SECURITIES LITIGATION & CONSULTING GROUP

Structured Products Research Report

Report Prepared On: 01/29/13

Structured Product Details

Name	12-Month Phoenix Autocallable Securities linked to Halliburton Company
Issue Size	$7.44 million
Issue Price	$1,000
Term	12 Months
Annualized Coupon	18.30%
Pricing Date	April 13, 2012
Issue Date	April 18, 2012
Valuation Date	April 26, 2013
Maturity Date	May 1, 2013
Issuer	Deutsche Bank
CDS Rate	98.24 bps
Swap Rate	1.03%
Reference Asset	Halliburton Company's stock
Initial Level	$32.41
Dividend Rate	1.10%
Implied Volatility	38.60%
Fair Price at Issue	$975.94
CUSIP	2515A1JE2
SEC Link	www.sec.gov/Archives/edgar/data/1159508/000095010312001988/dp29986_424b2-1502bk.htm

12-Month Phoenix Autocallable Securities linked to Halliburton Company

Description

Deutsche Bank issued $7.44 million of 12-Month Phoenix Autocallable Securities linked to Halliburton Company on April 18, 2012 at $1,000 per note.

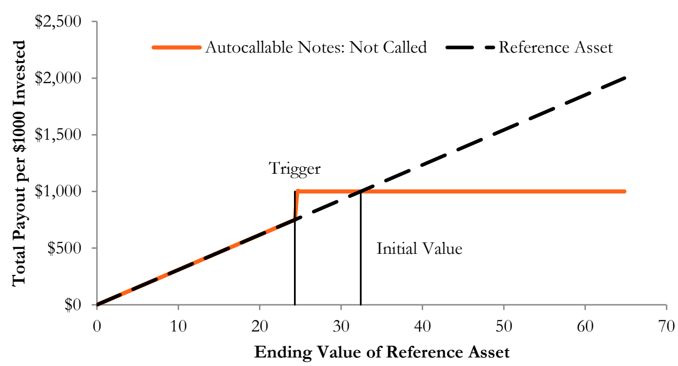
These 12-month notes are UBS-branded reverse convertible notes. On the quarterly coupon observation date, if the notes are not called back, they pay either quarterly coupon at an annualized rate of 18.30% if Halliburton Company's stock price closes above the coupon barrier $24.31, or no coupon if the stock price closes below the barrier. The first coupon observation date is July 26, 2012. This autocallable notes will be called back if the reference stock price on any quarterly call observation date after July 26, 2012 exceeds the initial stock price $32.41. In this case, investors receive the principal plus any unpaid coupons. At maturity, the notes convert into shares of the reference security—30.85 shares of Halliburton Company's stock in this case—if the market value of the reference stock at the note's maturity is below the trigger price $24.31 (75% of the reference asset on April 13, 2012). Otherwise, investors will receive the $1,000 face value.

Valuation

This note can be viewed as a combination of a zero-coupon note from Deutsche Bank, a series of contingent coupon payments, and a short put option on the reference asset. For reasonable valuation inputs this note was worth $975.94 per $1,000 face value when it was issued on April 18, 2012, including $988.33 for the present value of the zero-coupon note, ($87.97) for the short put options, and $75.58 for the present value of all future contingent coupon payments.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

Payoff Curve at Maturity



The payoff diagram shows the final payoff of this note given Halliburton Company's stock price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in Halliburton Company's stock directly.

Related Research

Research Papers:

www.slcg.com/research.php

- *"Are Structured Products Suitable for Retail Investors?"* December 2006.
- *"Structured Products in the Aftermath of Lehman Brothers,"* November 2009.
- *"What TiVo and JP Morgan Teach Us about Reverse Convertibles,"* June 2010.

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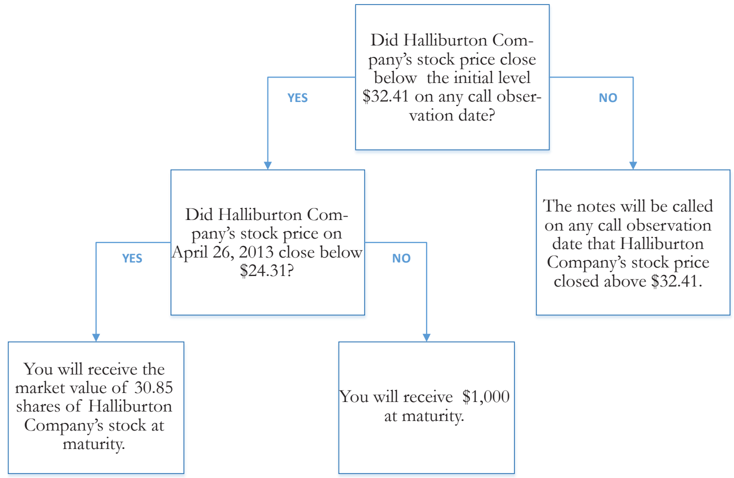
Principal Payback Table

Halliburton Company's Stock	Note Payoff
$0.00	$0.00
$3.24	$100.00
$6.48	$200.00
$9.72	$300.00
$12.96	$400.00
$16.21	$500.00
$19.45	$600.00
$22.69	$700.00
$25.93	$1,000.00
$29.17	$1,000.00
$32.41	**$1,000.00**
$35.65	$1,000.00
$38.89	$1,000.00
$42.13	$1,000.00
$45.37	$1,000.00
$48.62	$1,000.00

Maturity Payoff Diagram



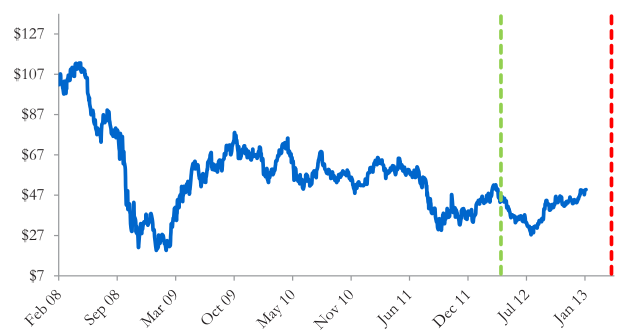
The contingent payoffs of this 12-Month Phoenix Autocallable Security.

Analysis

The 18.30% coupon rate on this 12-Month Phoenix Autocallable Security is higher than those paid by Deutsche Bank on its straight debts but, in addition to Deutsche Bank's credit risk, investors bear the risk that, 1) the note may be called; 2) the note may pay zero coupon because of the coupon contingency; 3) and the note will be converted into shares of Halliburton Company's stock when Halliburton Company's stock is worth substantially less than the face value of the note.

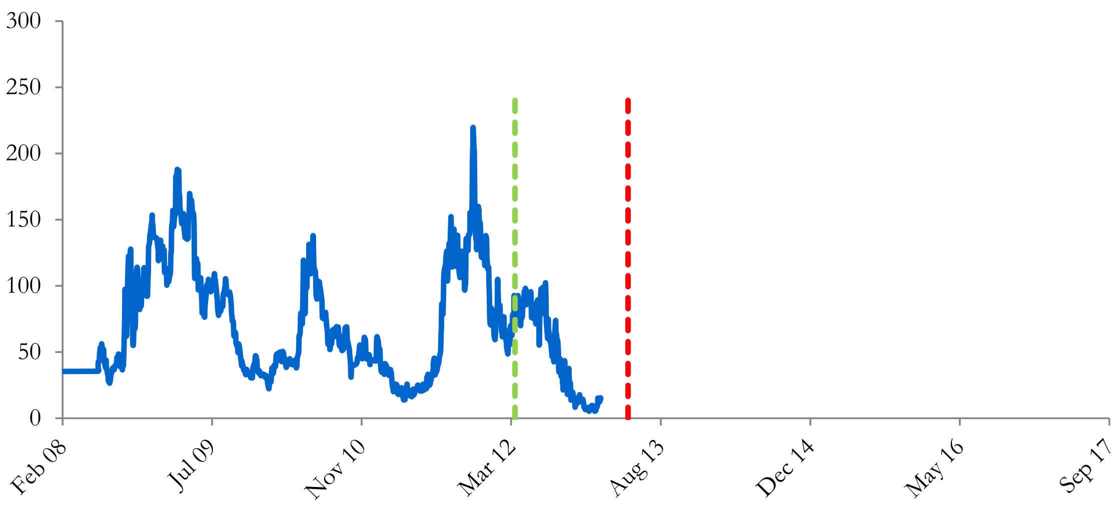
Investors purchasing these autocallable phoenix notes effectively sell contingent put options to Deutsche Bank and post the note's issue price as collateral to secure satisfaction of the investors' obligations under the option contracts. Deutsche Bank pays investors a contingent coupon that is part payment for the put options and part interest on the investors' posted collateral. This 12-Month Phoenix Autocallable Security is fairly priced if and only if the difference between the contingent coupon and interest paid on Deutsche Bank's straight debt equals the value of the contingent put options investors are giving to Deutsche Bank. Whether this 12-Month Phoenix Autocallable Security is suitable or not is identically equivalent to whether selling put options on the reference stock at the option premium being paid by Deutsche Bank was suitable for the investor.

Deutsche Bank's Stock Price



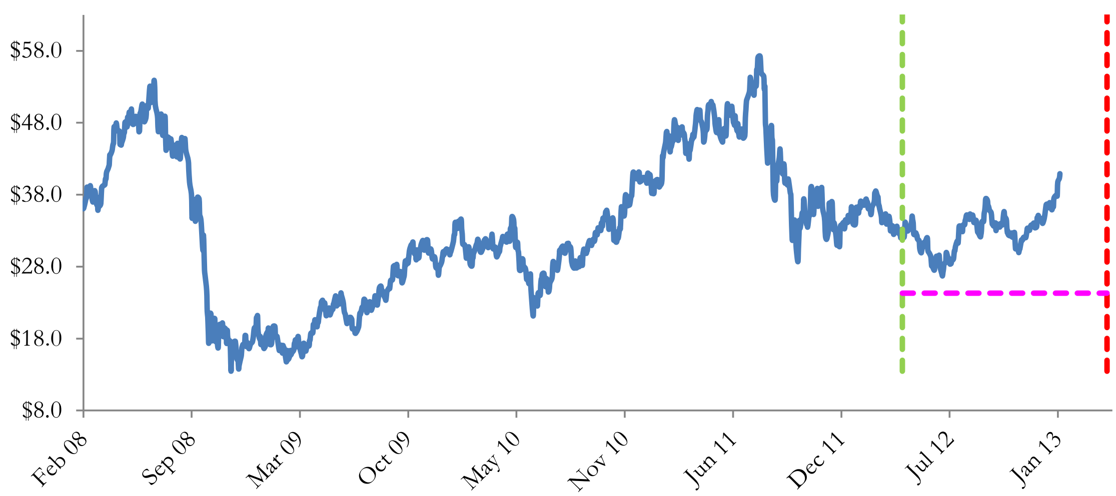
The graph above shows the adjusted closing price of the issuer Deutsche Bank for the past several years. The stock price of the issuer is an indication of the financial strength of Deutsche Bank. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

Deutsche Bank's CDS Rate



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Deutsche Bank. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of Deutsche Bank's debt, including outstanding 12-Month Phoenix Autocallable Security. Fluctuations in Deutsche Bank's CDS rate impact the market value of the notes in the secondary market.

Halliburton Company's Stock Price

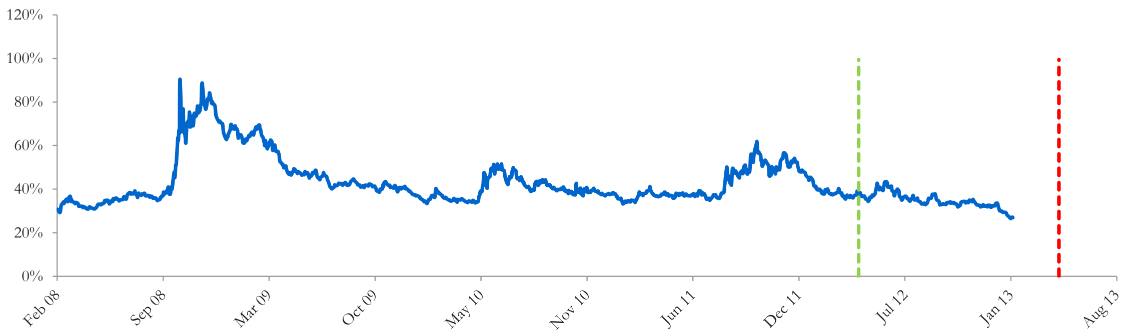


The graph above shows the historical levels of Halliburton Company's stock for the past several years. The final payoff of this note is determined by Halliburton Company's stock price at maturity. Higher fluctuations in Halliburton Company's stock price correspond to a greater uncertainty in the final payout of this 12-Month Phoenix Autocallable Security.

Realized Payoff

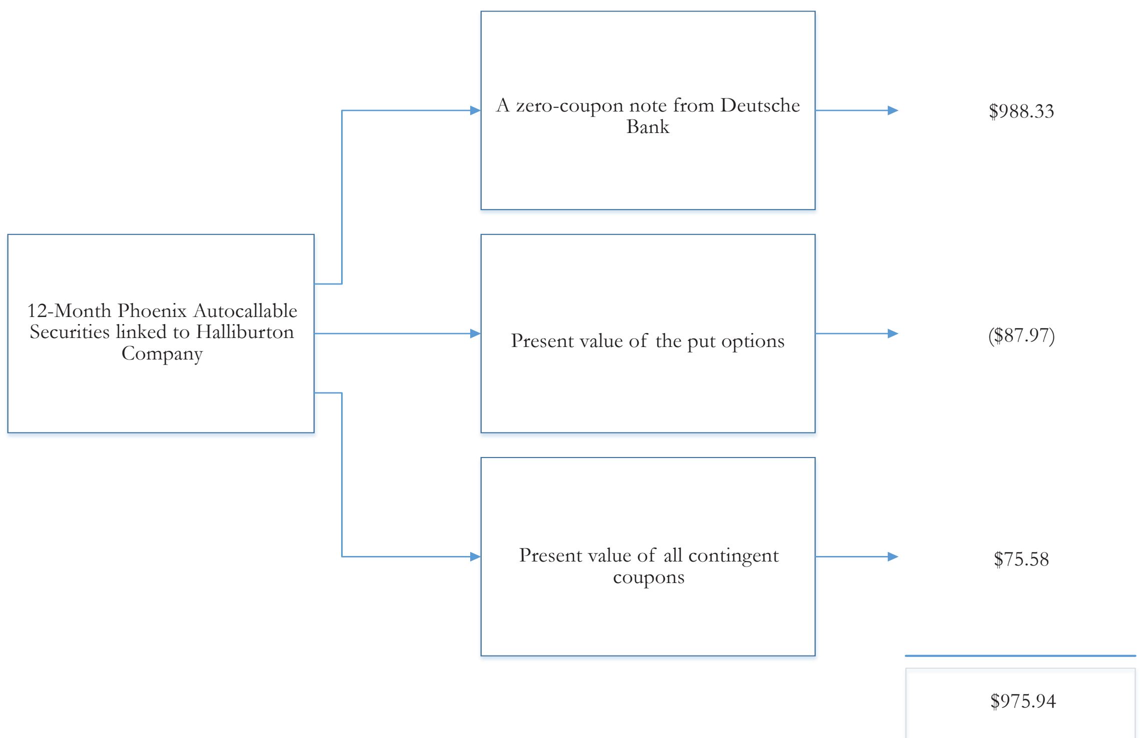
This note was early terminated on July 26, 2012 due to its automatic call feature. The Halliburton Company's stock price on July 26, 2012 was $32.56, higher than the initial level $32.41. Investors received $1,000 per note plus any unpaid coupons.

Reference Asset Halliburton Company's Stock's Implied Volatility



The annualized implied volatility of Halliburton Company's stock on April 13, 2012 was 38.60%, meaning that options contracts on Halliburton Company's stock were trading at prices that reflect an expected annual volatility of 38.60%. The higher the implied volatility, the larger the expected fluctuations of Halliburton Company's stock price and of the Note's market value during the life of the Notes.

Decomposition of this 12-Month Phoenix Autocallable Security



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this 12-Month Phoenix Autocallable Security.

1. Delta measures the sensitivity of the price of the note to the Halliburton Company's stock price on April 13, 2012.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the Halliburton Company's stock on April 13, 2012.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.