BANK OF AMERICA CORP /DE/
Form 424B2
May 13, 2016

**Subject to Completion**
**Preliminary Term Sheet**
**dated May 13, 2016**

**Filed Pursuant to Rule 424(b)(2)**
**Registration Statement No. 333-202354**
**(To Prospectus dated May 1, 2015,**
**Prospectus Supplement dated January 20, 2016 and**
**Product Supplement CBN-1 dated January 22, 2016**

| | | | |
|---|---|---|---|
| Units | | Pricing Date* | May , 2016 |
| $10 principal amount per unit | | Settlement Date* | June , 2016 |
| CUSIP No. | | Maturity Date* | June , 2017 |
| | | *Subject to change based on the actual date the notes are priced for initial sale to the public (the "pricing date") | |

**Coupon Bearing Notes Linked to the Common Stock of Microsoft Corporation**

Maturity of approximately one year and one week

Interest payable quarterly at the rate of [6.00% - 7.00%] per year

No participation in any increase in the price of the Underlying Stock, and the Redemption Amount at maturity will not exceed the principal amount per unit

1-to-1 downside exposure to decreases in the Underlying Stock beyond a 5.00% decline, with up to 95.00% of your principal at risk

All payments on the notes are subject to the credit risk of Bank of America Corporation

In addition to the underwriting discount set forth below, the notes include a hedging-related charge of $0.075 per unit. See Structuring the Notes

Limited secondary market liquidity, with no exchange listing

**The notes are being issued by Bank of America Corporation ( BAC ). There are important differences between the notes and a conventional debt security, including different investment risks and certain additional costs. See Risk Factors beginning on page TS-6 of this term sheet and beginning on page PS-6 of product supplement CBN-1.**

**The initial estimated value of the notes as of the pricing date is expected to be between $9.50 and $9.78 per unit, which is less than the public offering price listed below.** See Summary on the following page, Risk Factors beginning on page TS-6 of this term sheet and Structuring the Notes on page TS-10 of this term sheet for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

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None of the Securities and Exchange Commission (the SEC ), any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this Note Prospectus (as defined below) is truthful or complete. Any representation to the contrary is a criminal offense.

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| | Per Unit | Total |
|---|---|---|
| Public offering price(1)(2) | $10.000 | $ |
| Underwriting discount(2) | $0.175 | $ |
| Proceeds, before expenses, to BAC | $9.825 | $ |

(1) Plus accrued interest from the scheduled settlement date, if settlement occurs after that date.

(2) For any purchase of 500,000 units or more in a single transaction by an individual investor or in combined transactions with the investor's household in this offering, the public offering price and the underwriting discount will be $9.950 per unit and $0.125 per unit, respectively. See Supplement to the Plan of Distribution; Conflicts of Interest below.

**The notes:**

| | | |
|---|---|---|
| **Are Not FDIC Insured** | **Are Not Bank Guaranteed** | **May Lose Value** |

**Merrill Lynch & Co.**

May , 2016

Coupon Bearing Notes
Linked to the Common Stock of Microsoft Corporation, due June , 2017

Summary

The Coupon Bearing Notes Linked to the Common Stock of Microsoft Corporation, due June , 2017 (the notes ) are our senior unsecured debt securities. The notes are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of our other unsecured and unsubordinated debt. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of BAC.** The notes provide quarterly interest payments. If the Ending Value of the Underlying Stock is greater than or equal to the Threshold Value, the Redemption Amount will equal the principal amount. If the Ending Value is less than the Threshold Value, the Redemption Amount will be less, and possibly significantly less, than the principal amount of your notes. Payments on the notes, including the amount you receive at maturity, will be calculated based on the $10 principal amount per unit and will depend on the performance of the Underlying Stock, subject to our credit risk. See Terms of the Notes below.

The economic terms of the notes (including the interest rate) are based on our internal funding rate, which is the rate we would pay to borrow funds through the issuance of market-linked notes and the economic terms of certain related hedging arrangements. Our internal funding rate is typically lower than the rate we would pay when we issue conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charge described below, will reduce the economic terms of the notes to you and the initial estimated value of the notes on the pricing date. Due to these factors, the public offering price you pay to purchase the notes will be greater than the initial estimated value of the notes.

On the cover page of this term sheet, we have provided the initial estimated value range for the notes. This initial estimated value range was determined based on our and our affiliates' pricing models, which take into consideration our internal funding rate and the market prices for the hedging arrangements related to the notes. The initial estimated value of the notes calculated on the pricing date will be set forth in the final term sheet made available to investors in the notes. For more information about the initial estimated value and the structuring of the notes, see Structuring the Notes on page TS-10.

Terms of the Notes

| | |
|---|---|
| **Issuer:** | Bank of America Corporation ( BAC ) |
| **Principal Amount:** | $10.00 per unit |
| **Term:** | Approximately one year and one week |
| **Underlying Stock:** | Common Stock of Microsoft Corporation (the Underlying Company ) (NASDAQ symbol: MSFT) |
| **Starting Value:** | The Volume Weighted Average Price on the pricing date. |
| **Volume Weighted Average Price:** | The volume weighted average price (rounded to two decimal places) shown on page AQR on Bloomberg L.P. for trading in shares of the Underlying Stock taking place from approximately 9:30 a.m. to 4:05 p.m. on all U.S. exchanges. |
| **Ending Value:** | The Closing Market Price of the Underlying Stock on the valuation date, multiplied by the |

Redemption Amount Determination

In addition to interest payable, on the maturity date, you will receive a cash payment per unit determined as follows:

| | |
|---|---|
| | Price Multiplier. The valuation date is subject to postponement in the event of Market Disruption Events, as described beginning on page PS-18 of product supplement CBN-1. |
| **Threshold Value:** | 95% of the Starting Value. |
| **Valuation Date:** | Approximately the fifth scheduled trading day immediately preceding the maturity date. |
| **Price Multiplier:** | 1, subject to adjustment for certain corporate events relating to the Underlying Stock described beginning on page PS-21 of product supplement CBN-1. |
| **Interest Rate:** | [6.00% - 7.00%] per year. The actual Interest Rate will be determined on the pricing date |
| **Interest Payment Dates:** | September , 2016, December , 2016, March , 2017 and June , 2017 |
| **Fees and Charges:** | The underwriting discount of $0.175 per unit listed on the cover page and the hedging related charge of $0.075 per unit described in Structuring the Notes on page TS-10. |
| **Calculation Agent:** | Merrill Lynch, Pierce, Fenner & Smith Incorporated ( MLPF&S ), a subsidiary of BAC. |

Coupon Bearing Notes
Linked to the Common Stock of Microsoft Corporation, due June , 2017

The terms and risks of the notes are contained in this term sheet and in the following:

Product supplement CBN-1 dated January 22, 2016:
https://www.sec.gov/Archives/edgar/data/70858/000119312516435376/d124017d424b5.htm

Series L MTN prospectus supplement dated January 20, 2016 and prospectus dated May 1, 2015:
http://www.sec.gov/Archives/edgar/data/70858/000119312516433708/d122981d424b3.htm

These documents (together, the Note Prospectus ) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S by calling 1-800-294-1322. Before you invest, you should read the Note Prospectus, including this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement CBN-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to we, us, our, or similar references are to BAC.

Investor Considerations

| **You may wish to consider an investment in the notes if:** | **The notes may not be an appropriate investment for you if:** |
|---|---|
| You anticipate that the Ending Value will be greater than or equal to the Threshold Value. | You believe that the Ending Value will be less than the Threshold Value. |
| You seek interest payments on your investment. | You anticipate that the price of the Underlying Stock will increase and seek to participate in that increase. |
| You accept that the maximum return on the notes is limited to the sum of the quarterly interest payments, and that you will not participate in any increases in the price of the Underlying Stock. | You seek 100% principal repayment or preservation of capital. |
| You are willing to risk a loss of principal and return if the Ending Value is below the Threshold Value. | In addition to interest payments, you seek an additional return above the principal amount. |
| You are willing to forgo dividends or other benefits of owning shares of the Underlying Stock. | You seek to receive dividends or other distributions paid on the Underlying Stock. |
| You are willing to accept a limited or no market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, our internal funding rate and fees and charges on the notes. | You seek an investment for which there will be a liquid secondary market. |
| You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount. | You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes. |

We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Coupon Bearing Notes
Linked to the Common Stock of Microsoft Corporation, due June , 2017
Hypothetical Payments at Maturity

The following examples are for purposes of illustration only. They are based on **hypothetical** values and show **hypothetical** returns on the notes. **The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Threshold Value, Ending Value, and the term of your investment.** The following examples do not take into account any tax consequences from investing in the notes. These examples are based on:

1) a Starting Value of 100;
2) a Threshold Value of 95.00 (95.00% of the Starting Value);
3) an expected term of the notes of approximately one year and one week; and
4) the interest rate of 6.50% per year (the midpoint of the interest rate range of [6.00% to 7.00%]).

The **hypothetical** Starting Value of 100.00 used in these examples has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value of the Underlying Stock. For recent actual prices of the Underlying Stock, see The Underlying Stock section below. In addition, all payments on the notes are subject to issuer credit risk.

***Example 1***

*The Ending Value is 115.00 (115.00% of the Starting Value)*

The Ending Value is greater than the Starting Value and the Threshold Value. Consequently, in addition to the quarterly interest payments, you will receive a Redemption Amount equal to the principal amount of $10.00 per unit on the maturity date. You will not participate in the increase of the value of the Underlying Stock.

***Example 2***

*The Ending Value is 98.00 (98.00% of the Starting Value)*

The Ending Value is less than the Starting Value but greater than the Threshold Value. Consequently, in addition to the quarterly interest payments, you will receive a Redemption Amount equal to the principal amount of $10.00 per unit on the maturity date.

***Example 3***

*The Ending Value is 70.00 (70.00% of the Starting Value)*

The Ending Value is less than the Starting Value and the Threshold Value. Consequently, you will receive the quarterly interest payments; however, you will also participate on a 1-for-1 basis in the decrease in the price of the Underlying Stock below the Threshold Value. The Redemption Amount per unit will equal:

**On the maturity date, you will receive a Redemption Amount per unit of $7.50.**

Coupon Bearing Notes
Linked to the Common Stock of Microsoft Corporation, due June , 2017

**Summary of the Hypothetical Examples**

| | **Example 1** | **Example 2** | **Example 3** |
|---|---|---|---|
| | **The Ending Value is greater than or equal to the Starting Value and the Threshold Value** | **The Ending Value is less than the Starting Value but greater than or equal to the Threshold Value** | **The Ending Value is less than the Starting Value and the Threshold Value** |
| Starting Value | 100.00 | 100.00 | 100.00 |
| Ending Value | 115.00 | 98.00 | 70.00 |
| Threshold Value | 95.00 | 95.00 | 95.00 |
| Interest Rate (per year) | 6.50% | 6.50% | 6.50% |
| Redemption Amount per Unit | $10.00 | $10.00 | $7.50 |
| Total Return of the Underlying Stock(1) | 17.87% | 0.87% | -27.13% |
| Total Return on the Notes(2) | 6.61% | 6.61% | -18.39% |

(1) The total return of the Underlying Stock assumes:
(a) the percentage change in the price of the Underlying Stock from the Starting Value to the Ending Value;
(b) a constant dividend yield of 2.82% per year; and
(c) no transaction fees or expenses.
(2) The total return on the notes includes interest paid on the notes and assumes an expected term of the notes of approximately one year and one week.

Coupon Bearing Notes
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Risk Factors

*There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the Risk Factors sections beginning on page PS-6 of product supplement CBN-1, page S-5 of the Series L MTN prospectus supplement, and page 9 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.*

Depending on the performance of the Underlying Stock as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.

Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.

Payments on the notes are subject to our credit risk, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes. If we become insolvent or are unable to pay our obligations, you may lose your entire investment.

You will not participate in any increase in the price of the Underlying Stock.

Your investment return is limited to the return represented by the periodic interest payments over the term of the notes, and may be less than a comparable investment directly in the Underlying Stock.

The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to our and our affiliates' pricing models. These pricing models consider certain assumptions and variables, including our credit spreads, our internal funding rate on the pricing date, mid-market terms on hedging transactions, expectations on interest rates and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.

The public offering price you pay for the notes will exceed the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the price of the Underlying Stock, our internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in Structuring the Notes on page TS-10. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

The initial estimated value does not represent a minimum or maximum price at which we, MLPF&S or any of our affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Underlying Stock, our creditworthiness and changes in market conditions.

A trading market is not expected to develop for the notes. Neither we nor MLPF&S is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.

Our business activities as a full service financial institution, including our commercial and investment banking activities, our hedging and trading activities (including trading in shares of the Underlying Stock) and any hedging and trading activities we engage in for our clients' accounts, may affect the market value and return of the notes and may create conflicts of interest with you.

The Underlying Company will have no obligations relating to the notes, and neither we nor MLPF&S will perform any due diligence procedures with respect to the Underlying Company in connection with this offering.

You will have no rights of a holder of the Underlying Stock, and you will not be entitled to receive shares of the Underlying Stock or dividends or other distributions by the Underlying Company.

While we or our affiliates may from time to time own securities of the Underlying Company, we do not control the Underlying Company, and have not verified any disclosure made by