- the daily redemption value on the immediately preceding valuation date, multiplied by
 - the index factor (as defined below) on such valuation date, multiplied by
 - the fee factor (as defined below) on such valuation date.

The “index factor” on any valuation date, including the final valuation date, will be equal to the Index closing level on such valuation date, divided by the Index closing level on the immediately preceding valuation date.

The “Index closing level” on any valuation date will be the official closing level of the Index with respect to such valuation date reported on Bloomberg page “TPGLDUT <Index>” or any successor page on Bloomberg or any successor service, as applicable, or if the official closing level of the Index is not reported on such page, the official closing level of the Index with respect to such valuation date as published or otherwise made publicly available by the Index Sponsor or the Index calculation agent, in each case as determined by the calculation agent. In certain circumstances, the Index closing level will be based on the alternative calculation of the Index as described under “—Discontinuation or Modification of the Index” below.

The “fee factor” on any valuation date, including the final valuation date, will be equal to one minus the investor fee, which is equal to the product of (a) the annual investor fee and (b) the day-count fraction.

The “annual investor fee” will be equal to (a) 1.00% per annum when the Index is tracking the Price of Gold Bullion and (b) 0.50% per annum when the Index is not tracking the Price of Gold Bullion, and instead, is tracking the Cash Rate.

On each valuation date, the “day-count fraction” is equal to the number of days from, but excluding, the immediately preceding valuation date to, and including, the applicable valuation date, divided by 365.

“Valuation date” means each business day from, and including, the inception date to, and including, the final valuation date. If any valuation date is not a trading day or if a market disruption event exists on any valuation date, the valuation date (including the final valuation date) will be postponed for up to five business days as described under “—Postponement of a Valuation Date” below.

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Market Disruption Events

For purposes of the ETNs, a “market disruption event” means:

- (a) any suspension or absence of, or material limitation imposed on, trading by the relevant exchange; or
- (b) any event (other than an event described in clause (a) above or clause (c) below) that disrupts or impairs the ability of market participants in general to effect transactions in or obtain market values for (i) when the Index is tracking the Price of Gold Bullion, gold or futures or options contracts on gold, or (ii) when the Index is tracking the Cash Rate, 3-month U.S. Treasury bills or futures or options contracts on 3-month U.S. Treasury bills, in each case, on the relevant exchange therefor, or on any other exchange; or
- (c) the closure on any trading day of the relevant exchange for (i) when the Index is tracking the Price of Gold Bullion, gold or futures or options contracts on gold, or (ii) when the Index is tracking the Cash Rate, 3-month U.S. Treasury bills or futures or options contracts on 3-month U.S. Treasury bills, prior to its scheduled closing time, unless such earlier closing time is announced by such relevant exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such relevant exchange on such trading day and (B) the submission deadline for orders to be entered into such relevant exchange for execution on such trading day.

The “relevant exchange” means (a) when the Index is tracking the Price of Gold Bullion, the exchange or trading market or association that serves as the primary source of prices for gold or the primary exchange where options or futures contracts on gold are traded, as determined by the calculation agent, and (b) when the Index is tracking the Cash Rate, the exchange or trading market that serves as the primary source of prices for 3-month U.S. Treasury bills or the primary exchange where options or futures contracts on 3-month U.S. Treasury bills are traded, as determined by the calculation agent.

For purposes of determining whether a market disruption event has occurred:

- a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange;
- a decision permanently to discontinue trading in the relevant futures or options contract will not constitute a market disruption event;
- a suspension of trading in futures or options contracts on gold or the 3-month U.S. Treasury bills by the primary exchange where such contracts are traded by reason of (i) a price change exceeding limits set by such exchange, (ii) an imbalance of orders relating to such contracts or (iii) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or absence or material limitation of trading in futures or options contracts on gold or 3-month U.S. Treasury bills; and
- a suspension or absence or material limitation of trading on any relevant exchange or on the primary exchange on which futures or options contracts on gold or 3-month U.S. Treasury bills are traded will not include any time when such exchange is itself closed for trading under ordinary circumstances.

Postponement of a Valuation Date

If any valuation date (including the final valuation date) is not a trading day, or if a market disruption event exists on any such valuation date, the valuation date will be postponed to the next succeeding trading day on which a market

disruption event does not exist. However, in no event will a valuation date be postponed more than five business days. If a valuation date has been postponed for five business days and such fifth business day is not a trading day or a market disruption event exists on such fifth business day, the calculation agent will determine the Index closing level for such valuation date on such fifth business day in accordance with the formula for calculating the Index closing level last in effect prior to the commencement of the market disruption event or non-trading day, using the Price of Gold Bullion and/or the Cash Rate (or, if trading in gold has been materially suspended or materially limited, its good faith estimate of the Price of Gold Bullion that would have prevailed but for such suspension or limitation), on such fifth business day. If a valuation date is postponed, any corresponding repurchase date or redemption date or, in the case of the final valuation date, the maturity date,

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will also be postponed to the third business day immediately following the applicable valuation date or final valuation date, as the case may be, as postponed. Any such postponement or determination by the calculation agent may adversely affect your return on the ETNs. In addition, no interest or other payment will be payable as a result of such postponement.

All determinations and adjustments to be made by the calculation agent with respect to the daily redemption value and the amount payable upon repurchase or redemption or at maturity will be made by the calculation agent in its sole discretion. See “Risk Factors” for a discussion of certain conflicts of interest which may arise with respect to the calculation agent.

Default Amount on Acceleration

For the purpose of determining whether the holders of our RBS NotesSM, of which the ETNs are a part, are entitled to take any action under the indenture, we will treat the stated face amount of each ETN outstanding as the principal amount of that ETN. Although the terms of the ETNs may differ from those of the other RBS NotesSM, holders of specified percentages in principal amount of all RBS NotesSM will be able to take action affecting all the RBS NotesSM, including the ETNs. This action may involve changing some of the terms that apply to the RBS NotesSM, accelerating the maturity of the RBS NotesSM (in accordance with the acceleration provisions set forth under “Description of Debt Securities and Guarantee” in the prospectus) after a default or waiving some of our obligations under the indenture.

In case an event of default (as defined in the prospectus) with respect to the ETNs shall have occurred and be continuing, the amount declared due and payable for each ETN upon any acceleration of the ETNs will be determined by RBSSI, as calculation agent, and will equal the daily redemption value calculated as if the date of acceleration were the applicable valuation date. See “Description of Debt Securities and Guarantee—Events of Default” in the prospectus.

If the maturity of the ETNs is accelerated because of an event of default as described above, we will, or will cause the calculation agent to, provide written notice to the trustee at its Delaware office, and to the securities administrator at its New York office, on which notice the trustee and the securities administrator may conclusively rely, and to DTC of the aggregate cash amount due with respect to the ETNs, if any, as promptly as possible and in no event later than two business days after the date of acceleration.

Further Issuances

We may, from time to time, without notice to or the consent of the holders of the ETNs, create and issue additional securities having the same terms and conditions as the ETNs offered by this pricing supplement, and ranking on an equal basis with the ETNs in all respects. If there is substantial demand for the ETNs, we may issue additional ETNs frequently. We are initially offering up to a maximum aggregate face amount of ETNs linked to the Index of \$100,000,000 (equivalent to 4,000,000 ETNs). However, we have no obligation to issue up to this amount or any specific amount of ETNs and, in our sole discretion, may issue ETNs in excess of this amount. Such additional ETNs will be consolidated and form a single series with the ETNs and all other RBS NotesSM issued pursuant to the indenture. We have no obligation to take your interests into account when deciding to issue additional securities.

Discontinuation or Modification of the Index

If the Index Sponsor discontinues publication of the Index and the Index Sponsor or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued Index (such index being referred to herein as a “Successor Index”), then the Index closing level, daily redemption value of the ETNs and all calculations related to the Index will be determined by reference to the value of

such Successor Index. References to the “Index” in this pricing supplement are deemed to include references to any relevant Successor Index where applicable.

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Upon any selection by the calculation agent of a Successor Index, the calculation agent will cause written notice thereof to be furnished to us, the trustee, the securities administrator and DTC as the holder of the ETNs within three trading days of such selection.

If the Index Sponsor discontinues publication of the Index and the calculation agent determines that no Successor Index is available with respect to the Index at such time, then the calculation agent will determine the Index closing levels in accordance with the formula for and method of calculating the Index last in effect prior to such discontinuance, using the Price of Gold Bullion (or, if the Price of Gold Bullion is not available, its good faith estimate of the Price of Gold Bullion in accordance with the formula for and/or method of determining the Price of Gold Bullion last in effect prior to such discontinuance) and the Cash Rate. Notwithstanding these alternative arrangements, discontinuance of the publication of the Index may adversely affect the value of the ETNs.

If at any time the method of calculating the Index or a Successor Index, or the value thereof, is changed in a material respect, or if the Index or a Successor Index is in any other way modified so that such index does not, in the opinion of the calculation agent, fairly represent the level of the Index or such Successor Index had such changes or modifications not been made, then the calculation agent will, at the close of business in New York City on the next valuation date, make such calculations and adjustments to the terms of the ETNs as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a value of an index comparable to the Index or Successor Index, as the case may be, as if such changes or modifications had not been made, and on each valuation date thereafter, make each relevant calculation with reference to the Index or Successor Index, as adjusted. Accordingly, if the method of calculating the Index or a Successor Index is modified so that the value of such index is a fraction of what it would have been if it had not been modified (e.g., due to a split in the index), then the calculation agent will adjust such index in order to arrive at a level of the Index or Successor Index as if it had not been modified (e.g., as if such split had not occurred). If a Successor Index is selected or if the calculation agent determines the value of an Index as described above, the value of the Index as determined by the calculation agent will be used as a substitute for the Index for all purposes, including for the purpose of determining whether a market disruption event (as defined below) has occurred or is continuing.

Manner of Transfer, Exchange and Payment

Holders may register the transfer of the ETNs, and exchange the ETNs at Citibank, N.A, the securities administrator under the indenture, at 111 Wall Street, 15th Floor Window, New York, New York 10005, Attention: Corporate Trust Services, as our current agent for the payment, transfer and exchange of the ETNs. We refer to Citibank, N.A., acting in this capacity, as the paying agent. However, holders of global securities may transfer and exchange global securities only in the manner and to the extent set forth under “Forms of Securities—Registered Global Securities” in the accompanying prospectus.

We will not be required to:

- register the transfer or exchange of any ETN if the holder has exercised the holder’s right, if any, to require us to repurchase the ETN, in whole or in part, except the portion of the ETN not required to be repurchased; or
- register the transfer or exchange of ETNs to be redeemed for a period of fifteen calendar days preceding the mailing of the relevant notice of redemption.

No service charge will be made for any registration or transfer or exchange of ETNs, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the registration of transfer or exchange of ETNs.

The paying agent will make payments on the ETNs to the account of the depository (which is initially DTC), as holder of the global securities representing the ETNs, by wire transfer of immediately available funds. We expect that the depository, upon receipt of any payment, will immediately credit its participants' accounts in amounts proportionate to their respective beneficial interests in the global securities as shown on the records of the depository. We also expect that payments by the depository's participants to owners of beneficial interests in the global securities will be governed by standing customer instructions and customary practices and will be the responsibility of those participants.

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If we issue ETNs in certificated form in exchange for the global note representing the ETNs in the limited circumstances described in the accompanying prospectus under “The Depository,” any payment on the ETNs will be made in immediately available funds to accounts designated by you and approved by us, or at the office of the paying agent specified above, but only when the ETNs are surrendered to the paying agent at that office.

Role of Calculation Agent

RBS Securities Inc., or RBSSI, an affiliate of ours, will serve as the calculation agent. The calculation agent will, in its reasonable discretion, make all determinations regarding the value of the ETNs, including at maturity or upon early repurchase or redemption by us, market disruption events (see “—Postponement of a Valuation Date”), business days, trading days, the daily redemption value, the maturity date, valuation dates, repurchase dates, the amount payable in respect of your ETNs at maturity or upon early repurchase or redemption by us and any other calculations or determinations to be made by the calculation agent as specified herein. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us.

No Additional Amounts

We will not pay any additional amounts described under “Description of Debt Securities and Guarantee—Payment of Additional Amounts” in the prospectus to holders of the ETNs.

No Par Tax Redemption

The tax redemption feature described under “Description of Debt Securities and Guarantee—Tax Redemption” on page 19 of the accompanying prospectus is not applicable to the ETNs. However, this does not in any way limit our right to redeem all of the ETNs at our option at any time for any reason (including for tax reasons) as described under “—Redemption at Our Option” above.

Forms of the ETNs

We will offer the ETNs on a continuing basis and will issue ETNs only in fully registered form either as registered global securities or, in limited circumstances, as certificated securities. References to “holders” mean those who own ETNs registered in their own names, on the books that we or the securities administrator maintain for this purpose, and not those who own beneficial interests in ETNs registered in street name or in ETNs issued in book-entry form through one or more depositories.

Registered Global Securities

The ETNs will initially be issued as registered global securities, and we will issue one or more global certificates representing the entire issue of ETNs. Except as set forth in the accompanying prospectus under “Forms of Securities—Registered Global Securities” and “The Depository” you may not exchange registered global securities or interests in registered global securities for certificated securities.

Each global note certificate representing registered global securities will be deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. These certificates name DTC or its nominee as the owner of the ETNs. DTC maintains a computerized system that will reflect the interests held by its participants in the global securities. An investor’s beneficial interest will be reflected in the records of DTC’s direct or indirect participants through an account maintained by the investor with its broker/dealer, bank, trust company or other representative. A further description of the DTC’s procedures for global securities representing book-entry securities is set forth under

“The Depositary” in the prospectus.

Certificated Securities

If we issue ETNs in certificated form, the certificate will name the investor or the investor’s nominee as the owner of the ETN. The person named in the note register will be considered the owner of the ETN for all

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purposes under the indenture. For example, if we need to ask the holders of the ETNs to vote on a proposed amendment to the ETNs, the person named in the note register will be asked to cast any vote regarding that ETN. If you have chosen to have some other entity hold the certificates for you, that entity will be considered the owner of your ETN in our records and will be entitled to cast the vote regarding your ETN. You may not exchange certificated securities for registered global securities or interests in registered global securities.

Trustee and Securities Administrator

Wilmington Trust Company is the trustee for the ETNs under the indenture. Wilmington Trust Company's address is 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890. Citibank, N.A. will act as securities administrator for the ETNs. We and our affiliates may from time to time maintain banking relationships or conduct transactions in the ordinary course of business with the trustee, the securities administrator, and their affiliates. Wilmington Trust Company and Citibank, N.A. also serve in similar capacities for a number of series of our outstanding indebtedness.

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CLEARANCE AND SETTLEMENT

DTC participants that hold the ETNs through DTC on behalf of investors will follow the settlement practices applicable to equity securities in DTC's settlement system with respect to the primary distribution of the ETNs and secondary market trading between DTC participants. See "The Depositary" in the accompanying prospectus for more information.

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VALIDITY OF THE ETNS

Davis Polk & Wardwell LLP, New York, New York, will pass upon the validity of the ETNs and will rely as to all matters of Dutch law on the opinion of Clifford Chance LLP, Amsterdam, Netherlands.

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USE OF PROCEEDS; HEDGING

The net proceeds we receive from the sale of the ETNs will be used for general corporate purposes and, in part, by us or one or more of our affiliates in connection with hedging our obligations under the ETNs. The cost of hedging includes the projected profit that our affiliates expect to realize in consideration for assuming the risks inherent in managing the hedging transactions. Since hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss. See also "Risk Factors—Risks Relating to the ETNs—Hedging and trading activities by us or our affiliates could affect prices of ETNs" and "Plan of Distribution (Conflicts of Interest)" in this pricing supplement, and "Use of Proceeds" in the accompanying prospectus.

From time to time after issuance and prior to the maturity of any ETNs, depending on market conditions (including the level of the Index), in connection with hedging certain of the risks associated with the ETNs, we expect that one or more of our affiliates will increase or decrease their initial hedging positions using dynamic hedging techniques and may take long or short positions in listed or over-the-counter options contracts in, or other derivative or synthetic instruments related to gold or U.S. Treasury bills. In addition, we or one or more of our affiliates may take positions in other types of appropriate financial instruments that may become available in the future.

Depending, among other things, on future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. Our or our affiliates' hedging activities will not be limited to any particular exchange or market.

The hedging activity discussed above may adversely affect the level of the Index. As a result, such activity may affect the market value of the ETNs and the amount payable at maturity or upon early repurchase or redemption by RBS NV. See "Risk Factors" in this pricing supplement for a discussion of possible adverse effects related to our hedging activities.

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TAXATION IN THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this pricing supplement and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of an ETN, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that no holder of an ETN has or will have a substantial interest, or — in the case of a holder of an ETN being an entity — a deemed substantial interest, in the Bank and that no connected person (verbonden persoon) to the holder of an ETN has or will have a substantial interest in the Bank.

Generally speaking, an individual has a substantial interest in the Bank if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner directly or indirectly have, (I) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of the Bank or the issued and outstanding capital of any class of shares of the Bank, or (II) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of the Bank.

Generally speaking, a non-resident entity has a substantial interest in the Bank if such entity, directly or indirectly has (I) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of the Bank or the issued and outstanding capital of any class of shares of the Bank, or (II) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of the Bank. An entity holding an ETN has a deemed substantial interest in the Bank if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term “entity” means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of an ETN, an individual holding an ETN or an entity holding an ETN, such reference is restricted to (i) an individual or entity holding legal title to as well as an economic interest in such ETN (ii) an individual or entity beneficially owning such ETN.

Holders of an ETN should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of an ETN.

Where this summary refers to “The Netherlands” or “Dutch” it refers only to the European part of the Kingdom of the Netherlands.

Withholding Tax

All payments made by the Bank of interest and principal under the ETNs can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

Residents

Resident entities

An entity holding an ETN which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from an ETN at the prevailing statutory rates.

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Resident individuals

An individual holding an ETN who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from an ETN at rates up to 52 per cent if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) as defined in the Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (normaal, actief vermogensbeheer).

If neither condition (i) nor (ii) applies, an individual holding an ETN will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from an ETN. The deemed return amounts to 4 per cent of the value of the individual's net assets as per the beginning of the relevant fiscal year (including the ETN). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

Non-residents

A holder of an ETN which is not, is not deemed to be, and — in case the holder is an individual — has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from an ETN unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (vaste inrichting) or a permanent representative (vaste vertegenwoordiger) in The Netherlands and the holder of an ETN derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) in The Netherlands as defined in the Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (normaal, actief vermogensbeheer).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of an ETN by way of gift by, or on the death of, a holder of an ETN, unless:

- (i) the holder of an ETN is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

Value Added Tax

The issuance or transfer of an ETN, and payments of interest and principal under an ETN, will not be subject to value added tax in The Netherlands.

Other Taxes and Duties

The subscription, issue, placement, allotment, delivery or transfer of an ETN will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

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Residence

A holder of an ETN will not be, or be deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of an ETN or the execution, performance, delivery and/or enforcement of an ETN.

EU Council Directive on Taxation of Savings Income

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in said directive) details of payments of interest or other similar income paid by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

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U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion constitutes the full opinion of our special tax counsel, Davis Polk & Wardwell LLP, regarding the material U.S. federal income tax consequences of ownership and disposition of the ETNs. It applies to you only if you hold the ETNs as capital assets within the meaning of Section 1221 of the Internal Revenue Code (the “Code”). This discussion is based on the Code, administrative pronouncements, judicial decisions and currently effective and proposed Treasury regulations, changes to any of which subsequent to the date of this pricing supplement may affect the tax consequences described below, possibly with retroactive effect. It does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances, including different consequences that may apply if you are a beneficial owner of the ETNs who is subject to special treatment under the U.S. federal income tax laws, such as a financial institution, a regulated investment company, a tax-exempt entity, a dealer in securities, a trader in securities who elects to apply a mark-to-market method of tax accounting, an entity classified as a partnership for U.S. federal income tax purposes, a person who holds the ETNs as a part of a straddle or conversion transaction, or a U.S. holder (as defined below) that has a “functional currency” other than the U.S. dollar.

Tax Treatment of the ETNs

In the opinion of our special tax counsel, which is based on prevailing market conditions, it is more likely than not that the ETNs will be treated as prepaid financial contracts that are not debt for U.S. federal income tax purposes, with the consequences described below. We do not plan to request a ruling from the IRS, and the IRS or a court might not agree with this treatment, in which case the timing and character of income or loss on your ETNs could be materially and adversely affected. You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the ETNs (including possible alternative treatments) as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. Unless otherwise stated, the following discussion is based on the treatment of the ETNs as prepaid financial contracts that are not debt.

Tax Consequences to U.S. Holders

You are a “U.S. holder” if, for U.S. federal income tax purposes, you are a beneficial owner of an ETN and are: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any State therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Tax Treatment as Prepaid Financial Contracts

Tax Treatment Prior to Maturity. You should not recognize taxable income or loss over the term of the ETNs prior to maturity, other than pursuant to a sale or exchange (including a repurchase or redemption by us or a “deemed” taxable exchange), as described below.

Sale, Exchange or Retirement of the ETNs. Upon a sale, exchange (including a “deemed” exchange) or retirement of the ETNs, you will recognize taxable gain or loss equal to the difference between the amount realized on such sale, exchange or retirement and your tax basis in the ETNs. This gain or loss should be capital gain or loss. Subject to the discussion in the following paragraph, (i) your tax basis in the ETNs should equal the amount you paid to acquire them and (ii) your gain or loss should be long-term capital gain or loss if you have held the ETNs for more than one year. The deductibility of capital losses is subject to limitations.

As discussed above under “Risk Factors—Risks Relating to the ETNs,” it is expected that in connection with the Proposed Transfers RBS will assume our obligations as issuer of the ETNs. Such an assumption could result in a “deemed” taxable exchange. In that case, you would recognize gain or loss (subject to possible application of the “wash sale” rules

in the case of a loss) equal to the difference between the value of your “new” ETNs immediately following the assumption by RBS and your tax basis in the “old” ETNs, which should equal the price you paid to acquire them. If the wash sale rules apply, your tax basis and holding period for your ETNs generally should remain the same. Otherwise, your tax basis in the “new” ETNs following a deemed taxable exchange would equal their fair market value at the time of the deemed exchange and your holding period for the “new” ETNs would begin the day following the deemed exchange.

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Uncertainties Regarding Tax Treatment as Prepaid Financial Contracts

If the ETNs are treated as prepaid financial contracts, due to the lack of direct legal authority there remain significant uncertainties regarding the U.S. federal income tax consequences of your ownership and disposition of the ETNs. You might be required to include amounts in income during the term of the ETNs and/or to treat all or a portion of your gain or loss on the sale or retirement of the ETNs as ordinary income or loss or as short-term capital gain or loss without regard to how long you have held the ETNs. For instance, it is possible that each switch of a Price of Gold Bullion Trend or any change in the methodology of or substitution of a successor to the Index or an index component could result in a “deemed” taxable exchange, causing you to recognize gain or loss (subject, in the case of loss, to the possible application of the “wash sale” rules) as if you had sold or exchanged the ETNs.

In addition, in 2007, Treasury and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments, such as the ETNs. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the exchange-traded status of the instruments; the nature of the underlying property to which the instruments are linked; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the ETNs, possibly with retroactive effect.

Tax Consequences if ETNs Are Treated as Debt Instruments

If the ETNs are treated as debt instruments issued by us, they will be governed by Treasury regulations relating to the taxation of contingent payment debt instruments. In that event, even if you are a cash-method taxpayer, in each year that you hold the ETNs you will be required to accrue into income “original issue discount” based on our comparable yield for similar non-contingent debt, determined as of the time of issuance of the ETNs, even though we will not make any payment with respect to the ETNs prior to maturity or earlier repurchase or redemption by us. In addition, any income recognized upon the sale, exchange or retirement of the ETNs will be treated as ordinary in character. Moreover, if you recognize a loss above certain thresholds, you could be required to file a disclosure statement with the IRS.

Tax Consequences to Non-U.S. Holders

You are a “non-U.S. holder” if, for U.S. federal income tax purposes, you are a beneficial owner of an ETN and are: (i) a nonresident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust. This discussion does not apply to a non-U.S. holder who is an individual present in the United States for 183 days or more in the taxable year of disposition. Such a non-U.S. holder should consult his or her tax adviser regarding the U.S. federal income tax consequences of the ownership and disposition of the ETNs.

Sale, Exchange or Retirement of the ETNs. Any gain from the sale, exchange or retirement of the ETNs should not be subject to U.S. federal withholding or income tax, unless such gain is effectively connected with your conduct of a trade or business in the United States, as described below.

Income Effectively Connected with a Trade or Business in the United States. If you are engaged in a trade or business in the United States, and income from the ETNs is effectively connected with your conduct of that trade or business (and, if an applicable treaty so requires, is attributable to a permanent establishment in the United States), you

generally will be taxed in the same manner as a U.S. holder. If this paragraph applies to you, you should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of the ETNs, including the possible imposition of a 30% branch profits tax if you are a corporation.

Additional Withholding Tax Considerations. Subject to the following paragraph, if the ETNs are treated as indebtedness, any income from the ETNs will not generally be subject to U.S. federal withholding or income tax if (i) you have provided a properly executed IRS Form W-8BEN and (ii) any income from the ETNs is not effectively connected with your conduct of a trade or business in the United States.

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Legislation enacted in 2010, as interpreted in proposed regulations (which are not yet effective) and other published guidance, generally imposes a withholding tax of 30% on payments made after December 31, 2013 to certain foreign entities (including financial intermediaries) with respect to certain “obligations” issued after December 31, 2012, unless various U.S. information reporting and due diligence requirements have been satisfied. The reporting and diligence requirements of the regime, which are in addition to, and potentially significantly more onerous than, the requirement to deliver an IRS Form W-8BEN, generally relate to determining whether interests in or accounts with such foreign entities are owned by U.S. persons. Pursuant to the proposed regulations, this legislation will apply to U.S.-source interest payments made after December 31, 2013 and, after December 31, 2014, to gross proceeds of dispositions of instruments that give rise to U.S.-source interest. This regime may also apply to a portion of gross proceeds of dispositions of other obligations of a foreign financial institution such as us. You should consult your tax adviser regarding the possible implications of this legislation for your investment in the ETNs.

As described above under “— Tax Consequences to U.S. Holders — Uncertainties Regarding Tax Treatment as Prepaid Financial Contracts,” in 2007 Treasury and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments, such as the ETNs. The notice focuses, among other things, on the degree, if any, to which income realized with respect to such instruments by non-U.S. persons should be subject to withholding tax. It is possible that any Treasury regulations or other guidance promulgated after consideration of these issues might require non-U.S. holders to accrue income, subject to withholding tax, over the term of the ETNs, possibly on a retroactive basis.

Information Reporting and Backup Withholding

You may be subject to information reporting in respect of your investment in the ETNs. You may also be subject to backup withholding at the rate specified in the Code on the amounts you receive from a sale, exchange or retirement of the ETNs unless you provide a correct taxpayer identification number or otherwise establish an exemption. If you are a non-U.S. holder and you provide a properly executed IRS Form W-8 appropriate to your circumstances, you will generally establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is furnished to the IRS.

PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We and RBS Holdings have appointed RBS Securities Inc. (“RBSSI”) as agent for any offering of the ETNs (which term includes the related guarantees).

We issued \$4,000,000 in face amount of the ETNs (equivalent to 160,000 ETNs) on the initial settlement date to be sold through RBSSI, an affiliate of ours. These ETNs and additional ETNs may be offered and sold from time to time, at a price that is higher or lower than the \$25.00 stated face amount, based on the indicative value of the ETNs at that time, by or through RBSSI, acting as principal or our agent, to investors and to dealers acting as principals for resale to investors. We will receive proceeds equal to 100% of the offering price of the ETNs issued and sold after the inception date. RBSSI may also receive a payment from us of a portion of the investor fee in consideration for its administrative role in the issuances and repurchases of the ETNs.

We have entered into an agreement with Pacer Financial, Inc. (“Pacer”) under which Pacer will receive a portion of the investor fee in consideration for its role in marketing the ETNs. The actual amount received by Pacer in a given year will depend on, among other things, the daily redemption value of ETNs then outstanding and the number and value of any other then outstanding securities issued by RBS NV or its affiliates and marketed by Pacer. The amount paid to Pacer is subject to limitations on the amount of compensation which may be paid to members of the Financial Industry Regulatory Authority (“FINRA”), such as Pacer.

We may deliver ETNs against payment therefor on a date that is greater than three business days following the date of sale of any ETNs. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to transact in ETNs that are to be issued more than three business days after the related trade date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Amounts paid to FINRA members, including RBSSI and Pacer, constituting underwriting compensation with respect to ETNs will not exceed 8% of the offering proceeds.

RBSSI’s address is RBS Securities Inc., 600 Washington Boulevard, Stamford, Connecticut 06901.

Conflicts of Interest

RBSSI is an affiliate of ours and RBS Holdings. RBSSI will conduct each offering of ETNs in compliance with the requirements of FINRA Rule 5121 regarding a FINRA member firm’s distribution of securities of an affiliate. Following the initial distribution of any of these ETNs, RBSSI may offer and sell those ETNs in the course of its business as broker-dealer. RBSSI may act as principal or agent in these transactions and will make any sales at varying prices related to prevailing market prices at the time of sale or otherwise. RBSSI may use this pricing supplement and the accompanying prospectus in connection with any of these transactions. RBSSI is not obligated to make a market in any of these ETNs and may discontinue any market-making activities at any time without notice.

RBSSI or an affiliate of RBSSI may enter into one or more hedging transactions with us in connection with this offering of ETNs. See “Use of Proceeds; Hedging” above.

Market-Making Transactions

Broker-dealers may make a market in the ETNs, although none of them are obligated to do so and any of them may stop doing so at any time without notice. This prospectus (as such term includes this pricing supplement and the

accompanying prospectus) may be used by such broker-dealers and our affiliates in connection with market-making transactions. In these transactions, broker-dealers may resell an ETN covered by this prospectus that they acquire from other holders after the original offering and sale of the ETNs, or they may sell an ETN covered by this prospectus in short sale transactions.

Broker-dealers and other persons are cautioned that some of their activities may result in their being deemed participants in the distribution of the ETNs in a manner that would render them statutory underwriters and subject them to the prospectus delivery and liability provisions of the Securities Act of 1933, as amended (the "Securities

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Act”). Among other activities, broker-dealers and other persons may make short sales of the ETNs and may cover such short positions by borrowing ETNs from us or our affiliates or by purchasing ETNs from us or our affiliates subject to our obligation to repurchase such ETNs at a later date. As a result of these activities, these market participants may be deemed statutory underwriters. If these activities are commenced, they may be discontinued at any time. A determination of whether a particular market participant is an underwriter must take into account all the facts and circumstances pertaining to the activities of the participant in the particular case, and the example mentioned above should not be considered a complete description of all the activities that would lead to designation as an underwriter and subject a market participant to the prospectus-delivery and liability provisions of the Securities Act. This prospectus will be deemed to cover any short sales of ETNs by market participants who cover their short positions with ETNs borrowed or acquired from us or our affiliates in the manner described above.

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BENEFIT PLAN INVESTOR CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Section 4975 of the Internal Revenue Code of 1986, (the “Code”), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include “plan assets” by reason of any such plan’s or arrangement’s investment therein (we refer to the foregoing collectively as “Plans”) and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans (“Non-ERISA Arrangements”) are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a “Similar Law”).

In addition to ERISA’s general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, i.e., “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (we refer to the foregoing collectively as “parties in interest”) unless statutory or administrative exemptive relief is available. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under Section 406 of ERISA and Section 4975 of the Code. We, and our current and future affiliates, including RBS Securities Inc., may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the ETNs should also consider whether such an investment might constitute or give rise to a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. For example, the ETNs may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief were available.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the ETNs, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of the ETNs and related lending transactions, provided that neither the issuer of the ETNs nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called “service provider exemption”). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the ETNs.

Each purchaser or holder of an ETN, and each fiduciary who causes any entity to purchase or hold an ETN, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such ETNs, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the ETNs on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its purchase, holding and subsequent disposition of such ETNs shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Each purchaser of an ETN will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the ETN does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the ETNs would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

The ETNs are contractual financial instruments. The financial exposure provided by the ETNs is neither a substitute or proxy for, nor is it intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the ETNs. The ETNs have not been designed and shall not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the ETNs.

Each purchaser or holder of any ETNs acknowledges and agrees that:

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- (i) the purchaser or purchaser's fiduciary has made and shall make all investment decisions for the purchaser and the purchaser has not and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser with respect to (A) the design and terms of the ETNs, (B) the purchaser's investment in the ETNs, or (C) the exercise, or failure to exercise, any rights we have under or with respect to the ETNs;
- (ii) we and our affiliates have and shall act solely for our own account in connection with (A) all transactions relating to the ETNs and (B) all hedging transactions in connection with our obligations under the ETNs;
- (iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of any investor;
- (iv) our interests may be adverse to the interests of any purchaser or holder; and
- (v) neither we nor any of our affiliates are fiduciaries or advisers of the purchaser or holder in connection with any such assets, positions or transactions and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the ETNs. We also refer you to the portions of the prospectus addressing restrictions applicable under ERISA, the Code and Similar Law.

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ANNEX A —
FORM OF OFFER FOR REPURCHASE

To: ETNUSCorpActions@rbs.com

Subject: RBS Gold Trendpilot™ Exchange Traded Notes (the “ETNs”)
CUSIP/ISIN: 78009L407 / US78009L4077

[BODY OF E-MAIL]

The undersigned hereby irrevocably elects to exercise the right to have The Royal Bank of Scotland N.V. repurchase the following ETNs as described in the pricing supplement relating to the ETNs dated March 23, 2012.

Name of holder: []
Number of ETNs to be repurchased: []*
Applicable valuation date: []**
Contact name: []
Telephone No.: []

Acknowledgement:

I acknowledge that the ETNs specified above will not be repurchased unless all of the requirements specified in the pricing supplement related to the ETNs are satisfied.

Questions regarding the repurchase requirements of your ETNs should be directed to ETNUSCorpActions@rbs.com.

* Unless the minimum repurchase amount has been reduced by RBS NV, the minimum repurchase amount is 20,000 ETNs.

** Subject to adjustment as described in the pricing supplement.

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ANNEX B —
FORM OF CONFIRMATION OF REPURCHASE

PART A: TO BE COMPLETED BY THE BENEFICIAL OWNER

Dated:

[insert date]

The Royal Bank of Scotland N.V. (“RBS NV”)

Fax: 1-203-873-3292

Re: RBS Gold Trendpilot™ Exchange Traded Notes (the “ETNs”)
CUSIP/ISIN: 78009L407 / US78009L4077

Ladies and Gentlemen:

The undersigned beneficial owner hereby irrevocably offers to RBS NV the right to repurchase the ETNs, as described in the pricing supplement dated March 23, 2012 relating to the ETNs (the “Pricing Supplement”), in the amounts and on the date set forth below.

Name of beneficial holder:

[insert name of beneficial owner]

The number of ETNs offered for repurchase. Unless the minimum repurchase amount has been reduced by RBS NV, you must offer at least 20,000 ETNs for repurchase at one time for your offer to be valid. The trading day immediately succeeding the date you offered your ETNs for repurchase will be the valuation date applicable to such repurchase.

[insert number of ETNs offered for repurchase by RBS NV]

Applicable valuation date:* , 20

Applicable repurchase date:* , 20

[insert a date that is three business days following the applicable valuation date]

Contact Name:

[insert the name of a person or entity to be contacted with respect to this Confirmation of Repurchase]

Telephone #:

[insert the telephone number at which the contact person or entity can be reached]

* Subject to adjustment as described in the pricing supplement.

My ETNs are held in the following DTC Participant's Account (the following information is available from the broker through which you hold your ETNs):

Name:
DTC Account Number
(and any relevant
sub-account):
Contact Name:
Telephone Number:

Acknowledgement: In addition to any other requirements specified in the Pricing Supplement being satisfied, I acknowledge that the ETNs specified above will not be repurchased unless (i) this Confirmation of Repurchase, as completed and signed by the DTC Participant through which my ETNs are held (the "DTC Participant"), is delivered to RBS NV, (ii) the DTC Participant has booked a "delivery vs. payment" ("DVP") trade on the applicable valuation date facing RBS NV, and (iii) the DTC Participant instructs DTC to deliver the DVP trade to RBS NV as booked for settlement via DTC at or prior to 10:00 a.m., New York City time, on the applicable repurchase date. I also acknowledge that if this Confirmation of Repurchase is received after 5:00 p.m., New York City time, on a business day, I will be deemed to have made this Confirmation of Repurchase on the following business day.

The undersigned acknowledges that RBS NV will not be responsible for any failure by the DTC Participant through which such undersigned's ETNs are held to fulfill the requirements for repurchase set forth above.

[Beneficial Holder]

PART B OF THIS NOTICE IS TO BE COMPLETED BY THE DTC PARTICIPANT IN WHOSE ACCOUNT THE ETNs ARE HELD AND DELIVERED TO RBS NV BY 5:00 P.M., NEW YORK CITY TIME, ON THE BUSINESS DAY IMMEDIATELY PRECEDING THE APPLICABLE VALUATION DATE

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PART B: TO BE COMPLETED BY BROKER

BROKER'S CONFIRMATION OF REPURCHASE

Dated:

[insert date]

The Royal Bank of Scotland N.V. ("RBS NV")

Re: RBS Gold Trendpilot™ Exchange Traded Notes (the "ETNs")
CUSIP/ISIN: 78009L407 / US78009L4077

Ladies and Gentlemen:

The undersigned holder of ETNs hereby irrevocably offers to RBS NV for repurchase, on the repurchase date of _____, * with respect to the number of the ETNs indicated below as described in the pricing supplement dated March 23, 2012 relating to the ETNs (the "Pricing Supplement"). Terms not defined herein have the meanings given to such terms in the Pricing Supplement.

The undersigned certifies to you that it will (i) book a delivery vs. payment trade on the applicable valuation date of _____, * with respect to the stated face amount of ETNs specified below at a price per ETN equal to the repurchase value, facing The Royal Bank of Scotland N.V., DTC #425 and (ii) deliver the trade as booked for settlement via DTC at or prior to 10:00 a.m., New York City time, on the repurchase date.

Very truly yours,

[NAME OF DTC PARTICIPANT HOLDER]

Contact Name:

Title:

Telephone:

Fax:

E-mail:

The number of ETNs offered for repurchase. Unless the minimum repurchase amount has been reduced by RBS NV, you must offer at least 20,000 ETNs for repurchase at one time for your offer to be valid. The trading day immediately succeeding the date you offered your ETNs for repurchase will be the valuation date applicable to such repurchase.

DTC # (and any relevant sub-account):

* Subject to adjustment as described in the Pricing Supplement.

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We have not authorized anyone to provide information other than contained in this pricing supplement and the accompanying prospectus with respect to the ETNs. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are offering to sell the ETNs and seeking offers to buy the ETNs only in jurisdictions where offers and sales are permitted. Neither the delivery of this pricing supplement nor 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 The Royal Bank of Scotland N.V. or RBS Holdings N.V. since the date of the pricing 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 ROYAL BANK OF SCOTLAND N.V.

RBS NotesSM

fully and unconditionally guaranteed by
RBS Holdings N.V.

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4,000,000 ETNs
RBS US Mid Cap TrendpilotTM
Exchange Traded Notes

PRICING SUPPLEMENT
DATED MARCH 23, 2012
(TO PROSPECTUS DATED
MARCH 23, 2012)

RBS Securities Inc.

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