

DEUTSCHE BANK AKTIENGESELLSCHAFT

Form FWP

February 10, 2015

Term Sheet

To product supplement ZZ dated September 28, 2012,

prospectus supplement dated September 28, 2012

prospectus dated September 28, 2012 and

prospectus addendum dated December 24, 2014

Deutsche Bank

Term Sheet No. 2353ZZ

Registration Statement No. 333-184193

Dated February 10, 2015; Rule 433

Structured
Investments

Deutsche Bank AG

\$ Capped Return Enhanced Notes Linked to the Performance of the U.S. Dollar Relative to the

Euro due March 2, 2016

General

- The notes are designed for investors who seek a return at maturity linked to the performance of the U.S. dollar (the “Underlying Currency”) relative to the Euro (the “Reference Currency”). If the Currency Performance, calculated as set forth below, is greater than zero, investors will receive at maturity a return on the notes equal to 2.00 times the Currency Performance, subject to a Maximum Return on the notes of 13.20%. If the Currency Performance is equal to zero, for each \$1,000 Face Amount of notes, investors will receive at maturity the Face Amount. However, if the Currency Performance is less than zero, investors will be fully exposed to the negative Currency Performance and, for each \$1,000 Face Amount of notes, will lose 1.00% of the Face Amount for every 1.00% the Currency Performance is negative. Investors should be willing to lose some or all of their investment if the Currency Performance is negative. The notes do not pay any coupons. Any payment on the notes is subject to the credit of the Issuer.
- A positive Currency Performance means the U.S. dollar has strengthened relative to the Euro. A Currency Performance of zero means the U.S. dollar remained unchanged relative to the Euro. A negative Currency Performance means the U.S. dollar has weakened relative to the Euro.
- Senior unsecured obligations of Deutsche Bank AG maturing March 2, 2016
- Minimum purchase of \$10,000. Minimum denominations of \$1,000 (“Face Amount”) and integral multiples thereof.
- The notes are expected to price on or about February 13, 2015 (the “Trade Date”) and are expected to settle on or about February 19, 2015 (the “Settlement Date”).

Key Terms

Issuer: Deutsche Bank AG, London Branch

Issue Price: 100% of the Face Amount

Underlying: U.S. dollar (“USD”)

Currency:

Reference: Euro (“EUR”)

Currency:

Upside Leverage: 2.00

Factor:

Maximum Return: 13.20%. The actual Maximum Return on the notes will be set on the Trade Date and will not be less than 13.20%. Accordingly, the maximum Payment at Maturity will not be less than \$1,132.00 per \$1,000 Face Amount of notes.

Payment at Maturity: · If the Currency Performance is greater than zero, you will receive a cash payment at maturity per \$1,000 Face Amount of notes calculated as follows:

$$\$1,000 + [\$1,000 \times \text{the lesser of (i) Currency Performance} \times \text{Upside Leverage Factor and (ii) Maximum Return}]$$

· If the Currency Performance is equal to zero, you will receive a cash payment at maturity equal to the Face Amount per \$1,000 Face Amount of notes.

· If the Currency Performance is less than zero, you will receive a cash payment at maturity per \$1,000 Face Amount of notes calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Currency Performance})$$

If the Currency Performance is less than zero, you will be fully exposed to the negative Currency Performance and, for each \$1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% the Currency Performance is negative. In this circumstance, you will lose some or all of your initial investment at maturity. Because the Currency Performance is calculated by dividing the difference between the Initial Spot Rate and the Final Spot Rate by the Initial Spot Rate, you will lose all of your initial investment if the Final Spot Rate is equal to or greater than 200.00% of the Initial Spot Rate. In no case will the payment at maturity be less than zero. Any payment at maturity is subject to the credit of the Issuer.

Currency
Performance:

The performance of the Underlying Currency from the Initial Spot Rate to the Final Spot Rate, calculated as follows:

$$\frac{\text{Initial Spot Rate} - \text{Final Spot Rate}}{\text{Initial Spot Rate}}$$

Because the Currency Performance is calculated by dividing the difference between the Initial Spot Rate and the Final Spot Rate by the Initial Spot Rate, the maximum positive Currency Performance will equal 100.00%. There is no comparable limit on the negative Currency Performance. The Currency Performance will be less than -100.00% if the Final Spot Rate is greater than 200.00% of the Initial Spot Rate. However, in no case will the Payment at Maturity be less than zero.

(Key Terms continued on next page)

Investing in the notes involves a number of risks. See “Risk Factors” beginning on page 2 of the accompanying prospectus addendum, “Risk Factors” beginning on page 8 of the accompanying product supplement and “Selected Risk Considerations” beginning on page 8 of this term sheet.

The Issuer’s estimated value of the notes on the Trade Date is approximately \$970.00 to \$990.00 per \$1,000 Face Amount of notes, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the Notes” on page 3 of this term sheet for additional information.

By acquiring the notes, you will be bound by, and deemed to consent to, the imposition of any Resolution Measure (as defined below) by our competent resolution authority, which may include the write down of all, or a portion, of any payment on the notes. If any Resolution Measure becomes applicable to us, you may lose some or all of your investment in the notes. Please see “Resolution Measures” on page 4 of this term sheet for more information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this term sheet or the accompanying product supplement, prospectus supplement, prospectus or prospectus addendum. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Fees(1)(2)	Proceeds to Issuer
Per note	\$1,000.00	\$10.00	\$990.00
Total	\$	\$	\$

(1) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC, which we refer to as JPMS LLC, or one of its affiliates will act as placement agents for the notes. The placement agents will forgo fees for sales to fiduciary accounts. The total fees represent the amount that the placement agents receive from sales to accounts other than such fiduciary accounts.

(2) Please see “Supplemental Plan of Distribution” in this term sheet for more information about fees.

The notes are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

JPMorgan
Placement Agent

February 10, 2015

(Key Terms continued from previous page)

Spot Rate: On any day of calculation, the Spot Rate will be the EUR/U.S dollar mid-spot rate at approximately 4:00 p.m. London time, as expressed as the number of U.S. dollars per one Euro, for settlement in two business days, reported by the W.M. Company, which appears on Bloomberg screen “WMC01” (or any successor screen) to the right of the caption “EUR” under the caption “MID” on such date of calculation.

A higher Spot Rate indicates a weakening of the U.S. dollar against the Euro, while a lower Spot Rate indicates a strengthening of the U.S. dollar against the Euro. Without limitation and in addition to any provisions in the accompanying product supplement, if the foregoing Spot Rate is unavailable (or is published in error), the Spot Rate may be selected by the calculation agent in good faith and in a commercially reasonable manner and/or the Averaging Dates may be postponed by up to five currency business days.

Initial Spot Rate: The Spot Rate on the Trade Date

Final Spot Rate: The arithmetic average of the Spot Rates on each of the five Averaging Dates

Trade Date²: February 13, 2015

Settlement Date²: February 19, 2015

Averaging Dates¹, February 22, 2016, February 23, 2016, February 24, 2016, February 25, 2016 and February 26, 2016

Maturity Date^{1, 2}: March 2, 2016

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

CUSIP / ISIN: 2515A1M73 / US2515A1M733

1 Subject to postponement as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

2 In the event that we make any change to the expected Trade Date or Settlement Date, the Averaging Dates and Maturity Date may be changed so that the stated term of the notes remains the same.

Issuer's Estimated Value of the Notes

The Issuer's estimated value of the notes is equal to the sum of our valuations of the following two components of the notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this term sheet) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Resolution Measures

On May 15, 2014, the European Parliament and the Council of the European Union published a directive for establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the “Bank Recovery and Resolution Directive”). The Bank Recovery and Resolution Directive requires each member state of the European Union to adopt and publish by December 31, 2014 the laws, regulations and administrative provisions necessary to comply with the Bank Recovery and Resolution Directive. Germany has adopted the Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, or “SAG”), which went into effect on January 1, 2015. SAG may result in the notes being subject to any Resolution Measure by our competent resolution authority if we become, or are deemed by our competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. By acquiring the notes, you will be bound by and deemed to consent to the provisions set forth in the accompanying prospectus addendum, which we have summarized below.

By acquiring the notes, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority. Under the relevant resolution laws and regulations as applicable to us from time to time, the notes may be subject to the powers exercised by our competent resolution authority to: (i) write down, including to zero, any payment (or delivery obligations) on the notes; (ii) convert the notes into ordinary shares or other instruments qualifying as core equity tier 1 capital; and/or (iii) apply any other resolution measure, including (but not limited to) any transfer of the notes to another entity, the amendment of the terms and conditions of the notes or the cancellation of the notes. We refer to each of these measures as a “Resolution Measure.”

Furthermore, by acquiring the notes, you:

- are deemed irrevocably to have agreed, and you will agree: (i) to be bound by any Resolution Measure; (ii) that you will have no claim or other right against us arising out of any Resolution Measure; (iii) and that the imposition of any Resolution Measure will not constitute a default or an event of default under the notes, under the senior indenture dated November 22, 2006 among us, Law Debenture Trust Company of New York, as trustee, and Deutsche Bank Trust Company Americas, as issuing agent, paying agent, authenticating agent and registrar, as amended and supplemented from time to time (the “Indenture”), or for the purpose of the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”);
- waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the paying agent for, agree not to initiate a suit against the trustee and the paying agent in respect of, and agree that neither the trustee nor the paying agent will be liable for, any action that the trustee or the paying agent takes, or abstains from taking, in either case in accordance with the imposition of a Resolution Measure by our competent resolution authority with respect to the notes; and
- will be deemed irrevocably to have (i) consented to the imposition of any Resolution Measure as it may be imposed without any prior notice by the competent resolution authority of its decision to exercise such power with respect to the notes and (ii) authorized, directed and requested The Depository Trust Company (“DTC”) and any participant in DTC or other intermediary through which you hold such notes to take any and all necessary action, if required, to implement the imposition of any Resolution Measure with respect to the notes as it may be imposed, without any further action or direction on your part or on the part of the trustee, paying agent, issuing agent, authenticating agent, registrar or calculation agent.

This is only a summary, for more information please see the accompanying prospectus addendum dated December 24, 2014, including the risk factor “The securities may be written down, be converted or become subject to other resolution

measures. You may lose part or all of your investment if any such measure becomes applicable to us” on page 2 of the prospectus addendum.

Additional Terms Specific to the Notes

You should read this term sheet together with product supplement ZZ dated September 28, 2012, the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these notes are a part, the prospectus dated September 28, 2012 and the prospectus addendum dated December 24, 2014. You may access these documents on the website of the Securities and Exchange Commission (the “SEC”) at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Product supplement ZZ dated September 28, 2012:

http://www.sec.gov/Archives/edgar/data/1159508/000095010312005086/crt_dp33013-424b2.pdf

Prospectus supplement dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409437/d414995d424b21.pdf>

Prospectus dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409372/d413728d424b21.pdf>

Prospectus addendum dated December 24, 2014:

http://www.sec.gov/Archives/edgar/data/1159508/000095010314009034/crt_52088.pdf

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this term sheet, “we,” “us” or “our” refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

The trustee has appointed Deutsche Bank Trust Company Americas as its authenticating agent with respect to our Series A global notes.

This term sheet, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this term sheet and in “Risk Factors” in the accompanying product supplement and prospectus addendum, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the notes.

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this term sheet relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus addendum, prospectus supplement, product supplement and this term sheet if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. We will notify you in the event of any changes to the terms of the notes, and you will be asked to accept such changes in connection with your purchase of any notes. You may also choose to reject such changes, in which case we may reject your offer to purchase the notes.

What Are the Possible Returns on the Notes at Maturity, Assuming a Range of Hypothetical Performances for the Spot Rate?

The following table illustrates hypothetical returns at maturity on the notes. The hypothetical returns set forth below assume a Maximum Return on the notes of 13.20% and reflect the Upside Leverage Factor of 2.00. The actual Initial Spot Rate and Maximum Return will be determined on the Trade Date. The hypothetical returns set forth below are for illustrative purposes only. The actual return applicable to a purchaser of the notes will be based on the Final Spot Rate, which will be the arithmetic average of the Spot Rates on the specified Averaging Dates. The numbers appearing in the following table and examples may have been rounded for ease of analysis.

Currency Performance (%)	Payment at Maturity (\$)	Return on the Notes (%)
90.00%	\$1,132.00	13.20%
80.00%	\$1,132.00	13.20%
70.00%	\$1,132.00	13.20%
60.00%	\$1,132.00	13.20%
50.00%	\$1,132.00	13.20%
40.00%	\$1,132.00	13.20%
30.00%	\$1,132.00	13.20%
20.00%	\$1,132.00	13.20%
10.00%	\$1,132.00	13.20%
6.60%	\$1,132.00	13.20%
5.00%	\$1,100.00	10.00%
1.00%	\$1,020.00	2.00%
0.00%	\$1,000.00	0.00%
-1.00%	\$990.00	-1.00%
-5.00%	\$950.00	-5.00%
-10.00%	\$900.00	-10.00%
-20.00%	\$800.00	-20.00%
-30.00%	\$700.00	-30.00%
-40.00%	\$600.00	-40.00%
-50.00%	\$500.00	-50.00%
-60.00%	\$400.00	-60.00%
-70.00%	\$300.00	-70.00%
-80.00%	\$200.00	-80.00%
-90.00%	\$100.00	-90.00%
-100.00%	\$0.00	-100.00%
-110.00%	\$0.00	-100.00%

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments on the notes at maturity set forth in the table above are calculated.

Example 1: The Final Spot Rate is less than the Initial Spot Rate (the U.S. dollar strengthens relative to the Euro), resulting in a Currency Performance of 15.00%. Because the Currency Performance of 15.00% is greater than zero and the product of the Currency Performance and the Upside Leverage Factor is greater than the Maximum Return,

the investor receives the Maximum Return on the notes. Accordingly, the investor receives a Payment at Maturity of \$1,132.00 per \$1,000 Face Amount of notes, calculated as follows:

$$\begin{aligned} & \$1,000 + [\$1,000 \times \text{the lesser of (i) Currency Performance} \times \text{Upside Leverage Factor and (ii) Maximum Return}] \\ & \qquad \qquad \qquad \$1,000 + (\$1,000 \times 13.20\%) = \$1,132.00 \end{aligned}$$

Example 2: The Final Spot Rate is less than the Initial Spot Rate (the U.S. dollar strengthens relative to the Euro), resulting in a Currency Performance of 5.00%. Because the Currency Performance of 5.00% is greater than zero and the product of the Currency Performance and the Upside Leverage Factor is less than the Maximum Return, the investor receives a Payment at Maturity of \$1,100.00 per \$1,000 Face Amount of notes, calculated as follows:

$$\begin{aligned} & \$1,000 + [\$1,000 \times \text{the lesser of (i) Currency Performance} \times \text{Upside Leverage Factor and (ii) Maximum Return}] \\ & \qquad \qquad \qquad \$1,000 + (\$1,000 \times 5.00\% \times 2.00) = \$1,100.00 \end{aligned}$$

Example 3: The Final Spot Rate is equal to the Initial Spot Rate (the U.S. dollar remains unchanged relative to the Euro), resulting in a Currency Performance of zero. Because the Currency Performance is equal to zero, the investor receives a Payment at Maturity of \$1,000.00 per \$1,000 Face Amount of notes.

Example 4: The Final Spot Rate is greater than the Initial Spot Rate (the U.S. dollar weakens relative to the Euro), resulting in a Currency Performance of -30.00%. Because the Currency Performance of -30.00% is less than zero, the Currency Performance is negative and the investor receives a Payment at Maturity of \$700.00 per \$1,000 Face Amount of notes, calculated as follows:

$$\begin{aligned} & \$1,000 + (\$1,000 \times \text{Currency Performance}) \\ & \$1,000 + (\$1,000 \times -30.00\%) = \$700.00 \end{aligned}$$

Selected Purchase Considerations

- **CAPPED APPRECIATION POTENTIAL** — The notes provide the opportunity to enhance returns by multiplying a positive Currency Performance by the Upside Leverage Factor of 2.00, subject to the Maximum Return on the notes of 13.20%, resulting in a maximum Payment at Maturity of \$1,132.00 per \$1,000 Face Amount of notes. The actual Maximum Return on the notes will be set on the Trade Date and will not be less than 13.20%. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.
- **FULL DOWNSIDE EXPOSURE** — If the Currency Performance is less than zero, you will be fully exposed to the negative Currency Performance and, for each \$1,000 Face Amount of notes, will lose 1.00% of the Face Amount for every 1.00% the Currency Performance is negative. In this circumstance, you will lose some or all of your investment at maturity.
 - **EXPOSURE TO THE UNDERLYING CURRENCY RELATIVE TO THE REFERENCE CURRENCY** — The return on the notes, which may be positive, zero or negative, is linked to the performance of the U.S. dollar, which we refer to as the Underlying Currency, relative to the Euro, which we refer to as the Reference Currency, as described herein. Accordingly, the Currency Performance will increase as the Underlying Currency strengthens relative to the Euro, and will decrease as the Underlying Currency weakens relative to the Euro.
- **TAX CONSEQUENCES** — Due to the lack of direct legal authority, there is substantial uncertainty regarding the U.S. federal income tax consequences of an investment in the notes. In determining our responsibilities for information reporting and withholding, if any, we intend to treat the notes as prepaid financial contracts that are not debt, with the consequences described below. Our special tax counsel, Davis Polk & Wardwell LLP, has advised that while it believes this treatment to be reasonable, it is unable to conclude that it is more likely than not that this treatment will be upheld, and that other reasonable treatments are possible that could materially and adversely affect the timing and character of income or loss on your notes. If the notes are treated as prepaid financial contracts that are not debt, you should not recognize taxable income or loss prior to the taxable disposition of your notes (including at maturity). The remainder of this discussion assumes that the treatment of the notes as prepaid financial contracts that are not debt is respected, except where otherwise indicated.

Your gain or loss on the notes should be treated as ordinary income or loss under Section 988 of the Internal Revenue Code (the “Code”) unless, before the close of the day on which you acquire the notes, you make a valid election pursuant to the applicable Treasury regulations under Section 988 to treat such gain or loss as capital gain or loss (a “capital gain election”). Assuming that the notes are properly treated as prepaid financial contracts that are not debt, our special tax counsel believes that it is reasonable to treat the capital gain election as available and that, even if the notes are not so treated, there should be no adverse consequences as a result of having made a protective capital gain

election. However, because there is no direct legal authority addressing the availability of the capital gain election for instruments such as the notes, our special tax counsel is unable to conclude that it is more likely than not that the election is available.

To make the capital gain election (assuming it is available), you must, in accordance with the detailed procedures set forth in the regulations under Section 988, either (a) clearly identify the notes on your books and records on the day you acquire them as being subject to the election and file a prescribed statement verifying the election with your federal income tax return or (b) obtain “independent verification” of the election. Assuming that you are permitted to, and do, make the election, your gain or loss on the notes should be capital gain or loss and should be long-term capital gain or loss if at the time of maturity or disposition you have held the notes for more than one year. The deductibility of capital losses is subject to limitations. If you do not make a valid capital gain election, special reporting rules could apply if your ordinary losses under Section 988 exceed a specified threshold.

It is possible that the notes might be treated as “foreign currency contracts” under the mark-to-market regime of Section 1256 of the Code. If Section 1256 were to apply, you would be required to mark your notes to market at the

end of each year (i.e., recognize income or loss as if the notes had been sold for fair market value). Under this treatment, if applicable, gain or loss recognized on marking the notes to market and on the disposition of the notes would be ordinary in character absent a valid capital gain election (as described above). If the election is available and a valid election is made, gain or loss recognized on marking the notes to market and on maturity or disposition of the notes would be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss, without regard to how long you had held your notes.

In 2007, the U.S. Treasury Department and the Internal Revenue Service (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. The notice focuses in particular on whether beneficial owners of these instruments should be required 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 nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; 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 a notional 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 notes, possibly with retroactive effect.

In 2007, the IRS also released a revenue ruling holding that a particular financial instrument with some similarity to the notes is properly treated as a debt instrument denominated in a foreign currency. The notes are distinguishable from the instrument described in the revenue ruling, but if the reach of the revenue ruling were extended, it could materially and adversely affect the tax consequences for U.S. holders of an investment in the notes, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the notes.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the notes.

For a discussion of certain German tax considerations relating to the notes, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the notes (including the availability of the capital gain election, possible alternative treatments and the issues presented by the 2007 notice and ruling), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Currency. In addition to these selected risk considerations, you should review the “Risk Factors” sections of the accompanying product supplement and prospectus addendum.

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YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS — The notes do not pay any coupons and do not guarantee any return of your investment. The return on the notes at maturity is based on the Currency Performance and will depend on whether, and the extent to which, the Currency Performance is positive, zero or negative. If the Currency Performance is less than zero, you will be fully exposed to the negative Currency Performance and, for each \$1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% the Currency Performance is negative. In this circumstance, you will lose some or all of your investment in the notes. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.

- **YOUR MAXIMUM GAIN ON THE NOTES IS LIMITED TO THE MAXIMUM RETURN** — If the Currency Performance is greater than zero, for each \$1,000 Face Amount of notes, you will receive at maturity the Face Amount plus an additional amount that will not exceed the product of the Maximum Return and \$1,000 Face Amount of notes, regardless of the strengthening of the Underlying Currency relative to the Reference Currency, which may be significant. We refer to this percentage as the Maximum Return, which will be set on the Trade Date and will not be less than 13.20%. Accordingly, the maximum Payment at Maturity will not be less than \$1,132.00 per \$1,000 Face Amount of notes.

