

DEUTSCHE BANK AKTIENGESELLSCHAFT  
Form FWP  
October 09, 2014

October 2014  
Term Sheet No. 2225/A2†  
Registration Statement No. 333-184193  
Dated October 8, 2014  
Filed pursuant to Rule 433

## INTEREST RATE STRUCTURED INVESTMENTS

Callable Leveraged Steepener Notes due October 31, 2034

Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

Unless redeemed by us, the notes will pay interest quarterly in arrears for the first year at a fixed rate of 10.00% per annum and thereafter at a rate per annum equal to the product of (i) 4.5 and (ii) the value of the spread between the 30-Year Constant Maturity Swap (“CMS”) Rate and the 2-Year CMS Rate minus 0.25%, subject to the Maximum Interest Rate of 10.00% per annum and the Minimum Interest Rate of 0.00% per annum. After the first year, if the 30-Year CMS Rate does not exceed the 2-Year CMS Rate by more than 0.25% on any Interest Determination Date, you will receive no interest during the affected Interest Period. We have the right to redeem the notes, in whole but not in part, each year on October 31st\*, beginning on October 31\*, 2015. Therefore, the term of the notes could be as short as one year. The notes are senior unsecured obligations of Deutsche Bank AG. Any payment on the notes is subject to the credit of the Issuer.

### KEY TERMS

Issuer:	Deutsche Bank AG, London Branch
Aggregate Principal Amount:	\$
Principal Amount:	\$1,000
Issue Price:	At variable prices
Trade Date:	October , 2014
Settlement Date:	October 31*, 2014
Maturity Date:	October 31*, 2034
Payment at Maturity:	Unless the notes are redeemed earlier by us, you will receive on the Maturity Date a cash payment, for each \$1,000 Principal Amount of notes, of \$1,000 plus any accrued and unpaid interest. If the scheduled Maturity Date is not a Business Day, the Maturity Date will be the first following day that is a Business Day, but no adjustment will be made to the interest payment made on such following Business Day. Any payment at maturity is subject to the credit of the Issuer.
Interest Rate:	Interest will be paid quarterly in arrears at the applicable Interest Rate set forth below on each Interest Payment Date, based on an unadjusted 30/360 day count convention. Interest will no longer accrue or be payable following the relevant Redemption Date. <ul style="list-style-type: none"> <li>• For the first four Interest Periods from and including the Settlement Date to but excluding October 31*, 2015, the Interest Rate will be 10.00% per annum.</li> <li>• For each subsequent Interest Period, the applicable Interest Rate will be determined by the Calculation Agent on the relevant Interest Determination Date based on the following formula: <p style="text-align: center;">Interest Rate = Multiplier x (Spread – Fixed Percentage Amount), subject to the Maximum Interest Rate and the Minimum Interest Rate</p> After the first year, if the 30-Year CMS Rate does not exceed the 2-Year CMS Rate by more than 0.25% on any relevant Interest Determination Date, you will receive no interest on your notes for the relevant Interest Period, regardless of whether the Spread is greater than 0.25% during the relevant Interest Period. Furthermore, after the first year, the applicable Interest Rate will be subject to the Maximum Interest Rate of 10.00% per annum.</li> </ul>

(Key Terms continued on the next page)

† This second amended and restated term sheet amends and restates term sheet No. 2225/A in its entirety. We refer to this second amended and restated term sheet as “term sheet.”

Investing in the notes involves a number of risks. See “Selected Risk Considerations” beginning on page 7 in this term sheet.

Commissions and Issue Price:	Price to Public(1)	Maximum Discounts and Commissions(2)	Minimum Proceeds to Us
Per note:	At variable prices	\$35.00	\$965.00
Total:	At variable prices	\$	\$

(1) The notes will be offered from time to time in one or more negotiated transactions at variable prices to be determined at the time of each sale, which may be at market prices prevailing, at prices related to such prevailing prices or at negotiated prices; provided, however, that such price will not be less than \$970.00 or more than \$1,000.00 per \$1,000 Principal Amount of notes. See “Selected Risk Considerations — Variable Price Reoffering Risks.”

(2) Deutsche Bank Securities Inc. (“DBSI”) or one of our affiliates will pay varying discounts and commissions to dealers, including Morgan Stanley & Co. LLC (“MS & Co.”), of up to \$35.00 per \$1,000 Principal Amount of notes depending on market conditions. For more detailed information about discounts and commissions, please see “Supplemental Plan of Distribution (Conflicts of Interest)” in this term sheet.

DBSI, an agent for this offering, is our affiliate. For more information, see “Supplemental Plan of Distribution (Conflicts of Interest)” in this term sheet.

The Issuer’s estimated value of the notes on the Trade Date is approximately \$900.00 to \$930.00 per \$1,000 Principal 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.

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 prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.

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

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission (“SEC”) 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](http://www.sec.gov). Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement, underlying supplement and this term sheet if you so request by calling toll-free 1-800-311-4409.

You should read this term sheet together with the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these notes are a part and prospectus dated September 28, 2012, each of which can be accessed via the hyperlinks below.

Prospectus supplement:

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

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

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

**(Key Terms continued from previous page)**

Interest Period:	The period from (and including) an Interest Payment Date, or the Settlement Date in the case of the first Interest Period, to (but excluding) the following Interest Payment Date.
Interest Determination Date:	For each Interest Period commencing on or after October 31*, 2015, two U.S. Government Securities Business Days prior to the first day of such Interest Period.
Interest Payment Dates*:	The last calendar day of each January, April, July and October, beginning on January 31st, 2015 and ending on the Maturity Date. If any scheduled Interest Payment Date is not a Business Day, the interest will be paid on the first following day that is a Business Day, but no adjustment will be made to the interest payment made on such following Business Day.
Spread:	The 30-Year CMS Rate minus the 2-Year CMS Rate. See the “The CMS Rates” below for additional information on how the CMS Rates are calculated.
Maximum Interest Rate:	10.00% per annum
Minimum Interest Rate:	0.00% per annum
Multiplier:	4.5
Fixed Percentage Amount:	0.25%
Early Redemption at Issuer’s Option:	We may, in our sole discretion, redeem your notes in whole but not in part on any Redemption Date for an amount in cash, per \$1,000 Principal Amount of notes, equal to \$1,000 plus any accrued but unpaid interest to but excluding the applicable Redemption Date. If we decide to redeem the notes, we will give you notice not less than five (5) Business Days prior to the applicable Redemption Date. If the Redemption Date is not a Business Day, the Redemption Date will be the first following day that is a Business Day, but no adjustment will be made to the interest payment made on such following Business Day.
Redemption Dates:	October 31st* each year beginning on October 31*, 2015
Business Day:	Any day other than a day that is (i) a Saturday or Sunday, (ii) a day on which banking institutions generally in the City of New York or London, England are authorized or obligated by law, regulation or executive order to close or (iii) a day on which transactions in U.S. dollars are not conducted in the City of New York or London, England.
U.S. Government Securities Business Day:	Any day, other than a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.
CUSIP/ISIN:	25152RXF5 / US25152RXF53
Listing:	The notes will not be listed on any securities exchange.
Settlement:	

Delivery of the notes in book-entry form only will be made through  
The Depository Trust Company (“DTC”)

Selected dealer:

Morgan Stanley & Co. LLC

\* Expected. In the event that we make any change to the expected Settlement Date, the Maturity Date, the Redemption Dates and the Interest Payment Dates may be changed so that the stated term of the notes remains the same.

October 2014

Page 2

---

---

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

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 Principal Amount of the 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.

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

Additional Terms Specific to the Notes

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.

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 “Risk Factors” in the accompanying prospectus supplement and prospectus, 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.

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.

We are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where such offers and sales are permitted. Neither the delivery of this term sheet nor the accompanying prospectus supplement or prospectus nor any sale made hereunder implies that there has been no change in our affairs or that the information in this term sheet and accompanying prospectus supplement and prospectus is correct as of any date after the date hereof.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this term sheet and the accompanying prospectus supplement and prospectus and the purchase, offer or sale of the notes and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the agents shall have any responsibility therefor.

---

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

### Hypothetical Examples

The table and hypothetical examples set forth below illustrate how the interest payments on the notes are calculated after the first year using the Multiplier of 4.5, the Fixed Percentage Amount of 0.25%, the Maximum Interest Rate of 10.00% per annum and the Minimum Interest Rate of 0.00% per annum. The actual interest payments on the notes after the first year will be determined on the relevant Interest Determination Dates. For purposes of these examples, we have assumed that the notes are not being redeemed prior to the Maturity Date. The following results are based solely on the hypothetical examples cited below. You should consider carefully whether the notes are suitable to your investment goals. The numbers appearing in the table and examples below may have been rounded for ease of analysis.

30-Year CMS Rate	2-Year CMS Rate	Spread	Multiplier x (Spread – Fixed Percentage Amount)	Applicable Interest Rate (per annum)	Hypothetical Interest Payment (per \$1,000 Principal Amount of notes)
1.00%	1.75%	-0.75%	-4.50%	0.00%	\$0.00
2.35%	2.10%	0.25%	0.00%	0.00%	\$0.00
3.50%	1.85%	1.65%	6.30%	6.30%	\$15.75
5.50%	2.25%	3.25%	13.50%	10.00%	\$25.00

The following hypothetical examples illustrate how the hypothetical interest payments set forth in the table above are calculated.

Example 1: If on the Interest Determination Date for the relevant Interest Period the value of the 30-Year CMS Rate is 1.00% and the 2-Year CMS Rate is 1.75%, the Spread for the corresponding Interest Period would be -0.75% and the applicable Interest Rate would be 0.00%, calculated as follows:

$$\begin{aligned}
 \text{Interest Rate} &= \text{Multiplier} \times (\text{Spread} - \text{Fixed Percentage Amount}), \text{ subject to the Maximum Interest Rate and the Minimum Interest Rate} \\
 &= 4.5 \times (-0.75\% - 0.25\%), \text{ subject to the Maximum Interest Rate of 10.00\% and the Minimum Interest Rate of 0.00\%} \\
 &= -4.50\%, \text{ subject to the Minimum Interest Rate of 0.00\%} \\
 &= 0.00\%
 \end{aligned}$$

In this case, because the value of the Multiplier multiplied by the difference between the Spread and the Fixed Percentage Amount results in a per annum rate of -4.50%, which is less than the Minimum Interest Rate of 0.00%, the applicable Interest Rate for the corresponding Interest Period would be 0.00%, and you would receive no interest payment on the relevant Interest Payment Date.

Example 2: If on the Interest Determination Date for the relevant Interest Period the value of the 30-Year CMS Rate is 2.35% and the 2-Year CMS Rate is 2.10%, the Spread for the corresponding Interest Period would be 0.25% and the applicable Interest Rate would be 0.00%, calculated as follows:

Interest Rate = Multiplier x (Spread – Fixed Percentage Amount), subject to the Maximum Interest Rate and the Minimum Interest Rate  
= 4.5 x (0.25% – 0.25%), subject to the Maximum Interest Rate of 10.00% and the Minimum Interest Rate of 0.00%  
= 0.00%

In this case, because the difference between the Spread and the Fixed Percentage Amount is 0.00%, the applicable Interest Rate is equal to 0.00% and you will receive no interest payment on the relevant Interest Payment Date.

Example 3: If on the Interest Determination Date for the relevant Interest Period the 30-Year CMS Rate is 3.50% and the 2-Year CMS Rate is 1.85%, the Spread for the corresponding Interest Period would be 1.85% and the applicable Interest Rate would be 6.30%, calculated as follows:

Interest Rate = Multiplier x (Spread – Fixed Percentage Amount), subject to the Maximum Interest Rate and the Minimum Interest Rate  
= 4.5 x (1.85% – 0.25%), subject to the Maximum Interest Rate of 10.00% and the Minimum Interest Rate of 0.00%  
= 6.30%



---

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

In this case, because the value of the Multiplier multiplied by the difference between the Spread and the Fixed Percentage Amount results in a per annum rate of 6.30%, which is greater than the Minimum Interest Rate of 0.00% but less than the Maximum Interest Rate of 10.00%, the applicable Interest Rate would be 6.30% and you will receive an interest payment of \$15.75 per \$1,000 Principal Amount of notes on the relevant Interest Payment Date.

Example 4: If on the Interest Determination Date for the relevant Interest Period the 30-Year CMS Rate is 5.50% and the 2-Year CMS Rate is 2.25%, the Spread for the corresponding Interest Period would be 3.25% but the applicable Interest Rate for the corresponding Interest Period would nevertheless be only 10.00%, calculated as follows:

Interest Rate = Multiplier x (Spread – Fixed Percentage Amount), subject to the Maximum Interest Rate and the Minimum Interest Rate  
= 4.5 x (3.25% – 0.25%), subject to the Maximum Interest Rate of 10.00% and the Minimum Interest Rate of 0.00%  
= 13.50%, subject to the Maximum Interest Rate of 10.00%  
= 10.00%

In this case, because the value of the Multiplier multiplied by the difference between the Spread and the Fixed Percentage Amount results in a per annum rate of 13.50%, which is greater than the Maximum Interest Rate of 10.00%, the applicable Interest Rate would be 10.00% and you will receive an interest payment of \$25.00 per \$1,000 Principal Amount of notes on the relevant Interest Payment Date.

---

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

Selected Risk Considerations

An investment in the notes involves risks. This section describes the most significant risks relating to the notes. For a complete list of risk factors, please see the accompanying prospectus supplement and the accompanying prospectus.

§ After the first year, the notes are subject to interest payment risk based on the Spread — Investing in the notes is not equivalent to investing in securities directly linked to the CMS rates or the Spread. Instead, the applicable Interest Rate after the first year is equal to the product of (a) the Multiplier of 4.5 and (b) the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate minus the Fixed Percentage Amount of 0.25%, subject to the Maximum Interest Rate of 10.00% per annum and the Minimum Interest Rate of 0.00% per annum. Accordingly, the amount of interest payable on the notes is dependent on whether, and the extent to which, the Spread minus the Fixed Percentage Amount is greater than the Minimum Interest Rate and less than the Maximum Interest Rate. If, after the first year, the 30-Year CMS Rate does not exceed the 2-Year CMS Rate by more than 0.25% on any relevant Interest Determination Date, you will receive no interest on your notes for the relevant Interest Period, regardless of whether the Spread is greater than 0.25% during the relevant Interest Period. It is possible that the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate will stay below 0.25% for more than one Interest Determination Date, which means you will not receive any interest payment on your notes for a significant period of time. If the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate is equal to or less than 0.25% on every Interest Determination Date, you will not receive any interest payment on your notes after the first year. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.

§ In no event will the Interest Rate on the notes exceed the Maximum Interest Rate — The Maximum Interest Rate on the notes for the Interest Periods after the first year is limited to the Maximum Interest Rate of 10.00% per annum. Even if the product of (a) the Multiplier of 4.5 and (b) the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate minus the Fixed Percentage Amount of 0.25% is greater than the Maximum Interest Rate, the notes will bear interest for such Interest Period only at that rate. The Maximum Interest Rate may be lower than the interest rates for similar debt securities then prevailing in the market, which will adversely affect the value of your notes.

§ An investment in the notes may be riskier than an investment in notes with a shorter term — The notes have a term of twenty years, subject to our right to redeem the notes on October 31st each year, beginning on October 31, 2015. By purchasing notes with a longer term, you will have greater exposure to the risk that the value of the notes may decline due to such factors as inflation, rising interest rates and changes in the constant maturity swap (“CMS”) rate yield curve. If market interest rates rise during the term of the notes, the Interest Rate on the notes may be lower than the interest rates for similar debt securities then prevailing in the market. If this occurs, you will not be able to require the Issuer to redeem the notes and will, therefore, bear the risk of earning a lower return than you could earn on other investments until the Maturity Date and the risk that the value of your notes will decline.

§ The notes may be redeemed prior to the Maturity Date — We may, in our sole discretion, redeem the notes in whole but not in part on October 31st each year, beginning on October 31, 2015. We are more likely to redeem the notes during periods when interest on the notes is likely to accrue at a rate greater than what we would pay on a comparable debt security of ours with a maturity comparable to the remaining term of the notes. If we redeem the notes, you may not be able to reinvest your funds in another investment that provides a similar yield with a similar level of risk.

§

Variable price reoffering risks — We propose to offer the notes from time to time for sale to investors in one or more negotiated transactions, or otherwise, at market prices prevailing at the time of sale, at prices related to then-prevailing prices, at negotiated prices, or otherwise; provided, however, that such price will not be less than \$970.00 or more than \$1,000.00 per \$1,000 Principal Amount of notes. Accordingly, there is a risk that the price you pay for the notes will be higher than the prices paid by other investors based on the date and time you make your purchase, from whom you purchase the notes (e.g., directly from DBSI or through a broker or dealer), any related transaction cost (e.g., any brokerage commission), whether you hold your notes in a brokerage account, a fiduciary or fee-based account or another type of account and other market factors beyond our control.

§ The notes are subject to our creditworthiness — The notes are senior unsecured obligations of the Issuer, Deutsche Bank AG, and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the notes depends on the ability of Deutsche Bank AG to satisfy its obligations as they come due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking our credit risk will likely have an adverse effect on the value of the notes. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the notes, and in the event Deutsche Bank AG were to default on its obligations, you might not receive any amount(s) owed to you under the terms of the notes and you could lose your entire investment.

§ The Issuer's estimated value of the notes on the Trade Date will be less than the issue price of the notes — 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

---

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

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 is determined by reference to an internal funding rate and our pricing models. 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. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to purchase your notes or otherwise value your notes, that price or value may differ materially from the estimated value of the notes determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the notes in the secondary market.

§ If the CMS rates change, the value of your notes may not change in the same manner — Your notes may trade quite differently from the spread of the CMS rates. Changes in the spread of the CMS rates may not result in a comparable change in the value of your notes.

§ The Spread will be affected by a number of factors — After the first year, the amount of interest, if any, payable on the notes will depend primarily on the CMS rates and the Spread on the applicable Interest Determination Date. A number of factors can affect the Spread by causing changes in the relative values of the CMS rates including, but not limited to:

- o changes in, or perceptions about, future CMS rates;
- o general economic conditions;
- o prevailing interest rates; and
- o policies of the Federal Reserve Board regarding interest rates.

These and other factors may have adversely affect the return on the notes and the value of the notes.

§ Past performance of the CMS rates is no guide to future performance — The actual performance of the Spread over the term of the notes may bear little relation to the historical performance of the Spread and may bear little relation to the hypothetical return examples set forth elsewhere in this term sheet. We cannot predict the future performance of the Spread.

§ Assuming no changes in market conditions and other relevant factors, the price you may receive for your notes in secondary market transactions would generally be lower than both the issue price and the Issuer's estimated value of the notes on the Trade Date — While the payment(s) on the notes described in this term sheet is based on the full Principal Amount of your notes, 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 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 would 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.

In addition to the factors discussed above, the value of the notes and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. These changes may adversely affect the value of your notes, including the price you may receive in any secondary market transactions. Any sale prior to the Maturity Date could result in a substantial loss to you.

§ The notes are not designed to be short-term trading instruments — The price at which you will be able to sell your notes to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the Principal Amount of the notes. The potential returns described in this term sheet assume that your notes, which are not designed to be short-term trading instruments, are held to maturity.

§ The notes will not be listed and there will likely be limited liquidity — The notes will not be listed on any securities exchange. There may be little or no secondary market for the notes. We or our affiliates intend to act as market makers for the notes but are not required to do so and may cease such market making activities at any time. Even if there is a secondary market, it may not provide enough liquidity to allow you to sell the notes when you wish to do so or at a price advantageous to you. We expect that some dealers may act as market-makers for the notes they offer, but none of them is required to do so and they may cease such market-making activities at any time. If, at any time, we or our affiliates do not act as market

Callable Leveraged Steepener Notes due October 31, 2034  
Based on the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate

---

makers, it is likely that there would be little or no secondary market in the notes. If you have to sell your notes prior to maturity, you may not be able to do so or you may have to sell them at a substantial loss, even in cases where the Spread has increased since the Trade Date.

§ The value of the notes will be affected by a number of unpredictable factors — While we expect that, generally, the Spread between the 30-Year CMS Rate and the 2-Year CMS Rate will affect the value of the notes more than any other single factor, the value of the notes will also be affected by a number of other factors that may either offset or magnify each other, including: