

PNM RESOURCES INC  
Form SC 13G/A  
February 06, 2013

CUSIP NO. 69349H107  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

PNM Resources, Inc.  
(Name of Issuer)

Common Stock, no par value  
(Title of Class of Securities)

69349H107

(CUSIP Number)

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December 31, 2012

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d 1(b)

Rule 13d 1(c)

Rule 13d 1(d)

\*The remainder of this cover page shall be filled out for a reporting person's

initial filing on this form with respect to the subject class of securities, and

for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed

to be "filed" for the purpose of Section 18 of the Securities Exchange Act of

1934 ("Act") or otherwise subject to the liabilities of that section of the Act

but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAMES OF REPORTING PERSONS.

Franklin Resources, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,088,250

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.1%

12. TYPE OF REPORTING PERSON

HC, CO (See Item 4)

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1. NAMES OF REPORTING PERSONS.

Charles B. Johnson

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,088,250

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

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1. NAMES OF REPORTING PERSONS.

Rupert H. Johnson, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

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(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,088,250

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

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Item 1.

(a) Name of Issuer

PNM Resources, Inc.

(b) Address of Issuer's Principal Executive Offices

Alvarado Square

Albuquerque, NM 87158

Item 2.

(a) Name of Person Filing

(i): Franklin Resources, Inc.

(ii): Charles B. Johnson

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(iii): Rupert H. Johnson, Jr.

(b) Address of Principal Business Office or, if none, Residence

(i), (ii), and (iii):

One Franklin Parkway

San Mateo, CA 94403 1906

(c) Citizenship

(i): Delaware

(ii) and (iii): USA

(d) Title of Class of Securities

Common Stock, no par value

(e) CUSIP Number

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Item 3. If this statement is filed pursuant to §§240.13d 1(b) or 240.13d 2(b) or (c),

check whether the person filing is a:

(a)  Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).

(b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).

(c)  Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c)

(d)  Investment company registered under section 8 of the Investment Company Act

of 1940 (15 U.S.C 80a 8).

(e)  An investment adviser in accordance with §240.13d 1(b)(1)(ii)(E);

(f)  An employee benefit plan or endowment fund in accordance with §240.13d 1(b)

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(1) (ii) (F) ;

(g)  A parent holding company or control person in accordance with §240.13d 1(b)

(1) (ii) (G) ;

(h)  A savings associations as defined in Section 3(b) of the Federal Deposit

Insurance Act (12 U.S.C. 1813) ;

(i)  A church plan that is excluded from the definition of an investment company

under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C.

80a 3) ;

(j)  A non U.S. institution in accordance with §240.13d 1(b) (ii) (J) ;

(k)  Group, in accordance with §240.13d 1(b) (1) (ii) (K) .

If filing as a non U.S. institution in accordance with §240.13d 1(b) (1) (ii) (J) ,

please specify the type of institution:

Item 4. Ownership

The securities reported herein are beneficially owned by one or more open or closed

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end investment companies or other managed accounts that are investment management clients

of investment managers that are direct and indirect subsidiaries (each, an "Investment

Management Subsidiary" and, collectively, the "Investment Management Subsidiaries") of

Franklin Resources, Inc. ("FRI"), including the Investment Management Subsidiaries listed

in this Item 4. When an investment management contract (including a sub advisory

agreement) delegates to an Investment Management Subsidiary investment discretion or

voting power over the securities held in the investment advisory accounts that are subject

to that agreement, FRI treats the Investment Management Subsidiary as having sole

investment discretion or voting authority, as the case may be, unless the agreement

specifies otherwise. Accordingly, each Investment Management Subsidiary reports on

Schedule 13G that it has sole investment discretion and voting authority over the

securities covered by any such investment management agreement, unless otherwise noted in

this Item 4. As a result, for purposes of Rule 13d 3 under the Act, the Investment

Management Subsidiaries listed in this Item 4 may be deemed to be the beneficial owners of

the securities reported in this Schedule 13G.

Beneficial ownership by Investment Management Subsidiaries and other FRI affiliates is



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being reported in conformity with the guidelines articulated by the SEC staff in Release

No. 34 39538 (January 12, 1998) relating to organizations, such as FRI, where related

entities exercise voting and investment powers over the securities being reported

independently from each other. The voting and investment powers held by Franklin Mutual

Advisers, LLC ("FMA"), an indirect wholly owned Investment Management Subsidiary, are

exercised independently from FRI and from all other Investment Management Subsidiaries

(FRI, its affiliates and the Investment Management Subsidiaries other than FMA are

collectively, "FRI affiliates"). Furthermore, internal policies and procedures of FMA and

FRI establish informational barriers that prevent the flow between FMA and the FRI

affiliates of information that relates to the voting and investment powers over the

securities owned by their respective investment management clients. Consequently, FMA and

the FRI affiliates report the securities over which they hold investment and voting power

separately from each other for purposes of Section 13 of the Act.

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Charles B. Johnson and Rupert H. Johnson, Jr. (the "Principal Shareholders") each own in

excess of 10% of the outstanding common stock of FRI and are the principal stockholders of

FRI. FRI and the Principal Shareholders may be deemed to be, for purposes of Rule 13d 3

under the Act, the beneficial owners of securities held by persons and entities for whom

or for which FRI subsidiaries provide investment management services. The number of

shares that may be deemed to be beneficially owned and the percentage of the class of

which such shares are a part are reported in Items 9 and 11 of the cover pages for FRI and

each of the Principal Shareholders. FRI, the Principal Shareholders and each of the

Investment Management Subsidiaries disclaim any pecuniary interest in any of such

securities. In addition, the filing of this Schedule 13G on behalf of the Principal

Shareholders, FRI and the FRI affiliates, as applicable, should not be construed as an

admission that any of them is, and each of them disclaims that it is, the beneficial

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owner, as defined in Rule 13d 3, of any of the securities reported in this Schedule 13G.

FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries

believe that they are not a "group" within the meaning of Rule 13d 5 under the Act and

that they are not otherwise required to attribute to each other the beneficial ownership

of the securities held by any of them or by any persons or entities for whom or for which

the Investment Management Subsidiaries provide investment management services.

(a) Amount beneficially owned:

4,088,250

(b) Percent of class:

5.1%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

Franklin Resources,  
Inc.:

0

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Johnson: Charles B. 0

Jr.: Rupert H. Johnson, 0

Inc.: Franklin Advisers, 3,300,000

LLC: Franklin Advisory Services, 784,000

International: Fiduciary Trust Company 4,250

(ii) Shared power to vote or to direct the vote

0

(iii) Sole power to dispose or to direct the disposition of

Inc.: Franklin Resources, 0

Johnson: Charles B. 0

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Jr.: Rupert H. Johnson, 0

Inc.: Franklin Advisers, 3,300,000

LLC: Franklin Advisory Services, 784,000

International: Fiduciary Trust Company 4,250

(iv) Shared power to dispose or to direct the disposition of

0

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**You should 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.**

#### **Selected Risk Considerations**

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

**YOUR INVESTMENT IN THE SECURITIES MAY RESULT IN A LOSS** — The securities do not guarantee any return of your investment. The return on the securities at maturity is linked to the performance of the Laggard Underlying. If the securities are not redeemed by us prior to maturity, you will receive a cash payment per \$1,000 Face Amount of securities on the Maturity Date equal to the Face Amount *plus* the Contingent Coupon otherwise due on such date only if the Final Level of the Laggard Underlying is greater than or equal to its Trigger Level. However, if the securities are not redeemed by us prior to maturity and the Final Level of the Laggard Underlying is less than its Trigger Level, for each \$1,000 Face Amount of securities, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Level of the Laggard Underlying is less than its Initial Level. **In this circumstance, you will lose a significant portion or all of your investment at maturity. Any payment on the securities is subject to our ability to satisfy our obligations as they become due.**

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**YOUR RETURN ON THE SECURITIES IS LIMITED TO THE FACE AMOUNT PLUS CONTINGENT COUPONS (IF ANY) AND YOU WILL NOT PARTICIPATE IN ANY INCREASE IN THE LEVELS OF THE UNDERLYINGS** — The securities will not pay more than the Face Amount *plus* any Contingent Coupons that may be due for each \$1,000 Face Amount of securities. You will not participate in any increase in the levels of the Underlyings, even if the Final Levels of all the Underlyings are greater than their respective Initial Levels. The maximum payment upon an early redemption or at maturity, as applicable, will be the Face Amount per \$1,000 Face Amount of securities (excluding any Contingent Coupons), regardless of any increase in the levels of the Underlyings, which may be significant.

**YOU MAY NOT RECEIVE ANY CONTINGENT COUPONS** — The securities may not pay Contingent Coupons on some or all of the Coupon Payment Dates and, therefore, should not be viewed as conventional debt securities with periodic coupon payments. If the closing level of at least one Underlying on any Observation Date is less than its respective Coupon Barrier, you will not receive any Contingent Coupon for that entire period. You will receive the Contingent Coupon for a period only if the closing levels of **all** the Underlyings on the relevant Observation Date are greater than or equal to their respective Coupon Barriers. If the closing level of at least one Underlying is less than its respective Coupon Barrier on each of the Observation Dates, Deutsche Bank AG will not pay you any Contingent Coupons during the entire term of the securities and you will not receive a positive return on your investment. Generally, non-payment of Contingent Coupons coincides with a greater risk of loss of your initial investment in the securities, because the level(s) of one or all of the Underlyings tend to be lower than their respective Trigger Levels, which are equal to their respective Coupon Barriers.

**THE SECURITIES MAY BE REDEEMED PRIOR TO THE MATURITY DATE** — We may, in our sole discretion, redeem the securities in whole, but not in part, on any Coupon Payment Date prior to the Maturity Date. For United States federal income tax purposes, an early redemption of the securities at the Issuer's option would be a taxable event to you. In addition, if the securities are redeemed prior to the Maturity Date, you will not receive any Contingent Coupon that would have otherwise accrued after the Call Settlement Date.

**IF THE SECURITIES ARE NOT REDEEMED BY US PRIOR TO THE MATURITY DATE, YOUR PAYMENT AT MATURITY WILL BE DETERMINED SOLELY BY THE FINAL LEVEL OF THE LAGGARD UNDERLYING** — If we do not redeem the securities prior to the Maturity Date, the Payment at Maturity will be determined *solely* by reference to the Final Level of the Laggard Underlying, without taking into consideration the performance of the other Underlyings.

**A HIGHER CONTINGENT COUPON OR A LOWER COUPON BARRIER AND TRIGGER LEVEL FOR EACH UNDERLYING MAY REFLECT A GREATER EXPECTED VOLATILITY OF ONE OR MORE OF THE UNDERLYINGS, WHICH IS GENERALLY ASSOCIATED WITH A GREATER RISK OF LOSS** — Volatility is a measure of the degree of variation in the trading prices of an asset over a period of time. The greater the expected volatility at the time the terms of the securities are set on the Trade Date, the greater the expectation is at that time that at least one of the Underlyings may close below its respective Coupon Barrier on an Observation Date (resulting in a Contingent Coupon not being paid on the related Coupon Payment Date) or Trigger Level on the Final Valuation Date (resulting in a loss of a significant portion or all of your initial investment). In addition, the economic terms of the securities, including the Contingent Coupon, the Coupon Barriers and the Trigger Levels, are based, in part, on the expected volatility of the Underlyings at the time the terms of the securities are set on the Trade Date, where higher expected volatility will generally lead to a higher Contingent Coupon or a lower Coupon Barrier and

Trigger Level for each Underlying. Accordingly, a higher Contingent Coupon as compared with the coupon on our conventional fixed income securities with a similar maturity or the coupon on our other similarly structured securities will generally indicate a greater risk of loss, while a lower Coupon Barrier and Trigger Level for each Underlying as compared with otherwise comparable securities does not necessarily indicate that the securities have a greater likelihood of paying Contingent Coupons or returning your investment at maturity. You should be willing to accept the downside market risk of each Underlying and the potential loss of a significant portion or all of your initial investment at maturity.

**REINVESTMENT RISK** — If your securities are redeemed by us prior to maturity, the term of the securities may be reduced to as short as approximately three months. There is no guarantee that you would be able to reinvest the proceeds from an investment in the securities at a comparable return for a similar level of risk in the event the securities are redeemed by us prior to the Maturity Date.

**THE SECURITIES ARE SUBJECT TO THE CREDIT OF DEUTSCHE BANK AG** — The securities are senior unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the securities depends on the ability of Deutsche Bank AG to satisfy its obligations as they become 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(s) owed to you under the terms of the securities and you could lose your entire investment.

**THE SECURITIES May Be Written Down, Be Converted Into Ordinary Shares or Other Instruments of Ownership or Become Subject to Other Resolution Measures. You May Lose Some or All of Your Investment If Any Such Measure Becomes Applicable to US** — Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations described above under “Resolution Measures and Deemed Agreement,” the securities are subject to the powers exercised by the competent resolution authority to impose Resolution Measures on us, which may include: writing down, including to zero, any claim for payment on the securities; converting the securities into ordinary shares of (i) the Issuer, (ii) any group entity or (iii) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; or applying any other resolution measure including, but not limited to, transferring the securities to another entity, amending, modifying or varying the terms and conditions of the securities or cancelling the securities. The competent resolution authority may apply Resolution Measures individually or in any combination.

The German law on the mechanism for the resolution of banks of November 2, 2015 (*Abwicklungsmechanismengesetz*, or the “**Resolution Mechanism Act**”) provides that, in a German insolvency proceeding of the Issuer, certain specifically defined senior unsecured debt instruments would rank junior to, without constituting subordinated debt, all other outstanding unsecured unsubordinated obligations of the Issuer and be satisfied only if all such other senior unsecured obligations of the Issuer have been paid in full. This prioritization would also be given effect if Resolution Measures are imposed on the Issuer, so that obligations under debt instruments that rank junior in insolvency as described above would be written down or converted into common equity tier 1 instruments *before* any other senior unsecured obligations of the Issuer are written down or converted. A large portion of our liabilities consist of senior unsecured obligations that either fall outside the statutory definition of debt instruments that rank junior to other senior unsecured obligations according to the Resolution Mechanism Act or are expressly exempted from such definition.

Among those unsecured unsubordinated obligations that are expressly exempted are money market instruments and senior unsecured debt instruments whose terms provide that (i) the repayment or the amount of the repayment depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued or is settled in a way other than by monetary payment, or (ii) the payment of interest or the amount of the interest payments depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued unless the payment of interest or the amount of the interest payments solely depends on a fixed or floating reference interest rate and is settled by monetary payment. This order of priority introduced by the Resolution Mechanism Act would apply in German insolvency proceedings instituted, or when Resolution Measures are imposed, on or after January 1, 2017 with effect for debt instruments of the Issuer outstanding at that time. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the competent regulatory authority or court would determine which of our senior debt securities issued under the prospectus have the terms described in clauses (i) or (ii) above, referred to herein as the “**Structured Debt Securities**,” and which do not, referred to herein as the “**Non-Structured Debt Securities**.” We expect the securities offered herein to be classified as Structured Debt Securities, but the competent regulatory authority or court may classify the securities differently. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the Structured Debt Securities are expected to be among

the unsecured unsubordinated obligations that would bear losses after the Non-Structured Debt Securities as described above. **Nevertheless, you may lose some or all of your investment in the securities if a Resolution Measure becomes applicable to us.** Imposition of a Resolution Measure would likely occur if we become, or are deemed by the 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. The Bank Recovery and Resolution Directive and the Resolution Act are intended to eliminate the need for public support of troubled banks, and you should be aware that public support, if any, would only potentially be used by the competent supervisory authority as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

By acquiring the securities, you would have no claim or other right against us arising out of any Resolution Measure and we would have no obligation to make payments under the securities following the imposition of a Resolution Measure. In particular, the imposition of any Resolution Measure will not constitute a default or an event of default under the securities, under the Indenture or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act. Furthermore, because the securities are subject to any Resolution Measure, secondary market trading

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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.

In addition, by your acquisition of the securities, you waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the indenture agents for, agree not to initiate a suit against the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the securities.

**Accordingly, you may have limited or circumscribed rights to challenge any decision of the competent resolution authority to impose any Resolution Measure.**

**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 pricing supplement) 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 STOCKS COMPOSING THE UNDERLYINGS**

— The return on the securities may not reflect the return you would have realized if you had directly invested in the stocks composing the Underlyings. For instance, your Payment at Maturity on the securities is *solely* dependent upon the performance of the Laggard Underlying, and you will not participate in any potential increase in the levels of any Underlying, which could be significant.

**IF THE LEVELS OF THE UNDERLYINGS CHANGE, THE VALUE OF YOUR SECURITIES MAY NOT CHANGE IN THE SAME MANNER**

— Your securities may trade quite differently from the levels of the Underlyings. Changes in the levels of the Underlyings may not result in comparable changes in the value of your 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

Underlyings would have.

**YOUR INVESTMENT IS EXPOSED TO A DECLINE IN THE LEVEL OF EACH UNDERLYING** — Your return on the securities, if any, including the payment of any Contingent Coupon and any payment upon an early redemption or at maturity, as applicable, is not linked to a basket consisting of the Underlyings. Rather, any payment on the securities will be determined *solely* by reference to the performance of each individual Underlying. Unlike an instrument with a return linked to a basket, in which risk is mitigated and diversified among all of the basket components, you will be exposed equally to the risks related to each of the Underlyings. Poor performance by any Underlying over the term of the securities will adversely affect your return on the securities and will not be offset or mitigated by a positive performance by the other Underlyings.

**BECAUSE THE SECURITIES ARE LINKED TO THE LEAST PERFORMING OF THE THREE UNDERLYINGS, YOU ARE EXPOSED TO A GREATER RISK OF RECEIVING NO CONTINGENT COUPONS OR LOSING A SIGNIFICANT PORTION OR ALL OF YOUR INVESTMENT THAN IF THE SECURITIES WERE LINKED TO JUST ONE UNDERLYING** — The risk that you will not receive any Contingent Coupons and/or lose a significant portion or all of your initial investment in the securities is greater than with substantially similar securities that are linked to the performance of just one Underlying. With three Underlyings, it is more likely that the closing level of at least one Underlying will be less than its Coupon Barrier on each Observation Date (including the final Observation Date), and

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the Final Level of the Laggard Underlying will be less than its Trigger Level, than if the securities were linked to only one or two of the Underlyings, and therefore, it is more likely that you will not receive any Contingent Coupons and will receive a Payment at Maturity that is significantly less than your initial investment. In addition, the performance of the Underlyings may not be correlated. If the performance of the Underlyings is not correlated, or is negatively correlated, the potential for the level of at least one Underlying to close below its Coupon Barrier or Trigger Level on an Observation Date or the Final Valuation Date, respectively, is even greater. Although the correlation of the Underlyings' performance may change over the term of the securities, the Contingent Coupon is determined, in part, based on the correlation of the Underlyings' performance at the time when the terms of the securities are finalized. A higher Contingent Coupon is generally associated with a lower correlation of the Underlyings, which reflects a greater potential for loss on your investment at maturity.

**THE UNDERLYINGS REFLECT THE PRICE RETURN OF THEIR RESPECTIVE COMPONENT STOCKS, NOT THEIR TOTAL RETURN INCLUDING ALL DIVIDENDS AND OTHER DISTRIBUTIONS**

— The return on the securities is based on the performance of each Underlying, which reflects the changes in the market prices of their respective component stocks. None of the Underlyings is, however, a “total return” index, which, in addition to reflecting the price returns of the stocks composing such Underlying, would also reflect the reinvestment of all dividends and other distributions paid on such component stocks.

**THE SPONSOR OF AN UNDERLYING MAY ADJUST THE RELEVANT UNDERLYING IN WAYS THAT AFFECT THE LEVEL OF SUCH UNDERLYING AND HAS NO OBLIGATION TO CONSIDER YOUR INTERESTS**

— The sponsor of an Underlying (each, an “**Index Sponsor**”) is responsible for calculating and maintaining the relevant Underlying. The Index Sponsor can add, delete or substitute the components of the relevant Underlying or make other methodological changes that could change the level of such Underlying. You should realize that the changing of such Underlying components may affect such Underlying, as a newly added component may perform significantly better or worse than the component it replaces. Additionally, the Index Sponsor may alter, discontinue or suspend calculation or dissemination of the relevant Underlying. Any of these actions could adversely affect the level of such Underlying and, thus, the value of, and your return on, the securities. The Index Sponsors have no obligation to consider your interests in calculating or revising the relevant Underlyings.

**THE SECURITIES ARE SUBJECT TO RISKS ASSOCIATED WITH SMALL-CAPITALIZATION COMPANIES**

— The stocks composing the Russell 2000<sup>®</sup> Index are issued by companies with relatively small market capitalization. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and, therefore, the level of the Russell 2000<sup>®</sup> Index may be more volatile than the levels of indices that consist of large-capitalization stocks. Stock prices of small-capitalization companies are also generally more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small-capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such small-capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products. These companies may also be more susceptible to adverse developments related to their products or services.

**THERE ARE RISKS ASSOCIATED WITH INVESTMENTS IN SECURITIES LINKED TO THE VALUES OF EQUITY SECURITIES ISSUED BY NON-U.S. COMPANIES** — The EURO STOXX 50<sup>®</sup> Index and the FTSE<sup>®</sup> 100 Index include component stocks that are issued by companies incorporated outside of the U.S. Because the component stocks also trade outside the U.S., the securities are subject to the risks associated with non-U.S. securities markets. Generally, non-U.S. securities markets may be less liquid and more volatile than U.S. securities markets and market developments may affect non-U.S. securities markets differently than U.S. securities markets, which may adversely affect the levels of the EURO STOXX 50<sup>®</sup> Index and the FTSE<sup>®</sup> 100 Index, and thus, the value of your securities. Furthermore, there are risks associated with investments in securities linked to the values of equity securities issued by non-U.S. companies. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. In addition, the prices of equity securities issued by non-U.S. companies may be adversely affected by political, economic, financial and social factors that may be unique to the particular countries in which the non-U.S. companies are incorporated. These factors include the possibility of recent or future changes in a non-U.S. government's economic and fiscal policies (including any direct or indirect intervention to stabilize the economy and/or securities market of the country of such non-U.S. government), the presence, and extent, of cross shareholdings in non-U.S. companies, the possible imposition of, or changes in,

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currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. Specifically, the stocks included in the EURO STOXX 50<sup>®</sup> Index and the FTSE<sup>®</sup> 100 Index are issued by companies located in countries within the Eurozone, some of which are and have been experiencing economic stress.

**WE ARE ONE OF THE COMPANIES THAT MAKE UP THE EURO STOXX 50<sup>®</sup> INDEX** — We are one of the companies that make up the EURO STOXX 50<sup>®</sup> Index. To our knowledge, we are not currently affiliated with any of the other companies the equity securities of which are represented in the EURO STOXX 50<sup>®</sup> Index. As a result, we will have no ability to control the actions of such other companies, including actions that could affect the value of the equity securities composing the EURO STOXX 50<sup>®</sup> Index or your securities. None of the other companies represented in the EURO STOXX 50<sup>®</sup> Index will be involved in the offering of the securities in any way. Neither they nor we will have any obligation to consider your interests as a holder of the securities in taking any corporate actions that might affect the value of your not securities.

**THE UNDERLYING RETURN WILL NOT BE ADJUSTED FOR CHANGES IN THE EURO RELATIVE TO THE U.S. DOLLAR** — The EURO STOXX 50<sup>®</sup> Index is composed of stocks denominated in euro. Because the level of the EURO STOXX 50<sup>®</sup> Index is also calculated in euro (and not in U.S. dollars), the performance of the EURO STOXX 50<sup>®</sup> Index will not be adjusted for exchange rate fluctuations between the U.S. dollar and the euro. Therefore, if the euro strengthens or weakens relative to the U.S. dollar over the term of the securities, you will not receive any additional payment or incur any reduction in your return on the securities.

**PAST PERFORMANCE OF THE UNDERLYINGS IS NO GUIDE TO FUTURE PERFORMANCE** — The actual performance of the Underlyings over the term of the securities may bear little relation to the historical closing levels of the Underlyings and/or the hypothetical examples set forth elsewhere in this pricing supplement. We cannot predict the future performance of the Underlyings or whether the performance of the Underlyings 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 pricing supplement is based on the full Face Amount of securities, the Issuer's estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) 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 four 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 levels of the Underlyings have increased since the Trade Date.

**MANY ECONOMIC AND MARKET FACTORS WILL AFFECT THE VALUE OF THE SECURITIES —**

While we expect that, generally, the levels of the Underlyings 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:

- o whether the closing level of any Underlying on any Observation Date is less than its Coupon Barrier;

- o the expected volatility of the Underlyings;

- o the time remaining to the maturity of the securities;

- o the market prices and dividend rates of the stocks composing the Underlyings;

- o the composition of the Underlyings;

- o interest rates and yields in the markets generally;

- o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect any Underlying or the markets generally;

- o supply and demand for the securities; and

- o our creditworthiness, including actual or anticipated downgrades in our credit ratings.

During the term of the securities, it is possible that their value may decline significantly due to the factors described above even if the levels of the Underlyings remain unchanged from their respective Initial Levels, and any sale prior to the Maturity Date could result in a substantial loss to you. You must hold the securities to maturity to receive the stated payout from the Issuer.

**TRADING AND OTHER TRANSACTIONS BY US OR OUR 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 or our affiliates may also engage in trading in instruments linked or related to the Underlyings on a regular basis as part of our or their 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 adversely affect the levels of one or more Underlyings and, therefore, make it less likely that you will receive a positive return on your investment in the securities. It is possible that we or our affiliates could receive substantial returns from these hedging and trading activities while the value of the securities declines. We or our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the Underlyings. To the extent that we or our affiliates serve as issuer, agent or underwriter for such securities or financial or derivative instruments, our or our 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 levels of one or more Underlyings 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 OR OUR 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 LEVELS OF THE UNDERLYINGS AND THE VALUE OF THE SECURITIES** — We or our affiliates may publish research from time to time on financial markets and other matters that could adversely affect the levels of the Underlyings 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 or our 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 Underlyings.

**POTENTIAL CONFLICTS OF INTEREST** — 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 as well as, in some circumstances, the prices or levels related to the Underlyings that affect whether Contingent Coupons are paid. Any determination by the calculation agent could adversely affect the return on the securities.

**THERE IS SUBSTANTIAL UNCERTAINTY REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES** — 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 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, with associated contingent coupons, as described above under “Tax Consequences.” 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 affected. In addition, as described above under “Tax Consequences,” 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 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.

## Historical Information

The following graphs set forth the historical performances of the FTSE<sup>®</sup> 100 Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index based on their daily closing levels from June 2, 2012 through June 2, 2017. The closing level of the FTSE<sup>®</sup> 100 Index on June 2, 2017 was 7,547.63. The closing level of the Russell 2000<sup>®</sup> Index on June 2, 2017 was 1,405.387. The closing level of the EURO STOXX 50<sup>®</sup> Index on June 2, 2017 was 3,591.82. The graphs below also indicate by a broken line a hypothetical Coupon Barrier and Trigger Level equal to 60.00% of, (i) with respect to the FTSE<sup>®</sup> 100 Index, 7,547.63, which was the closing level of the FTSE<sup>®</sup> 100 Index on June 2, 2017, (ii) with respect to the Russell 2000<sup>®</sup> Index, 1,405.387, which was the closing level of the Russell 2000<sup>®</sup> Index on June 2, 2017 and, (iii) with respect to the EURO STOXX 50<sup>®</sup> Index, 3,591.82, which was the closing level of the EURO STOXX 50<sup>®</sup> Index on June 2, 2017. The actual Initial Level and Trigger Level for each Underlying will be determined on the Trade Date. We obtained the historical closing levels of the Underlyings below from Bloomberg L.P. and we have not participated in the preparation of, or verified, such information. **The historical closing levels of the Underlyings should not be taken as an indication of future performance and no assurance can be given as to the closing levels of the Underlyings on any of the Observation Dates (including the Final Valuation Date). We cannot give you assurance that the performance of the Underlyings will result in the return of any of your initial investment.**

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### **Supplemental Plan of Distribution (Conflicts of Interest)**

DBSI, acting as agent for Deutsche Bank AG, will receive or allow as a concession or reallowance to other dealers discounts and commissions of 1.75% or \$17.50 per \$1,000 Face Amount of securities. DBSI may sell all or a part of the securities that it purchases from us to its affiliates or certain dealers at the price to the public indicated on the cover of this pricing supplement, *minus* a concession not to exceed the discounts and commissions indicated on the cover. DBSI, the agent for this offering, is our affiliate. Because DBSI is both our affiliate and a member of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”), the underwriting arrangement for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, DBSI may not make sales in offerings of the securities to any of its discretionary accounts without the prior written approval of the customer. See “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.

### **Settlement**

We expect to deliver the securities against payment for the securities on the Settlement Date indicated above, which may be a date that is greater than three business days following the Trade Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, if the Settlement Date is more than three business days after the Trade Date, purchasers who wish to transact in the securities more than three business days prior to the Settlement Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

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