

DEUTSCHE BANK AKTIENGESELLSCHAFT
Form FWP
August 07, 2015

ISSUER FREE WRITING PROSPECTUS NO. 2505B
Filed Pursuant to Rule 433
Registration Statement No. 333-206013
Dated August 7, 2015

§ Deutsche Bank AG Return Optimization Securities
Linked to the S&P 500[®] Index due on or about September 30, 2016

Investment Description

Return Optimization Securities (the “**Securities**”) are unsubordinated and unsecured obligations of Deutsche Bank AG, London Branch (the “**Issuer**”) with returns linked to the performance of the S&P 500 Index (the “**Index**”). If the Final Index Level is greater than the Initial Index Level, for each \$10.00 Face Amount of Securities, the Issuer will repay the Face Amount at maturity and pay a return on the Face Amount equal to 3.00 (the “**Multiplier**”) times the Index Return, up to the Maximum Gain of between 10.00% and 11.70% (the actual Maximum Gain will be determined on the Trade Date). If the Final Index Level is equal to the Initial Index Level, the Issuer will repay the Face Amount per \$10.00 Face Amount of Securities at maturity. However, if the Final Index Level is less than the Initial Index Level, you will be fully exposed to the negative Index Return and, for each \$10.00 Face Amount of Securities, the Issuer will pay you less than the Face Amount at maturity, resulting in a loss on the Face Amount that is proportionate to the percentage decline in the level of the Index. **Investing in the Securities involves significant risks. You may lose some or all of your initial investment. You will not receive dividends or other distributions paid on any stocks included in the Index. Any payment on the Securities is subject to the creditworthiness of the Issuer. If the Issuer were to default on its payment obligations or become subject to a Resolution Measure (as described on page 2), you might not receive any amounts owed to you under the terms of the Securities and you could lose your entire investment.**

Features Key Dates¹

Enhanced Growth Potential, Subject to Maximum Gain: At maturity, the Securities enhance any positive Index Return up to the Maximum Gain. In this circumstance, for each \$10.00 Face Amount of Securities, the Issuer will repay the Face Amount at maturity and pay a return on the Face Amount equal to the Multiplier times the Index Return, up to the Maximum Gain of between 10.00% and 11.70% (the actual Maximum Gain will be determined on the Trade Date). If the Final Index Level is less than the Initial Index Level, investors will be fully exposed to any decline in the level of the Index at maturity.

Full Downside Market Exposure: If the Final Index Level is equal to the Initial Index Level, the Issuer will repay the Face Amount per \$10.00 Face Amount of Securities at maturity. However, if the Final Index Level is less than the Initial Index Level, you will be fully exposed to the negative Index Return and, for each \$10.00 Face Amount of Securities, the Issuer will pay you less than the Face Amount at maturity, resulting in a loss on the Face Amount that is proportionate to the percentage decline in the level of the Index. You may lose some or all of your initial investment. **Any payment on the Securities is subject to the creditworthiness of the Issuer. If the Issuer were to default on its payment obligations or become subject to a Resolution Measure, you might not receive any amounts owed to you under the terms of the Securities and you could lose your entire investment.**

| | |
|-----------------------------------|--------------------|
| Trade Date | August 26, 2015 |
| Settlement Date | August 31, 2015 |
| Final Valuation Date ² | September 26, 2016 |
| Maturity Date ² | September 30, 2016 |

¹ Expected

² See page 4 for additional details

NOTICE TO INVESTORS: THE SECURITIES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT SECURITIES. THE ISSUER IS NOT NECESSARILY OBLIGATED TO REPAY THE FULL FACE AMOUNT OF SECURITIES AT MATURITY, AND THE SECURITIES HAVE DOWNSIDE MARKET RISK SIMILAR TO THE INDEX. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING AN OBLIGATION OF DEUTSCHE BANK AG. YOU SHOULD NOT PURCHASE THE SECURITIES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE SECURITIES. THE SECURITIES WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER “KEY RISKS” BEGINNING ON PAGE 5 OF THIS FREE WRITING PROSPECTUS AND UNDER “RISK FACTORS” BEGINNING ON PAGE 7 OF THE ACCOMPANYING PRODUCT SUPPLEMENT , PAGE PS-5 OF THE ACCOMPANYING PROSPECTUS SUPPLEMENT AND PAGE 12 OF THE ACCOMPANYING PROSPECTUS BEFORE PURCHASING ANY SECURITIES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR SECURITIES. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT IN THE SECURITIES.

Security Offering

We are offering Return Optimization Securities linked to the performance of the S&P 500[®] Index. The return on the Securities is subject to and limited by the Maximum Gain. The Initial Index Level and Maximum Gain will be determined on the Trade Date. The Securities are our unsubordinated and unsecured obligations and are offered for a minimum investment of 100 Securities at the price to public described below.

| Index | Initial Index Level | Maximum Gain | Multiplier | CUSIP/ ISIN |
|--|----------------------------|---------------------|-------------------|--------------------------|
| S&P 500 [®] Index (Ticker: SPX) | | 10.00% to 11.70% | 3.00 | 25190J584 / US25190J5847 |

See “Additional Terms Specific to the Securities” in this free writing prospectus. The Securities will have the terms specified in underlying supplement No. 1 dated August 3, 2015, product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these Securities are a part, the prospectus dated July 31, 2015 and this free writing prospectus.

The Issuer’s estimated value of the Securities on the Trade Date is approximately \$9.568 to \$9.768 per \$10.00 Face Amount of Securities, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the Securities” on the following page of this free writing prospectus for additional information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or passed upon the accuracy or the adequacy of this free writing prospectus or the accompanying underlying supplement No. 1, product supplement B, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense. The Securities are not bank deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. or foreign governmental agency or instrumentality.

| Offering of Securities | Price to Public | Discounts and Commissions⁽¹⁾ | Proceeds to Us |
|--|------------------------|--|-----------------------|
| Return Optimization Securities linked to the S&P 500® Index | | | |
| Per Security | \$10.00 | \$0.20 | \$9.80 |
| Total | \$ | \$ | \$ |

⁽¹⁾ For more information about discounts and commissions, please see “Supplemental Plan of Distribution (Conflicts of Interest)” on the last page of this free writing prospectus.

Deutsche Bank Securities Inc. (“**DBSI**”) is our affiliate. For more information, see “Supplemental Plan of Distribution (Conflicts of Interest)” on the last page of this free writing prospectus.

UBS Financial Services Inc. Deutsche Bank Securities

Issuer's Estimated Value of the Securities

The Issuer's estimated value of the Securities is equal to the sum of our valuations of the following two components of the Securities: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the Securities 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 Securities, 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 Securities. 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 Securities, reduces the economic terms of the Securities to you and is expected to adversely affect the price at which you may be able to sell the Securities 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 and dividend rates and mid-market levels of price and volatility of the assets underlying the Securities 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 Securities on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Securities. The difference between the Issue Price and the Issuer's estimated value of the Securities 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 Securities 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 Securities on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your Securities 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 Securities 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 Securities on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the Securities 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 Securities and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our Securities for use on customer account statements would generally be determined on the same basis. However, during the period of approximately six 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 Securities 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

Under the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, or “**Resolution Act**”), which became effective on January 1, 2015, the Securities may be 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. A “**Resolution Measure**” may include: (i) a write down, including to zero, of any payment (or delivery obligations) on the Securities; (ii) a conversion of the Securities into ordinary shares or other instruments qualifying as core equity tier 1 capital; and/or (iii) any other resolution measure, including (but not limited to) a transfer of the Securities to another entity, an amendment of the terms and conditions of the Securities or the cancellation of the Securities. By acquiring the Securities, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority as set forth in the accompanying prospectus dated July 31, 2015. *Please read the risk factor “The Securities may become subordinated to the claims of other creditors, be written down, be converted or become subject to other Resolution Measures. You may lose some or all of your investment if any such measure becomes applicable to us” in this free writing prospectus and see the prospectus for further information.*

Additional Terms Specific to the Securities

You should read this free writing prospectus, together with underlying supplement No. 1 dated August 3, 2015, product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these Securities are a part and the prospectus dated July 31, 2015. 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):

..

Underlying supplement No. 1 dated August 3, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006144/dp58384_424b2-us1.htm

..

Product supplement B dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006059/crt_dp58181-424b2.pdf

..

Prospectus supplement dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006048/crt-dp58161_424b2.pdf

..

Prospectus dated July 31, 2015:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312515273165/d40464d424b2.htm>

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this free writing prospectus relates. Before you invest in the Securities offered hereby, you should read these documents and any 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. Our Central Index Key, or CIK, on the SEC website is 0001159508. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement, product supplement, underlying supplement and this free writing prospectus if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the Securities 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 Securities prior to their issuance. We will notify you in the event of any changes to the terms of the Securities, and you will be asked to accept such changes in connection with your purchase of the Securities. You may also choose to reject such changes, in which case we may reject your offer to purchase the Securities.

References to “Deutsche Bank AG,” “we,” “our” and “us” refer to Deutsche Bank AG, including, as the context requires, acting through one of its branches. In this free writing prospectus, “Securities” refers to the Return Optimization Securities that are offered hereby, unless the context otherwise requires.

If the terms described in this free writing prospectus are inconsistent with those described in the accompanying underlying supplement, product supplement, prospectus supplement or prospectus, the terms described in this free writing prospectus shall control.

This free writing prospectus, together with the documents listed above, contains the terms of the Securities 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 “Key Risks” in this free writing prospectus and “Risk Factors” in the accompanying product supplement, prospectus supplement and prospectus, as the Securities 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 Securities.

Investor Suitability

The suitability considerations identified below are not exhaustive. Whether or not the Securities are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisers have carefully considered the suitability of an investment in the Securities in light of your particular circumstances. You should also review “Key Risks” on page 5 of this free writing prospectus and “Risk Factors” on page 7 of the accompanying product supplement, page 5 of the accompanying prospectus supplement and page 12 of the accompanying prospectus.

The Securities may be suitable for you if, among other considerations:

- .. You fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire investment.
- .. You can tolerate the loss of some or all of your investment and are willing to make an investment that has similar downside market risk as a hypothetical investment in the Index or in the stocks included in the Index.
- .. You believe that the level of the Index will increase over the term of the Securities and are willing to give up any increase in excess of the Maximum Gain.
- .. You understand and accept that your potential return is limited by the Maximum Gain and you would be willing to invest in the Securities if the Maximum Gain was set equal to the bottom of the range indicated on the cover hereof.
- ..

You can tolerate fluctuations in the value of the Securities prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Index.

.. You do not seek current income from this investment and are willing to forgo any dividends and any other distributions paid on the stocks included in the Index.

.. You are willing and able to hold the Securities to the Maturity Date, as set forth on the cover of this free writing prospectus, and accept that there may be little or no secondary market for the Securities.

.. You are willing and able to assume the credit risk of Deutsche Bank AG for all payments under the Securities, and understand that if Deutsche Bank AG defaults on its obligations or becomes subject to a Resolution Measure, you might not receive any amounts due to you, including any repayment of the Face Amount.

The Securities may *not* be suitable for you if, among other considerations:

.. You do not fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire investment.

.. You require an investment designed to guarantee a full return of the Face Amount at maturity.

.. You cannot tolerate the loss of any of your investment, or are unwilling to make an investment that has similar downside market risk as a hypothetical investment in the Index or in the stocks included in the Index.

.. You believe that the level of the Index will decline during the term of the Securities, or believe that the level of the Index will increase over the term of the Securities by more than the Maximum Gain.

.. You seek an investment that participates in the full increase in the level of the Index or that has unlimited return potential.

.. You would be unwilling to invest in the Securities if the Maximum Gain was set equal to the bottom of the range indicated on the cover hereof.

.. You cannot tolerate fluctuations in the value of the Securities prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Index.

.. You seek current income from this investment or prefer to receive any dividends or any other distributions paid on the stocks included in the Index.

.. You are unwilling or unable to hold the Securities to the Maturity Date, as set forth on the cover of this free writing prospectus, or seek an investment for which there will be an active secondary market.

.. You are unwilling or unable to assume the credit risk of Deutsche Bank AG for all payments under the Securities, including any repayment of the Face Amount.

Indicative Terms

| | |
|--------------------------------------|---|
| Issuer | Deutsche Bank AG, London Branch |
| Issue Price | 100% of the Face Amount of Securities |
| Face Amount | \$10.00 |
| Term | Approximately 13 months |
| Trade Date ¹ | August 26, 2015 |
| Settlement Date ¹ | August 31, 2015 |
| Final Valuation Date ^{1, 2} | September 26, 2016 |
| Maturity Date ^{1, 2} | September 30, 2016 |
| Index | S&P 500® Index (Ticker: SPX) |
| Multiplier | 3.00 |
| Maximum Gain | 10.00% to 11.70%. The actual Maximum Gain will be determined on the Trade Date. If the Index Return is positive , Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity equal to the Face Amount plus a return on the Face Amount equal to the Index Return <i>multiplied</i> by 3.00, subject to the Maximum Gain, calculated as follows: |

$$\$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain})$$

Payment at Maturity
(per \$10.00 Face
Amount of Securities)

If the Index Return is zero, Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity equal to the Face Amount.

If the Index Return is negative, Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity that is less than the Face Amount, calculated as follows:

$$\$10.00 + (\$10.00 \times \text{Index Return})$$

In this circumstance, you will lose some or all of your initial investment in an amount proportionate to the percentage decline in the level of the Index.

Index Return

Final Index Level – Initial Index Level

Initial Index Level

Initial Index Level

The closing level of the Index on the Trade Date

Final Index Level

The closing level of the Index on the Final Valuation Date

INVESTING IN THE SECURITIES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT. ANY PAYMENT ON THE SECURITIES IS SUBJECT TO THE CREDITWORTHINESS OF THE ISSUER. IF DEUTSCHE BANK AG WERE TO DEFAULT ON ITS PAYMENT OBLIGATIONS OR BECOME SUBJECT TO A RESOLUTION MEASURE, YOU MIGHT NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE SECURITIES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

¹ In the event that we make any changes to the expected Trade Date or Settlement Date, the Final Valuation Date and Maturity Date may be changed to ensure that the stated term of the Securities remains the same.

² Subject to postponement as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

Investment Timeline

**Trade
Date:**

The Initial Index Level is observed. The Maximum Gain is set.

The Final Index Level is determined and the Index Return is calculated on the Final Valuation Date.

If the Index Return is positive, Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity equal to the Face Amount plus a return on the Face Amount equal to the Index Return multiplied by 3.00, subject to the Maximum Gain, calculated as follows:

$\$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain})$

**Maturity
Date:**

If the Index Return is zero, Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity equal to the Face Amount.

If the Index Return is negative, Deutsche Bank AG will pay you a cash payment per \$10.00 Face Amount of Securities at maturity that is less than the Face Amount, calculated as follows:

$\$10.00 + (\$10.00 \times \text{Index Return})$

In this circumstance, you will lose some or all of your initial investment in an amount proportionate to the percentage decline in the level of the Index.

Key Risks

An investment in the Securities involves significant risks. Investing in the Securities is not equivalent to investing directly in the Index or in any of the stocks composing the Index. Some of the risks that apply to an investment in the Securities are summarized below, but we urge you to read the more detailed explanation of risks relating to the Securities generally in the “Risk Factors” sections of the accompanying product supplement, prospectus supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the Securities.

Your Investment in the Securities May Result in a Loss of Your Initial Investment — The Securities differ from ordinary debt securities in that Deutsche Bank AG will not necessarily pay you your initial investment in the Securities at maturity. The return on the Securities at maturity is linked to the performance of the Index and will depend on whether, and the extent to which, the Index Return is positive, zero or negative. If the Final Index Level is less than the Initial Index Level, you will be fully exposed to any negative Index Return and, for each \$10.00 Face Amount of Securities, Deutsche Bank AG will pay you less than the Face Amount at maturity, resulting in a loss on the Face Amount that is proportionate to the percentage decline in the level of the Index. *In this circumstance, you will lose some or all of your initial investment at maturity.*

Capped Appreciation Potential — If the Index Return is positive, you will receive at maturity only the Face Amount plus an amount equal to the lesser of (i) the Index Return times the Multiplier and (ii) the Maximum Gain. Your return on the Securities is subject to, and limited by, the Maximum Gain, regardless of any further increase in the level of the Index, which may be significant. As a result, the return on an investment in the Securities may be less than the return on a hypothetical direct investment in the Index.

The Multiplier Only Applies If You Hold the Securities to Maturity — You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, the return you realize may not reflect the full economic effect of the Multiplier or the Securities themselves and may be less than the Multiplier times the Index’s return even if such return is positive and does not exceed the Maximum Gain. You can receive the full benefit of the Multiplier, subject to the Maximum Gain, only if you hold the Securities to maturity.

No Coupon Payments — Deutsche Bank AG will not pay any coupon payments with respect to the Securities.

The Securities Are Subject to the Credit of Deutsche Bank AG — The Securities are unsubordinated and unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Securities, including any repayment of the Face Amount per \$10.00 Face Amount of Securities at maturity, 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 Deutsche Bank AG’s credit risk will likely have an adverse effect on the value of the Securities. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the Securities, and in

the event Deutsche Bank AG were to default on its obligations or become subject to a Resolution Measure, you might not receive any amount owed to you under the terms of the Securities and you could lose your entire investment.

The Securities May Become Subordinated to the Claims of Other Creditors, Be Written Down, Be Converted or Become Subject to Other Resolution Measures. You May Lose Some or All of Your Investment If Any Such Measure Becomes Applicable to Us — 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 required 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. To implement the Bank Recovery and Resolution Directive, Germany has adopted the Resolution Act, which became effective on January 1, 2015. The Resolution Act may result in the Securities being subject to the powers exercised by our competent resolution authority to impose a Resolution Measure on us, which may include: writing down, including to zero, any payment on the Securities; converting the Securities into ordinary shares or other instruments qualifying as core equity tier 1 capital; or applying any other resolution measure, including (but not limited to) transferring the Securities to another entity, amending the terms and conditions of the Securities or cancelling of the Securities. Furthermore, because the Securities are subject to any Resolution Measure, secondary market trading in the Securities may not follow the trading behavior associated with similar types of securities issued by other financial institutions which may be or have been subject to a Resolution Measure. Imposition of a Resolution Measure would have to be conducted in accordance with a set order of priority and would likely occur 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. We expect additional Resolution Measures to become applicable to us when the European regulation of July 15, 2014 relating to the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (commonly referred to as the “**SRM Regulation**”) becomes effective on January 1, 2016. On May 26, 2015, the German Federal Government published a draft bill of a Resolution Mechanism Act. . In addition to conforming German law to the SRM Regulation, the draft bill proposes to adjust the order of priority of obligations in the event of an insolvency proceeding. Specifically, senior unsecured debt instruments would by operation of law rank junior to all other outstanding unsecured unsubordinated obligations, but in priority to all contractually subordinated instruments. The proposed subordination would not apply if the terms of the senior unsecured debt instruments provide that (i) the repayment amount depends on the occurrence or non-occurrence of a future event, or will be settled in kind, or (ii) the interest amount depends on the occurrence or non-occurrence of a future event, unless it depends solely on a fixed or variable reference interest rate and will be settled in cash. The proposed order of priorities would apply to insolvency proceedings commenced on or after January 1, 2016. If the proposed subordination of senior unsecured debt instruments were enacted and were applied to the Securities, it would most likely result in a larger share of loss being allocated to the Securities in the event of an insolvency proceeding or the imposition of any Resolution Measures by the competent resolution authority. The final version of the Resolution Mechanism Act may provide for additional Resolution Measures that may become applicable to us. **You may lose some or all of your investment in the Securities if a Resolution Measure becomes applicable to us.**

By acquiring the Securities, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority. As a result, you would have no claim or other right against us arising out of any subordination or Resolution Measure and the imposition of any Resolution Measure will not constitute a default or an event of default under the Securities, under the senior indenture or for the purpose of the U.S. Trust Indenture Act of 1939, as amended. In addition, the trustee, the paying agent and The Depository Trust Company (“**DTC**”) and any participant in DTC or other intermediary through which you hold such Securities may take any and all

necessary action, or abstain from taking any action, if required, to implement the imposition of any Resolution Measure with

respect to the Securities. **Accordingly, you may have limited or circumscribed rights to challenge any decision of our competent resolution authority to impose any Resolution Measure.** *Please see the accompanying prospectus dated July 31, 2015, including the risk factors under the heading “Securities May Be Subject to Resolution Measures” on page 12 of the prospectus.*

The Issuer’s Estimated Value of the Securities on the Trade Date Will Be Less Than the Issue Price of the Securities — The Issuer’s estimated value of the Securities on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Securities. The difference between the Issue Price and the Issuer’s estimated value of the Securities 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 Securities 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 Securities 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 Securities, reduces the economic terms of the Securities to you and is expected to adversely affect the price at which you may be able to sell the Securities 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 Securities or otherwise value your Securities, that price or value may differ materially from the estimated value of the Securities 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 Securities in the secondary market.

Investing in the Securities Is Not the Same as Investing in the Index or the Stocks Composing the Index — The return on the Securities may not reflect the return you would realize on a hypothetical direct investment in the Index, the stocks composing the Index or a security linked directly to the uncapped performance of the Index. For instance, your return on the Securities is limited to the Maximum Gain regardless of any increase in the level of the Index, which could be significant.

If the Level of the Index Changes, the Value of the Securities May Not Change in the Same Manner — The Securities may trade quite differently from the level of the Index. Changes in the level of the Index may not result in comparable changes in the value of the Securities.

No Dividend Payments or Voting Rights — As a holder of the Securities, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the stocks composing the Index would have.

The Index Reflects the Price Return of the Stocks Composing the Index, Not Their Total Return Including All Dividends and Other Distributions — The return on the Securities is based on the performance of the Index, which reflects the changes in the market prices of the stocks composing the Index. It is not, however, linked to a “total return”

version of the Index, which, in addition to reflecting those price returns, would also reflect the reinvestment of all dividends and other distributions paid on the stocks composing the Index.

Past Performance of the Index Is No Guide to Future Performance — The actual performance of the Index may bear little relation to the historical closing levels of the Index, and may bear little relation to the hypothetical return examples set forth elsewhere in this free writing prospectus. We cannot predict the future performance of the Index or whether the performance of the Index will result in the return of any of your investment.

Assuming No Changes in Market Conditions and Other Relevant Factors, the Price You May Receive for Your Securities in Secondary Market Transactions Would Generally Be Lower Than Both the Issue Price and the Issuer's Estimated Value of the Securities on the Trade Date — While the payment(s) on the Securities described in this free writing prospectus is based on the full Face Amount of your Securities, the Issuer's estimated value of the Securities on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Securities. The Issuer's estimated value of the Securities on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your Securities 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 Securities 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 Securities on the Trade Date. Our purchase price, if any, in secondary market transactions would be based on the estimated value of the Securities 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 Securities and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our Securities for use on customer account statements would generally be determined on the same basis. However, during the period of approximately six 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 Securities 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.

In addition to the factors discussed above, the value of the Securities 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 Securities, 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 Securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Securities to maturity.

The Securities Will Not Be Listed and There Will Likely Be Limited Liquidity — The Securities will not be listed on any securities exchange. There may be little or no secondary market for the Securities. We or our affiliates intend to act as market makers for the Securities 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 Securities when you wish to do so or at a price advantageous to you. Because we do not expect other dealers to make a secondary market for the Securities, the price at which you may be able to sell your Securities is likely to depend on the price, if any, at which we or our affiliates are willing to buy the Securities. If, at any time, we or our affiliates do not act as market makers, it is likely that there would be little or no secondary market in the Securities. If you have to sell your

Securities 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 level of the Index has increased since the Trade Date.

Many Economic and Market Factors Will Affect the Value of the Securities — While we expect that, generally, the level of the Index will affect the value of the Securities more than any other single factor, the value of the Securities prior to maturity will also be affected by a number of other factors that may either offset or magnify each other, including:

- the expected volatility of the Index;
- the time remaining to the maturity of the Securities;
- the market prices and dividend rates of the stocks composing the Index;
- the composition of the Index;
- interest rates and yields in the market generally;
- geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the Index or the markets generally;
- supply and demand for the Securities; and
- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Potential Deutsche Bank AG Impact on Price — Trading or transactions by Deutsche Bank AG or its affiliates in the stocks composing the Index and/or in futures, over-the-counter options, exchange-traded funds or other instruments with returns linked to the performance of the Index or the stocks composing the Index may adversely affect the price of the stocks composing the Index, the level of the Index, and therefore the value of the Securities.

Trading and Other Transactions by Us, UBS AG or Our or Its Affiliates in the Equity and Equity Derivative Markets May Impair the Value of the Securities — We or our affiliates expect to hedge our exposure from the Securities by entering into equity and equity derivative transactions, such as over-the-counter options, futures or exchange-traded instruments. We, UBS AG or our or its affiliates may also engage in trading in instruments linked or related to the Index on a regular basis as part of our or its general broker-dealer and other businesses, for proprietary

accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Such trading and hedging activities may affect the level of the Index, and therefore make it less likely that you will receive a positive return on your investment in the Securities. It is possible that we, UBS AG or our or its affiliates could receive substantial returns from these hedging and trading activities while the value of the Securities declines. We, UBS AG or our or its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the Index. To the extent that we, UBS AG or our or its affiliates serves as issuer, agent or underwriter for such securities or financial derivative instruments, our, UBS AG's or our or its affiliates' interests with respect to such products may be adverse to those of the holders of the Securities. Introducing competing products into the marketplace in this manner could adversely affect the level of the Index and the value of the Securities. Any of the foregoing activities described in this paragraph may reflect trading strategies that differ from, or are in direct opposition to, investors' trading and investment strategies related to the Securities.

We, UBS AG or Our or Its Affiliates May Publish Research, Express Opinions or Provide Recommendations That Are Inconsistent with Investing in or Holding the Securities. Any Such Research, Opinions or Recommendations Could Adversely Affect the Level of the Index and the Value of the Securities — We, UBS AG or our or its affiliates may publish research from time to time on financial markets and other matters that could adversely affect the level of the Index and the value of the Securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any research, opinions or recommendations expressed by us, UBS AG or our or its affiliates may not be consistent with each other and may be modified from time to time without notice. You should make your own independent investigation of the merits of investing in the Securities and the Index.

Potential Conflicts of Interest — Deutsche Bank AG or its affiliates may engage in business with the issuers of the stocks composing the Index, which may present a conflict between Deutsche Bank AG and you, as a holder of the Securities. We and our affiliates play a variety of roles in connection with the issuance of the Securities, including acting as calculation agent, hedging our obligations under the Securities and determining the Issuer's estimated value of the Securities on the Trade Date and the price, if any, at which we or our affiliates would be willing to purchase the Securities from you in secondary market transactions. In performing these roles, our economic interests and those of our affiliates are potentially adverse to your interests as an investor in the Securities. The calculation agent will determine, among other things, all values, prices and levels required to be determined for the purposes of the Securities on any relevant date or time. The calculation agent will also be responsible for determining whether a market disruption event has occurred. Any determination by the calculation agent could adversely affect the return on the Securities.

The U.S. Federal Income Tax Consequences of an Investment in the Securities Are Uncertain — There is no direct legal authority regarding the proper U.S. federal income tax treatment of the Securities, 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 Securities are uncertain, and the IRS or a court might not agree with the treatment of the Securities as prepaid financial contracts that are not debt. If the IRS were successful in asserting an alternative treatment for the Securities, the tax consequences of ownership and disposition of the Securities could be materially and adversely affected. In addition, as described below under "What Are the Tax Consequences of an Investment in the Securities?", in 2007 the U.S. Treasury Department 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. 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 Securities, possibly with retroactive effect. You should review carefully the section of the accompanying product supplement entitled "U.S. Federal Income Tax Consequences," and consult your tax adviser regarding the U.S. federal tax consequences of an investment in the Securities (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any

state, local or non-U.S. taxing jurisdiction.

Scenario Analysis and Examples at Maturity

The following table and hypothetical examples below illustrate the Payment at Maturity per \$10.00 Face Amount of Securities for a hypothetical range of performances for the Index from -100.00% to +100.00%, reflect the Multiplier of 3.00 and assume an Initial Index Level of 1,000.00 and a Maximum Gain of 10.85% (the midpoint of the Maximum Gain range of 10.00% to 11.70%). The actual Initial Index Level and Maximum Gain will be determined on the Trade Date. The hypothetical Payment at Maturity examples set forth below are for illustrative purposes only and may not be the actual returns applicable to a purchaser of the Securities. The actual Payment at Maturity will be determined based on the Final Index Level on the Final Valuation Date. You should consider carefully whether the Securities are suitable to your investment goals. The numbers appearing in the table and in the examples below may have been rounded for ease of analysis.

| Final Index Level | Index Return (%) | Payment at Maturity (\$) | Return on Securities (%) |
|--------------------------|-------------------------|---------------------------------|---------------------------------|
| 2,000.00 | 100.00% | \$11.09 | 10.85% |
| 1,900.00 | 90.00% | \$11.09 | 10.85% |
| 1,800.00 | 80.00% | \$11.09 | 10.85% |
| 1,700.00 | 70.00% | \$11.09 | 10.85% |
| 1,600.00 | 60.00% | \$11.09 | 10.85% |
| 1,500.00 | 50.00% | \$11.09 | 10.85% |
| 1,400.00 | 40.00% | \$11.09 | 10.85% |
| 1,300.00 | 30.00% | \$11.09 | 10.85% |
| 1,200.00 | 20.00% | \$11.09 | 10.85% |
| 1,100.00 | 10.00% | \$11.09 | 10.85% |
| 1,050.00 | 5.00% | \$11.09 | 10.85% |
| 1,036.17 | 3.62% | \$11.09 | 10.85% |
| 1,025.00 | 2.50% | \$10.75 | 7.50% |
| 1,000.00 | 0.00% | \$10.00 | 0.00% |
| 900.00 | -10.00% | \$9.00 | -10.00% |
| 800.00 | -20.00% | \$8.00 | -20.00% |
| 700.00 | -30.00% | \$7.00 | -30.00% |
| 600.00 | -40.00% | \$6.00 | -40.00% |
| 500.00 | -50.00% | \$5.00 | -50.00% |
| 400.00 | -60.00% | \$4.00 | -60.00% |
| 300.00 | -70.00% | \$3.00 | -70.00% |
| 200.00 | -80.00% | \$2.00 | -80.00% |
| 100.00 | -90.00% | \$1.00 | -90.00% |
| 0.00 | -100.00% | \$0.00 | -100.00% |

Example 1 — The Final Index Level of 1,025.00 is greater than the Initial Index Level of 1,000.00, resulting in an Index Return of 2.50%. Because 3.00 times the Index Return of 2.50% is less than the Maximum Gain of 10.85%, Deutsche Bank AG will pay you 3.00 times the Index Return for a Payment at Maturity of \$10.75 per \$10.00 Face Amount of Securities, calculated as follows:

$\$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain})$

$\$10.00 + (\$10.00 \times (2.50\% \times 3.00)) = \$10.00 + \$0.750 = \10.750

Example 2 — The Final Index Level of 1,100.00 is greater than the Initial Index Level of 1,000.00, resulting in an Index Return of 10.00%. Because 3.00 times the Index Return of 10.00% is greater than the Maximum Gain of 10.85%, Deutsche Bank AG will pay you a Payment at Maturity of \$11.09 per \$10.00 Face Amount of Securities, calculated as follows:

$\$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain})$

$\$10.00 + (\$10.00 \times 10.85\%) = \$10.00 + \$1.085 = \11.085

Example 3 — The Final Index Level of 500.00 is less than the Initial Index Level of 1,000.00, resulting in an Index Return of

-50.00%. Because the Index Return is negative, Deutsche Bank AG will pay you less than your initial investment, resulting in a loss that is proportionate to the percentage decline in the level of the Index, and a Payment at Maturity of \$5.00 per \$10.00 Face Amount of Securities, calculated as follows:

$\$10.00 + (\$10.00 \times \text{Index Return})$

$\$10.00 + (\$10.00 \times -50.00\%) = \5.000

If the Final Index Level is less than the Initial Index Level on the Final Valuation Date, you will be fully exposed to any negative Index Return, and, for eac right to purchase a number of shares of our capital stock that the holder would have received as a dividend on Vishay capital stock had the holder exercised the Vishay warrants for Vishay capital stock immediately prior to the record date for the spin-off.

Shortly after the spin-off, we issued Class A Warrants and Class B Warrants to acquire shares of our common stock to the holders of the Vishay warrants, as required by the term of those warrants. We also entered into a Warrant Agreement with American Stock Transfer and Trust Company, as warrant agent, in substantially the same form as the warrant agreement for the Vishay warrants, dated December 13, 2002. The VPG Warrant Agreement was filed by VPG as an exhibit to our annual report on Form 10-K filed with the SEC on March 24, 2011.

The terms of the Warrants relating to the acquisition of our common stock are the same as the terms of the Vishay warrants, except that the exercise prices – \$26.56 for the Class A Warrants and \$40.23 for the Class B Warrants, in each case subject to further adjustments in accordance with the terms of the Warrants – were determined according to the following formula:

$$Es = Eo \times Ps / (Pp + (r \times Ps))$$

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where:

| | | |
|----|---|---|
| Es | = | is the exercise price per share of our common stock of the Warrants. |
| Eo | = | is the exercise price per share of the Vishay common stock of the relevant Vishay warrant immediately prior to adjustment for the spin-off. |
| Pp | = | is the average of the daily market prices of the Vishay common stock for the ten full consecutive trading days following the date on which the spin-off is consummated. |
| Ps | = | is the fair market value per share of our common stock. |
| r | = | is the number of our shares distributed pursuant to the spin-off in respect of each share of Vishay common stock. |

“Fair market value” for these purposes means the average daily market price of the shares of our common stock for the first ten consecutive trading days following the date on which the spin-off is consummated.

“Daily market price” for any trading day means the volume-weighted-average of the per share selling prices on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the relevant security is then listed or quoted.

The Warrant Agreement, to which the forms of Warrants are annexed, governs our Class A Warrants and Class B Warrants. The following summary description of the Warrants sets forth some general terms and provisions of the Warrants, but the summary does not purport to be complete and is qualified in all respects by reference to the actual text of the Warrants and the Warrant Agreement. As used below, the term “Warrants” refers to both our Class A Warrants and Class B Warrants.

Exercise

The Warrants may be exercised at any time until their expiration date on December 13, 2012. Each Warrant holder will be able to exercise the Warrants, in whole or in part, by delivering to us the certificate representing the Warrants, the exercise notice properly completed and executed and payment of the aggregate exercise price for the number of shares of our common stock as to which the Warrant is being exercised. We will not issue any fractional shares of our common stock and instead will pay a cash adjustment equal to the product resulting from multiplying the fractional amount by the daily market value of one share of our common stock on the trading day prior to the date the Warrant is exercised.

Exercise Price

The exercise price of the Warrants was determined as set forth above. The exercise price, and the number of shares of our common stock, or the amount and type of other securities or property issuable upon exercise, will be subject to adjustment in the manner provided in the Warrant Agreement in any of the following circumstances:

- if we declare a stock dividend, stock split or reverse stock split or if there is a reclassification or reorganization of our common stock or if we make distributions on our common stock payable in common stock; or
- if we issue any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock by reclassification of our common stock; distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock; distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of our common stock; or issue by means of a capital reorganization other securities of ours in lieu of or in addition to common stock; or
- if we distribute any rights, options or warrants to holders of our common stock at a price per share less than 90% of the daily market price of our common stock on the record date for the distribution; provided that if the exercise period is for a period of more than 60 days after the record date we will distribute the same rights, options or warrants to the Warrant holders on the record date as if the Warrant holders had exercised their Warrants immediately prior to the record date; or
- if any person or entity acquires us in a transaction in which we are merged with or into or consolidated with another person or entity, or if we sell or convey all or substantially all of our assets to another person or entity, in which case the holder of a Warrant, at the holder's election, will be entitled to receive either the kind and number of shares, securities, cash, assets or other property which the holder would otherwise have been entitled to receive had the holder exercised the Warrants before the transaction, or, subject to certain exceptions, the cash value of the option according to the Black-Scholes pricing model, or, if the acquirer is a reporting company under the Securities Exchange Act and is offering a combination of cash and shares, a Warrant exercisable for securities of the acquirer having an adjusted exercise price but otherwise having the same terms as our Warrant and cash; or
- if we make a distribution to all holders of our common stock consisting of the capital stock of one of our subsidiaries or other business units, similar to the spin-off

If we liquidate, dissolve or wind up our affairs, other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of our assets or a spin-off transaction, then the Warrants will expire at the close of business on the last full business day before the earliest record date fixed for the payment of any distributable amount on our common stock.

Transfer of Warrants

Each Warrant may be presented for transfer at any time on or prior to its expiration date. Any proposed transfer of the Warrants must be made pursuant either to an exemption from the registration requirements of the Securities Act or to an effective registration statement. The registration statement of which this prospectus is a part will be such a registration statement if and when it is declared effective. In addition, each transfer must be made in accordance with the applicable securities laws of any state of the United States or any other applicable jurisdiction. If the transfer of the Warrants is being made pursuant to an exemption from the registration requirements of the Securities Act, we may require that the Warrant holder deliver to us an agreement by the transferee to be bound by certain restrictions on transfer set forth in the Warrant agreement. We may also require an opinion of counsel that the transfer complies with applicable securities laws.

DESCRIPTION OF THE NOTES

In connection with the same acquisition in which Vishay issued its Class A Warrants and Class B Warrants, on December 13, 2002, Vishay issued \$105,000,000 in nominal (or principal) amount of its exchangeable floating rate unsecured exchangeable notes due 2102. In connection with the spin-off, we issued \$9.96 million in nominal (or principal) amount of exchangeable floating rate unsecured noted due 2102. The notes are governed by a note instrument made by the Company on July 21, 2010 and a put and call agreement dated as of July 21, 2010.

Interest

The Notes bear interest at LIBOR. Interest will be payable quarterly on March 31, June 30, September 30 and December 31 of each calendar year. Interest on any overdue amounts under the notes will be payable at the rate of 1% per annum over the otherwise applicable rate. If at any time ending on December 31, 2010, our common stock has a market value equal to or more than \$59.75 per share (referred to in the put and call agreement as the interest rate hurdle) for 30 or more consecutive trading days, then the rate of interest on the notes for all interest periods commencing on or after January 1, 2011 will be 50% of LIBOR.

Transfer

Other than in the case of transfers to affiliates, the Notes will only be transferable in a minimum nominal amount equal to the lesser of (i) \$2,000,000 and (ii) the total nominal amount of all Notes held by a transferor and its affiliates. Transfer of the Notes must be pursuant to an available exemption from registration under the Securities Act.

Exchange (Put and Call). The Notes are subject to a put and call agreement executed by us for the benefit of the holders of the Notes. A copy of the put and call agreement was filed as an exhibit to our annual report on Form 10-K filed with the SEC on March 24, 2011. The summary that follows does not purport to be complete and is qualified in all respects by reference to the actual text of the put and call agreement. In the event of any conflict between this description and the text of the put and call agreement, the text of the put and call agreement will govern. We urge you to read the text of the put and call agreement between us and the holders of the Class A warrants, Class B warrants and Notes, because that agreement, and not this summary, defines your rights and obligations as a Note holder with respect to the terms of that agreement.

Put. Under the put and call agreement, at any time until the maturity date of the Notes, a holder of the Notes will be able to exercise the right to require us to exchange the Notes for shares of our common stock at an exchange price of \$22.57 per share (the "Put/Call Price"), amounting to 441,176 shares of our common stock in the aggregate (subject to adjustment as described below). This is referred to as the "put" right. The put may be exercised with respect to the aggregate nominal amount of all Notes held by the holder or a portion of the nominal amount in integral multiples of \$2,000,000. The number of shares of our common stock issuable upon exercise of the put will equal (x) the nominal amount of the Notes for which the put is being exercised, divided by (y) the then-applicable put/call rate. To exercise the put with respect to a note, the holder will be required to surrender to the put/call agent the certificate or certificates representing the Notes to be exchanged together with a complete put exercise notice; deliver a form of transfer in specified form, executed by the holder with the name of the transferee left blank; and pay any transfer or similar tax required to be paid by the holder.

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We will not issue a fractional share of common stock upon exchange of a note. Instead, we will deliver cash for the fractional share equal to an amount determined by multiplying (i) such fractional share by (ii) the closing sale price of our common stock on the principal exchange or quotation system on which the common stock is then traded (or if there is no sale of the common stock reported on such trading day, the average of the low ask and high bid prices for the common stock on such trading day on the last trading day prior to the date the put is exercised and rounding the product to the nearest whole cent.

Call. Under the put and call agreement, at any time beginning on January 2, 2018 and ending 30 days before the maturity date of the Notes, we at our option will have the right to call all of the Notes in exchange for the issuance of shares of our common stock or cash at an exchange price of \$22.57 per share. This is referred to as the “call” right.

Upon exercise of the call, if our common stock has had a daily market price at or above the call target price then in effect for 20 or more out of 30 consecutive trading days at any time after the date the Notes are issued, we will issue to the holders of the Notes that number of shares of common stock equal to (x) the nominal amount of the Notes exchanged divided by (y) the put/call rate then in effect and pay to the holders an amount in cash equal to accrued but unpaid interest on the Notes. If the common stock has not had a daily market price at or above the call target price for 20 or more out of 30 consecutive trading days at any time after the date the Notes are issued, at our election, we will either (I) issue to the holders of the Notes a number of shares of our common stock equal to (x) the nominal amount of the Notes exchanged divided by (y) the average of the daily market prices for the ten trading days ending two trading days prior to the date that notice of the call is first sent to the holders, and pay to the holders an amount in cash equal to accrued but unpaid interest on the Notes; or (II) pay to the holders \$1.00 for each \$1.00 nominal amount of Notes subject to the call, plus cash equal to any accrued but unpaid interest to the date of the call.

We will not issue a fractional share of common stock upon exchange of a note, and instead will pay a cash amount determined as described above under the provisions governing the put right.

At least 30 days but not more than 60 days before the date of a call, we will be required to send a notice of redemption to the holders of the Notes.

Adjustments

The put/call rate, the interest rate hurdle and the call target price will be subject to adjustment in the manner provided in the put and call agreement in the following circumstances:

- if we declare a stock dividend, stock split, reverse stock split or if there is a reclassification or reorganization of our common stock or if we make distributions on our common stock payable in common stock; or
- if we issue any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock by reclassification of our common stock; distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock; distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of our common stock; or issue by means of a capital reorganization other securities of ours in lieu of or in addition to common stock; or
- if we distribute any rights, options or warrants to holders of our common stock at a price per share less than 90% of the daily market price of our common stock on the record date for the distribution; provided that if the exercise period is for a period of more than 60 days after the record date we will distribute the same rights, options or warrants to the holders of Notes on the record date as if the holders had exchanged their Notes immediately prior to the record date; or
- if any person or entity acquires us in a transaction in which we are merged with or into or consolidated with another person or entity, or if we sell or convey all or substantially all of our assets to another person or entity, in which case the acquirer will be required to provide a full and unconditional guarantee of the Notes, and the Notes will become exercisable for shares of the acquirer, on adjusted terms in accordance with the put and call agreement; provided that if the acquirer does not have common equity securities registered under the Securities Exchange Act or for whatever reason the acquirer cannot comply with the forgoing provisions or the acquirer otherwise so chooses, the Notes will be called in accordance with the call provisions described above immediately prior to the transaction; or
- if we make a distribution to all holders of our common stock consisting of the capital stock of one of our subsidiaries or other business units, similar to the spin-off.

If we liquidate, dissolve or wind up our affairs, other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of our assets or a spin-off transaction, then the right to exchange the Notes will expire at the close of business on the last full business day before the earliest record date fixed for the payment of any distributable amount on our common stock.

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES

The following discussion sets forth the material U.S. federal income tax consequences to holders, and U.S. estate tax consequences to non-U.S. Holders (defined below), relating to the ownership, exercise and disposition of our common stock and the Warrants described herein to purchase our common stock. The discussion which follows is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, administrative rulings and pronouncements and judicial decisions as of the date hereof, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences discussed in this document. We have not sought any ruling from the Internal Revenue Service ("IRS") or an opinion of counsel with respect to the federal tax consequences discussed in this prospectus, and there can be no assurance that the IRS or a court will not take a position contrary to the federal tax consequences discussed herein or that any contrary position taken by the IRS or a court would not be sustained.

The discussion below is for general information only and does not address the effects of any state, local or non-U.S. tax laws. In addition, the discussion below relates to persons who hold our common stock and Warrants to purchase our common stock as capital assets within the meaning of Section 1221 of the Code. This discussion does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special tax rules, such as: partnerships and other pass-through entities; insurance companies, tax-exempt organizations, expatriates, financial institutions, real estate investment trusts, regulated investment companies, dealers in securities or foreign currencies, holders whose functional currency is not the U.S. dollar; holders subject to the alternative minimum tax; or holders who hold our common stock and/or Warrants as part of a "straddle," "hedge," conversion transaction or other integrated transaction;.

Investors considering the purchase of common stock and/or Warrants should consult their own tax advisors with respect to the application of the U.S. federal income and estate tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction or under any applicable tax treaty.

As used in this section, a "U.S. Holder" means a beneficial owner of our common stock and/or Warrants that is, for U.S. federal income tax purposes:

- a citizen or resident of the U.S.;
- a corporation or an entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the U.S., any state thereof, or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. treasury regulations to be treated as a U.S. person.

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As used in this section, a non-U.S. Holder is a beneficial owner of our common stock and/or Warrants, other than a partnership, that is not a U.S. Holder.

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds the common stock and Warrants, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. Partners in a partnership holding common stock or Warrants should consult their tax advisors concerning the tax consequences based on their particular circumstances.

U.S. Holders

Warrants

A U.S. Holder that exercises his, her or its Warrants will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such exercise, except that any cash paid in lieu of issuing fractional shares will be treated as received in exchange for an applicable number of Warrant(s) or fraction thereof and the holder will recognize gain or loss on such exchange in the manner discussed below. A U.S. Holder's tax basis in our common stock acquired upon exercise of his, her or its Warrants will equal such holder's tax basis in his, her or its exercised Warrants (which, in the case of initial holders of Warrants, in general will equal their fair market value on the date of issuance to the initial U.S. Holder) plus the exercise price paid for such stock. The holding period for the common stock acquired upon exercise of Warrants will begin on the date the Warrants are exercised. If a U.S. Holder's Warrants expire unexercised, the holder will have a capital loss equal to his, her or its tax basis in its unexercised Warrants. The deductibility of capital losses, if any, realized on the expiration of unexercised Warrants may be subject to certain limitations.

Upon the sale, exchange or other taxable disposition of Warrants, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon the disposition and (ii) the U.S. holder's adjusted tax basis in the Warrants. Such capital gain or loss will be long-term if the U.S. Holder's holding period is more than one year. The deductibility of capital losses is subject to significant limitations.

The exercise price of our Warrants may be adjusted under certain circumstances. Section 305 of the Code treats certain actual or constructive distributions of stock with respect to stock or convertible securities as a distribution taxable as a dividend (to the extent of the issuer's current and accumulated earnings and profits as of the end of the taxable year in which the distribution occurs). Under applicable Treasury regulations, an adjustment to the exercise price of Warrants may, under certain circumstances, be treated as a constructive dividend under these rules to the extent it increases the proportional interest of a U.S. Holder in our fully diluted common stock, whether or not the holder ever exercises the Warrants into our common stock. Generally, a holder's tax basis in a Warrant will be increased by the amount of any constructive dividend. Similarly, a failure to adjust the conversion price of the Warrants to reflect a stock dividend or similar event could in some circumstances give rise to constructive dividend income to holders of our common stock.

Stock

If we make distributions on our common stock, those distributions generally will be treated as a dividend, subject to tax as ordinary income, to the extent of our current and accumulated earnings and profits as of the end of our taxable year in which the distribution occurs. Any excess will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in our common stock and thereafter as gain from the sale or exchange of that stock. Subject to applicable rules, U.S. Holders that are corporations may be eligible to claim a deduction equal to a portion of any distributions received treated as dividends. Dividends received by a non-corporate U.S. holder may be eligible for reduced rates of tax if the U.S. holder meets certain holding period and other applicable requirements.

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Upon the sale, exchange or other taxable disposition of our common stock, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon the disposition and (ii) the U.S. Holder's adjusted tax basis in the common stock or Warrants, as applicable. Such capital gain or loss will be long-term if the U.S. Holder's holding period is more than one year. The deductibility of capital losses is subject to significant limitations.

New Health Care Legislation

Recently enacted legislation will require certain U.S. Holders who are individuals, estates or trusts and whose income exceeds certain thresholds to pay a 3.8% Medicare tax on, among other things, dividends on and capital gains from the sale or other disposition of shares, subject to certain exceptions. This tax will apply for taxable years beginning after December 31, 2012. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common stock and Warrants.

Non-U.S. Holders

For purposes of the following discussion, dividends on our common stock and gain from the sale or other disposition of our common stock and/or Warrants will be considered to be "U.S. trade or business income" if such income or gain is (i) effectively connected with the conduct of a U.S. trade or business and (ii) in the case of a treaty resident, attributable to a permanent establishment in the United States.

Warrants

A non-U.S. Holder that exercises his, her or its Warrants will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such exercise (except that any cash paid in lieu of issuing fractional shares will be treated as received in exchange for an applicable number of Warrant(s) or fraction thereof). A non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain from the sale, exchange or other disposition of Warrants (other than gain that is treated as U.S. trade or business income) for the same reasons set forth below regarding the sale or disposition of common stock. See "Non-U.S. Holders--Stock" below. A non-U.S. Holder's basis and holding period in the Warrants and in common stock received upon exercise of the Warrants is computed in the same manner as a U.S. Holder would compute such items. See "U.S. Holders--Warrants" above.

The exercise price of our Warrants may be adjusted under certain circumstances. Section 305 of the Code treats certain actual or constructive distributions of stock with respect to stock or convertible securities as a distribution taxable as a dividend (to the extent of the issuer's current and accumulated earnings and profits as of the end of the taxable year in which the distribution occurs). Under applicable Treasury regulations, an adjustment to the exercise price of Warrants may, under certain circumstances, be treated as a constructive dividend under these rules to the extent it increases the proportional interest of a non-U.S. Holder in our fully diluted common stock, whether or not the holder ever exercises the Warrants into our common stock. Generally, a holder's tax basis in a Warrant will be increased by the amount of any constructive dividend. Similarly, a failure to adjust the conversion price of the Warrants to reflect a stock dividend or similar event could in some circumstances give rise to constructive dividend income to holders of our common stock. With respect to non-U.S. Holders, the deemed distribution would be subject to the rules below regarding withholding of U.S. federal tax on dividends in respect of common stock. See "Non-U.S. Holders--Stock" below. Because any constructive distribution would not give rise to any cash from which any applicable withholding tax could be satisfied, it is possible that this tax would be withheld from any amount owed to a non-U.S. Holder, including, but not limited to, cash or shares of common stock otherwise due on exercise of Warrants, dividends or sales proceeds subsequently paid or credited to such non-U.S. Holder.

Stock

If we make distributions on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, as of the end of our taxable year in which the distribution occurs.

In general, dividends paid to a non-U.S. Holder that are not U.S. trade or business income will be subject to withholding of U.S. federal income tax at a 30% rate unless such rate is reduced by an applicable income tax treaty. In order to obtain a reduced rate of withholding under an income tax treaty, a non-U.S. Holder generally will be required to provide a properly completed and executed IRS Form W-8 BEN (or successor form) to us or our paying agent, or similar appropriate documentation or substitute form, certifying the non-U.S. Holder's entitlement to benefits under an applicable income tax treaty. A non-U.S. Holder that is eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty generally may obtain a refund of any excess amounts withheld by filing an appropriate claim for a refund with the IRS.

Dividends that are U.S. trade or business income generally will not be subject to withholding of U.S. federal income tax if the non-U.S. Holder provides a properly completed and executed IRS Form W-8ECI (or successor form) to us or our paying agent, or similar appropriate documentation or substitute form, certifying that the dividends are U.S. trade or business income. Instead, dividends that are U.S. trade or business income generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. Any dividends that are U.S. trade or business income received by a non-U.S. Holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. Holder generally will not be subject to U.S. federal income tax on the sale or other disposition of our common stock unless:

- such gain is U.S. trade or business income, in which case the non-U.S. Holder would be taxed on the net gain derived from the sale or other disposition under the regular graduated U.S. federal income tax rates., and, in addition, a non-U.S. Holder that is a corporation may be subject to an additional "branch profits tax" at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty;
- the non-U.S. Holder is a non-resident alien individual who holds the common stock as a capital asset, is present in the United States for 183 days or more during the taxable year of the disposition, and certain other conditions are present, in which case such non-U.S. Holder generally will be subject to a flat 30% tax on the gain derived from the sale or other disposition of the common stock; or
- VPG is or has been a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code at any time during the shorter of the five-year period ending on the date of the sale or other disposition of the common stock or the period during which the non-U.S. Holder has held the common stock.

We believe that we have not been, are not currently, and are not likely to become in the future, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code. However, no assurance can be given that we will not be a "United States real property holding corporation" when a non-U.S. Holder sells his, her or its shares of our common stock. If we were to become a "United States real property holding corporation", a non-U.S. Holder would still not be subject to U.S. federal income tax on the sale or other disposition of the common stock if the shares of common stock are considered to be "regularly traded on an established securities market" within the meaning of Section 897(c)(3) of the Code and the non-U.S. Holder does not own, actually or constructively, at any time during the shorter of the periods described above, more than 5 percent of the outstanding shares of our common stock.

Federal Estate Tax

Our common stock or Warrants owned or treated as owned by an individual who is not a citizen or resident of the United States for U.S. federal estate tax purposes at the time of death (or our common stock or Warrants previously held by an individual who transferred the stock or Warrants subject to certain retained rights or powers) will be included in the individual's gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax, unless otherwise provided by an applicable estate tax treaty.

Backup Withholding and Information Reporting

Non-exempt U.S. Holders may be subject to information reporting with respect to payments of proceeds from the disposition of our common stock and dividends on our common stock. Non-exempt U.S. Holders who are subject to information reporting and who do not provide appropriate information when requested may be subject to backup withholding. U.S. Holders should consult their tax advisors.

In general, backup withholding and information reporting will not apply to the proceeds from the disposition of common stock paid to a non-U.S. Holder if the holder has provided the required certification that it is not a U.S. person. If a non-U.S. Holder fails to provide the required certification, proceeds from the disposition of common stock may be subject to backup withholding and information reporting in certain circumstances.

VPG must report annually to the IRS and to each non-U.S. Holder any dividend income that is subject to withholding, or that is exempt from U.S. withholding tax pursuant to a tax treaty. Copies of these information returns may also be made available, under the provisions of a specific treaty or agreement, to the tax authorities of the country in which the non-U.S. Holder resides. In general, backup withholding will not apply to dividends on common stock made by us or our paying agent, in its capacity as such, to a non-U.S. Holder if the holder has provided the required certification that it is not a U.S. person. If a non-U.S. Holder fails to provide the required certification, distributions on common stock may be subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to any holder will be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the requisite procedures are followed.

Recent Legislation Relating to Foreign Accounts

Recently enacted legislation imposes withholding taxes on certain types of payments made to "foreign financial institutions" and "non-financial foreign entities." The legislation imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, common stock paid to a foreign financial institution or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If the payee is a foreign financial institution, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. The legislation will apply to payments made after December 31, 2012. The 30% withholding tax may apply to proceeds from the sale or other disposition of the Warrants. Prospective investors should consult their tax advisors regarding this legislation.

SELLING SECURITYHOLDERS

The selling securityholders, including their transferees, pledgees, donees or successors may, from time to time, offer and sell the Warrants, the common stock issuable upon exercise of the Warrants, or the common stock issuable upon exchange of the Notes pursuant to this prospectus.

In December 2002, Vishay issued certain notes and warrants in connection with an acquisition of another company. Pursuant to the acquisition agreement and related agreements, Vishay agreed that if Vishay were to spin off a portion of its business while the notes and warrants were still outstanding, the Vishay notes and warrants would be adjusted and that the spun-off company would issue notes and warrants of its own to the then-holders of the Vishay notes and warrants. Accordingly, on July 6, 2010, in connection with our spin-off from Vishay, we issued the Class A Warrants, the Class B Warrants and the Notes. The selling securityholders may choose to exercise their Warrants to purchase shares of our common stock, or to exchange their Notes for shares of our common stock, at any time until such instruments terminate, in each case subject to the terms of the put and call agreement (with respect to the Notes) and warrant agreement (with respect to the Warrants).

Our registration of the resale of the Warrants and the common stock underlying the Notes and the Warrants does not necessarily mean that the selling securityholders will sell all or any of these securities.

The following table sets forth certain information as of June 16, 2011 concerning the Warrants and common stock of the selling securityholders.

We have assumed for purposes of the table below that the selling securityholders will exchange all of the Notes and exercise all of the Warrants owned and being offered under this prospectus. We have also assumed that the selling securityholders will sell all of the exchange shares and exercise shares. In addition, the selling securityholders identified below may have sold, transferred or otherwise disposed of all or a portion of their Notes or Warrants since the date on which they provided information regarding their securities in transactions exempt from the registration requirements of the Securities Act.

| Name (1) | Shares Issuable on Exchange of Notes (2) | Shares Issuable upon Exercise of Class A Warrants | Shares Issuable upon Exercise of Class B Warrants | Shares of Common Stock Beneficially Owned Before the Offering (3) | Shares of Common Stock Beneficially Owned After the Offering | Percentage |
|--|--|---|---|---|--|------------|
| Nomura Securities International, Inc. | - | 467,164 | 121,698 | 588,862 | - | - |
| European Private Equity Investors L.L.C. | - | 32,836 | 8,554 | 41,390 | - | - |
| UBS A.G., London Branch | 383,453 | - | - | 383,453 | - | - |
| NMS Services (Cayman) Inc. | 57,723 | - | - | 57,723 | - | - |

- (1) Information concerning any change to the selling securityholders will be set forth in prospectus supplements or post-effective amendments to the registration statement from time to time, if required.
- (2) Figures in this column assume that the selling securityholder will exchange in full the Notes held by them.
- (3) Figures in this column include the shares of common stock issuable upon exchange of the Notes or exercise of the Warrants.

None of the selling securityholders has had any position, office or other material relationship with VPG or any of our predecessors or affiliates within the past three years.

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Nomura Securities International, Inc. is a broker-dealer, and as a result, this selling securityholder is considered to be an underwriter within the meaning of the Securities Act.

European Private Equity Investors L.L.C. has made the following representation

- The selling securityholder will acquire the shares of common stock issuable upon exercise of the Warrants for resale of the shares in the ordinary course of business;
- The selling securityholder purchased the Warrants for resale in the ordinary course of business; and
- At the time of such purchase, the selling securityholder had no agreements or understandings, directly or indirectly, with any person to distribute any of the Warrants or the shares of common stock purchasable upon exercise of the Warrants.

In addition, each of NMS Services (Cayman) Inc., and UBS A.G., London Branch is an affiliate of a broker-dealer and each has made the following representations:

- The selling securityholder will acquire the shares of common stock issuable upon conversion of its Notes for resale of the shares in the ordinary course of business;
- The selling securityholders purchased the Notes for resale in the ordinary course of business; and
- At the time of its purchase of the Notes, the selling securityholder had no agreements or understandings, directly or indirectly, with any person to distribute any of the shares of common stock issuable upon conversion of the Notes.

Therefore, European Private Equity Investors L.L.C., NMS Services (Cayman) Inc., and UBS A.G., London Branch should not be considered underwriters within the meaning of the Securities Act.

For each of the selling securityholders, the natural persons who share voting and/or investment power over the shares offered by the selling securityholders are as follows:

UBS A.G., London Branch – Mr. Scott Saiers

PLAN OF DISTRIBUTION

The selling securityholders and their successors (which include their pledgees, donees, partnership distributees and other transferees receiving the Warrants, the Notes or common stock underlying the Notes or Warrants from the selling securityholders in non-sale transfers) may sell the Warrants and the common stock underlying the Notes and Warrants, in each case directly to purchasers or through broker-dealers or agents pursuant to this prospectus.

Underwriters, broker-dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling securityholders or the purchasers. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved.

The Warrants and the common stock underlying the Notes and the Warrants may be sold in one or more transactions:

- at fixed prices;
- at prevailing market prices at the time of sale;
- at varying prices determined at the time of sale; or
- at negotiated prices.

These sales may be effected in transactions, which may involve crosses or block transactions, in the following manner:

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- on any national securities exchange or quotation service on which the Warrants or the common stock underlying the Notes and the Warrants may be listed or quoted at the time of sale;
- in the over-the-counter market;

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- in transactions other than on these exchanges or services or in the over-the-counter market;
- through the writing and exercise of options, whether these options are listed on an options exchange or otherwise; or
- through the settlement of short sales.

If underwriters are used in the sale, the securities being sold will be acquired by the underwriters for their own account and distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Unless otherwise set forth in the prospectus supplement with respect of the securities being offered thereby, the obligations of the underwriters to purchase such securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all such securities if any of such securities are purchased. The initial public offering price of any securities and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If dealers are used in the sale, unless otherwise indicated in the prospectus supplement with respect to the securities being offered thereby, the selling securityholder will sell such securities to the dealers as principals.

The dealers may then resell such securities to the public at varying prices to be determined by such dealers at the time of resale.

Securities may also be sold through agents designated by the selling securityholder from time to time or directly by the selling securityholder. Any agent involved in the offering and sale of the securities under this prospectus will be named, and any commission payable by the selling securityholder to such agent will be set forth, in the prospectus supplement with respect to such securities. Unless otherwise indicated in the prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment.

Underwriters, dealers and agents who participate in the distribution of the securities may be entitled under agreements entered into with the selling securityholder to indemnification by the selling securityholder against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters, dealers or agents may be required to make in respect thereof.

Selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the Warrants or the common stock underlying the Notes and the Warrants and deliver these securities to close out short positions, short and deliver the Warrants and common stock underlying the Notes and the Warrants to close out short positions, or loan or pledge the Warrants or the common stock underlying the Notes and the Warrants to broker-dealers that in turn may sell these securities.

The aggregate proceeds to the selling securityholders from the sale of the Warrants or common stock underlying the Notes and the Warrants will be the purchase price of the Warrants or common stock less any discounts and commissions, if applicable. A selling securityholder reserves the right to accept and, together with their agents, to reject, any proposed purchase of Warrants or common stock to be made directly or through agents. We will not receive any of the proceeds from the resale of these securities by the selling securityholders. We may, however, receive cash consideration in connection with the exercise of the Warrants for cash.

In order to comply with the securities laws of some jurisdictions, if applicable, the holders of Warrants and the common stock underlying the Notes and the Warrants may sell in some jurisdictions through registered or licensed broker-dealers. In addition, under certain circumstances in some jurisdictions, the Warrants may need to be registered or qualified for sale or comply with an available exemption from the registration and qualification requirements of such jurisdiction.

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Our outstanding common stock is listed for trading on the New York Stock Exchange. There is no established trading market for the Warrants. We do not intend to list the Warrants for trading on any automated interdealer quotation system or national securities exchange.

The selling securityholders and any underwriters, broker-dealers or agents that participate in the sale of the Warrants and common stock underlying the Notes and the Warrants may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profits they earn on any resale of the Warrants or the shares of common stock underlying the Notes and the Warrants may be underwriting discounts and commissions under the Securities Act. We have advised the selling securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling securityholders and their affiliates.

To the extent required, this prospectus may be amended and/or supplemented from time to time to describe a specific plan of distribution.

In addition, any securities covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A under the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

If required, the Warrants or the common stock to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is a part.

Under the Master Separation Agreement, we agreed to register the Warrants and the common stock underlying the Notes and the Warrants with the SEC pursuant to terms and conditions set forth in the Vishay Registration Rights Agreement. In addition, the selling securityholders and we have agreed to indemnify each other and our respective controlling persons against, and in certain circumstances to provide contribution with respect to, specific liabilities in connection with the offer and sale of the Warrants and the common stock underlying the Notes and the Warrants, including liabilities under the Securities Act. We will pay the expenses incident to the registration of the Warrants and the common stock underlying the Notes and the Warrants, except that the selling securityholders will pay all underwriting discounts, commissions or fees attributable to the sale of the securities and will pay the costs of their own counsel.

LEGAL MATTERS

The validity of the Warrants and common stock underlying the Notes and the Warrants is being passed upon for us by Pepper Hamilton LLP.

EXPERTS

The combined and consolidated financial statements of Vishay Precision Group, Inc. appearing in Vishay Precision Group, Inc.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, have been audited by Ernst & Young LLP, our independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference. Such combined and consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any public offering document we file, including a copy of the registration statement on Form S-3 of which this prospectus is a part, without charge at the SEC’s Public Reference Room, 100 F Street, N.E., Washington D.C. 20549.

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You can also request copies of all or any portion of these documents by writing the Public Reference Section and paying certain prescribed fees. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Section. Additionally, these documents are available to the public from the SEC's web site at <http://www.sec.gov>. You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document.

Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering is completed:

- Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 24, 2011;
- Quarterly Report on Form 10-Q for the quarter ended April 2, 2011, filed on May 11, 2011;
- Current Reports on Form 8-K filed on March 21, 2011; June 6, 2011; and June 9, 2011; and
- The description of our common stock set forth in our Registration Statement on Form 10 filed on June 22, 2010, including any amendment or reports filed for the purpose of updating such description.

To receive a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents), write us at the following address or call us at the telephone number listed below:

Vishay Precision Group, Inc.
3 Great Valley Parkway, Suite 150
Malvern, Pennsylvania 19355
Attention: Senior Director of Legal Services
(484) 321-5300

VPG also maintains a web site at <http://www.vishaypg.com> through which you can obtain copies of documents that VPG has filed with the SEC. The contents of that site are not incorporated by reference in or otherwise a part of this prospectus.

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

VPG is paying all of the expenses related to this offering. The following table sets forth the approximate amount of fees and expenses payable by the VPG in connection with this Registration Statement and the distribution of the shares of the securities being registered hereby. The selling securityholders will bear all underwriting discounts, commissions or fees attributable to the sale of the registrable securities.

| | |
|---------------------------------|----------|
| SEC registration fee | \$2,000 |
| Legal fees and expenses | \$25,000 |
| Accounting fees and expenses | \$25,000 |
| Printing and engraving expenses | \$1,000 |
| Miscellaneous | \$1,000 |
| Total | \$54,000 |

Item 15. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

Our certificate of incorporation provides that every person who is or was a director, officer, employee or agent of the corporation shall be indemnified by the corporation against all judgments, payments in settlement, fines, penalties, and other reasonable costs and expenses resulting from any action, proceeding, investigation or claim which is brought or threatened by or in the right of our company or by anyone else by reason of such person being or having been a director, officer, employee or agent of us or any act or omission of such person in such capacity. In addition, we have entered into indemnification agreement with our directors and officers that reflect this obligation. Such indemnification shall be available either if such person is wholly successful in defending such action or if, in the judgment of a court or the board of directors or in the opinion of independent legal counsel, such person acted in good faith in what he reasonably believed to be in the best interests of the corporation and was not adjudged liable to the corporation, and, in any criminal action, had no reasonable cause to believe that his action was unlawful. In the case of a derivative action, such indemnification shall not be made other than in respect of a court-approved settlement or if, in the opinion of independent counsel, the person satisfied the standard of conduct specified in the prior sentence, the action was without substantial merit, the settlement was in the best interests of our company and the payment is permissible under applicable law. Directors may authorize the advancement of reasonable costs and expenses in connection with any such action to the extent permitted under Delaware law.

Our certificate of incorporation further provides that no director shall have any personal liability to us or to our stockholders for any monetary damages for breach of fiduciary duty, to the extent permitted under the Delaware General Corporation Law.

We expect to maintain between \$20 million and \$30 million of insurance to reimburse our directors and officers and the directors and officers of our subsidiaries, for charges and expenses incurred by them for wrongful acts claimed against them by reason of their being or having been directors or officers of our company or any of its subsidiaries. Such insurance specifically excludes any director or officer for any charge or expense incurred in connection with various designated matters, including libel or slander, illegally obtained personal profits, profits recovered by us pursuant to Section 16(b) of the Exchange Act and deliberate dishonesty.

Item 16. Exhibits

| Exhibit No. | Description |
|-------------|---|
| 4.1 | Warrant Agreement between Vishay Precision Group, Inc. and American Stock Transfer & Trust Co., dated as of July 21, 2010 (incorporated by reference to Exhibit 10.20 to our Annual Report on Form 10-K filed on March 24, 2011). |
| 4.2 | Note Instrument by Vishay Precision Group, Inc., dated as of July 21, 2010 (incorporated by reference to Exhibit 10.21 to our Annual Report on Form 10-K filed on March 24, 2011). |
| 5.1 | Opinion of Pepper Hamilton LLP regarding the legality of the Warrants and the shares of Vishay Precision Group, Inc. common stock registered hereunder dated as of May 24, 2011.** |
| 23.1 | Consent of Ernst & Young LLP.* |
| 23.2 | Consent of Pepper Hamilton LLP (included in Exhibit 5.1) |
| 24 | Power of Attorney (included on the signature page).** |

* Filed herewith.

** Previously filed.

Item 17. Undertakings

(a) The undersigned hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum aggregate offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b), if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the

securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

- (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant, pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Malvern, Commonwealth of Pennsylvania, on June 16, 2011.

VISHAY PRECISION GROUP, INC.

By: /s/ Ziv Shoshani
 Name: Ziv Shoshani
 Title: Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act, this registration statement and Power of Attorney have been signed by the following persons in the capacity and on the dates indicated.

| Signature | Title | Date |
|---|--|---------------|
| /s/ Ziv Shoshani Ziv Shoshani | Chief Executive Officer (Principal Executive Officer) | June 16, 2011 |
| /s/ William M. Clancy William M. Clancy | Executive Vice President & Chief Financial Officer (Principal Financial and Accounting Officer) | June 16, 2011 |
| * Marc Zandman | Director | June 16, 2011 |
| * Samuel Broydo | Director | June 16, 2011 |
| * Saul V. Reibstein | Director | June 16, 2011 |
| * Timothy V. Talbert | Director | June 16, 2011 |
| * By: /s/ Ziv Shoshani Ziv Shoshani, as attorney-in-fact | | June 16, 2011 |

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|-------------------------------|
| 23.1 | Consent of Ernst & Young LLP. |
