

BANK OF AMERICA CORP /DE/
Form 424B2
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Registration Statement No.
333-202354
(To Prospectus dated May 1,
2015,
Prospectus Supplement dated
October 17, 2016 and
Product Supplement EQUITY
INDICES SUN-1 dated January
22, 2016)**

1,432,328 Units	Pricing Date	October 27, 2016
\$10 principal amount per unit	Settlement Date	November 3, 2016
CUSIP No. 06054B610	Maturity Date	October 26, 2018

Autocallable Market-Linked Step Up Notes Linked to the PHLX Housing SectorSM Index

Maturity of approximately two years, if not called prior to maturity

Automatic call of the notes per unit at \$10 plus the Call Premium (\$0.90 on the Observation Date) if the Index is flat or increases above 100% of the Starting Value on the Observation Date

The Observation Date will occur approximately one year after the pricing date

If the notes are not called, at maturity:

a return of 29% if the Index is flat or increases up to the Step Up Value

a return equal to the percentage increase in the Index if the Index increases above the Step Up Value

1-to-1 downside exposure to decreases in the Index, with up to 100% of your principal at risk

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

No periodic interest payments

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 and Additional Risk Factors beginning on page TS-7 of this term sheet and Risk Factors beginning on page PS-7 of product supplement EQUITY INDICES SUN-1.

The initial estimated value of the notes as of the pricing date is \$9.47 per unit, which is less than the public offering price listed below. See Summary on the following page, Risk Factors beginning on page TS-7 of this term sheet and Structuring the Notes on page TS-14 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.

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.

	<u>Per Unit</u>	<u>Total</u>
Public offering price	\$10.00	\$14,323,280.00
Underwriting discount	\$0.20	\$286,465.60
Proceeds, before expenses, to BAC	\$9.80	\$14,036,814.40

The notes:

**Are Not FDIC
Insured**

**Are Not Bank
Guaranteed**

May Lose Value

Merrill Lynch & Co.

October 27, 2016

Autocallable Market-Linked Step Up Notes

Linked to the PHLX Housing SectorSM Index, due October 26, 2018

Summary

The Autocallable Market-Linked Step Up Notes Linked to the PHLX Housing SectorSM Index, due October 26, 2018 (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 will be automatically called at the Call Amount if the Observation Level of the Market Measure, which is the PHLX Housing SectorSM Index (the Index), is equal to or greater than the Call Level on the Observation Date. If not called, at maturity, the notes provide you with a Step Up Payment if the Ending Value of the Index is equal to or greater than its Starting Value, but is not greater than the Step Up Value. If the Ending Value is greater than the Step Up Value, you will participate on a 1-for-1 basis in the increase in the level of the Index above the Starting Value. If the Ending Value is less than the Starting Value, you will lose all or a portion of the principal amount of your notes. Payments on the notes, including the amount you receive at maturity or upon an automatic call, will be calculated based on the \$10 principal amount per unit and will depend on the performance of the Index, subject to our credit risk. See Terms of the Notes below.

The economic terms of the notes (including the Step Up Payment) 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, reduced 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 is greater than the initial estimated value of the notes.

On the cover page of this term sheet, we have provided the initial estimated value for the notes. This initial estimated value 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 notes are subject to an automatic call, and the initial estimated value is based on an assumed tenor of the notes. For more information about the initial estimated value and the structuring of the notes, see Structuring the Notes on page TS-14.

Terms of the Notes

Issuer:	Bank of America Corporation (BAC)	Call Settlement Date:	Approximately the fifth business day following the Observation Date, subject to postponement if the Observation Date is postponed, as described on page PS-19 of product supplement EQUITY INDICES SUN-1.
Principal Amount:	\$10.00 per unit	Call Premium:	\$0.90 per unit if called on November 3, 2017 (which represents a return of 9.00% over the principal amount.
Term:	Approximately two years, if not called	Ending Value:	The closing level of the Market Measure on the scheduled calculation day. The calculation day is subject to postponement in the event of Market Disruption Events, as described beginning on page PS-19 of product supplement EQUITY INDICES SUN-1.
Market Measure:	PHLX Housing Sector SM Index	Step Up Value:	290.57 (129.00% of the Starting

Starting Value:	(Bloomberg symbol: HGX), a price return index 225.25	Step Up Payment:	Value, rounded to two decimal places). \$2.90 per unit, which represents a return of 29% over the principal amount.
Observation Level:	The closing level of the Market Measure on the Observation Date.	Threshold Value:	225.25 (100% of the Starting Value).
Observation Date:	November 3, 2017, subject to postponement in the event of Market Disruption Events, as described on page PS-19 of product supplement EQUITY INDICES SUN-1.	Calculation Day:	October 19, 2018
Call Level:	100% of the Starting Value	Fees and Charges:	The underwriting discount of \$0.20 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-14.
Call Amount (per Unit):	\$10.90 if called on November 3, 2017.	Calculation Agent:	Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), a subsidiary of BAC.

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Determining Payment on the Notes

Automatic Call Provision

The notes will be called automatically on the Observation Date if the Observation Level on the Observation Date is equal to or greater than the Call Level. If the notes are called, you will receive \$10 per unit plus the Call Premium.

\$10 + the Call Premium

Redemption Amount Determination

If the notes are not automatically called, on the maturity date, you will receive a cash payment per unit determined as follows:

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

Product supplement EQUITY INDICES SUN-1 dated January 22, 2016:

<http://www.sec.gov/Archives/edgar/data/70858/000119312516435374/d128816d424b5.htm>

Series L MTN prospectus supplement dated October 17, 2016 and prospectus dated May 1, 2015:

<http://www.sec.gov/Archives/edgar/data/70858/000119312516739873/d266214d424b3.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 EQUITY INDICES SUN-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. Please note that references in the above product supplement to the prospectus supplement dated January 20, 2016 shall be deemed to reference the prospectus supplement dated October 17, 2016.

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 are willing to receive a return on your investment capped at the return represented by the Call Premium if the Observation Level is equal to or greater than the Call Level.

You want to hold your notes for the full term.

You anticipate that the notes will be automatically called or the Index will increase from the Starting Value to the Ending Value.

You believe that the notes will not be automatically called and the Index will decrease from the Starting Value to the Ending Value.

You seek principal repayment or preservation of capital.

You are willing to risk a loss of principal and return if the notes are not automatically called and the Index decreases from the Starting Value to the Ending Value.

You seek interest payments or other current income on your investment.

You want to receive dividends or other distributions paid on the stocks included in the Index.

You are willing to forgo the interest payments that are paid on conventional interest bearing debt securities.

You seek an investment for which there will be a liquid secondary market.

You are willing to forgo dividends or other benefits of owning the stocks included in the Index.

You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes.

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 are willing to assume our credit risk, as issuer of

the notes, for all payments under the notes, including the Call Amount or the Redemption Amount, as applicable.

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

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Hypothetical Payout Profile and Examples of Payments at Maturity

The graph below shows a payout profile at maturity, which would only apply if the notes are not called on the Observation Date.

Autocallable Market-Linked Step Up Notes This graph reflects the returns on the notes, based on the Threshold Value of 100% of the Starting Value, the Step Up Payment of \$2.90 per unit and the Step Up Value of 129% of the Starting Value. The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the stocks included in the Index, excluding dividends. This graph has been prepared for purposes of illustration only.

The following table and examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes, assuming the notes are not called on the Observation Date. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, a Threshold Value of 100, a Step Up Value of 129, the Step Up Payment of \$2.90 per unit and a range of hypothetical Ending Values. **The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Threshold Value, Ending Value, Step Up Value, whether the notes are called on the Observation Date, and whether you hold the notes until maturity.** The following examples do not take into account any tax consequences from investing in the notes.

For recent actual levels of the Market Measure, see The Index section below. The Index is a price return index and as such the Ending Value will not include any income generated by dividends paid on the stocks included in the Index, which you would otherwise be entitled to receive if you invested in those stocks directly. In addition, all payments on the notes are subject to issuer credit risk.

Ending Value	Percentage Change from the Starting Value to the Ending Value	Redemption Amount per Unit	Total Rate of Return on the Notes
0.00	-100.00%	\$0.00	-100.00%
50.00	-50.00%	\$5.00	-50.00%
80.00	-20.00%	\$8.00	-20.00%
90.00	-10.00%	\$9.00	-10.00%
94.00	-6.00%	\$9.40	-6.00%
97.00	-3.00%	\$9.70	-3.00%
100.00 ⁽¹⁾⁽²⁾	0.00%	\$12.90 ⁽³⁾	29.00%
102.00	2.00%	\$12.90	29.00%
105.00	5.00%	\$12.90	29.00%
110.00	10.00%	\$12.90	29.00%
120.00	20.00%	\$12.90	29.00%
129.00 ⁽⁴⁾	29.00%	\$12.90	29.00%
130.00	30.00%	\$13.00	30.00%
140.00	40.00%	\$14.00	40.00%
143.00	43.00%	\$14.30	43.00%
150.00	50.00%	\$15.00	50.00%
160.00	60.00%	\$16.00	60.00%

- (1) The **hypothetical** Starting Value of 100 used in these examples has been chosen for illustrative purposes only. The actual Starting Value is 225.25, which was the closing level of the Market Measure on the pricing date.

- (2) This is the **hypothetical** Threshold Value.
- (3) This amount represents the sum of the principal amount and the Step Up Payment of \$2.90.
- (4) This is the **hypothetical** Step Up Value.

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Redemption Amount Calculation Examples

Example 1

The Ending Value is 90.00, or 90.00% of the Starting Value:

Starting Value: 100.00

Threshold Value: 100.00

Ending Value: 90.00

Redemption Amount per unit

Example 2

The Ending Value is 110.00, or 110.00% of the Starting Value:

Starting Value: 100.00

Step Up Value: 129.00

Ending Value: 110.00

Redemption Amount per unit, *the principal amount plus the Step Up Payment, since the Ending Value is equal to or greater than the Starting Value, but less than the Step Up Value.*

Example 3

The Ending Value is 143.00, or 143.00% of the Starting Value:

Starting Value: 100.00

Step Up Value: 129.00

Ending Value: 143.00

Redemption Amount per unit

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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-7 of product supplement EQUITY INDICES SUN-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.

If the notes are not automatically called, depending on the performance of the Index 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.

If the notes are called, your investment return is limited to the return represented by the Call Premium.

Your investment return may be less than a comparable investment directly in the stocks included in the Index.

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 exceeds 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 level of the Index, 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-14. 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 Index, 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 trades in shares of companies included in the Index) 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 Index sponsor may adjust the Index in a way that affects its level, and has no obligation to consider your interests.

You will have no rights of a holder of the securities represented by the Index, and you will not be entitled to receive securities or dividends or other distributions by the issuers of those securities.

While we or our affiliates may from time to time own securities of companies included in the Index we do not control any company included in the Index, and are not responsible for any disclosure made by any other company. There may be potential conflicts of interest involving the calculation agent, which is an affiliate of ours. We have the right to appoint and remove the calculation agent.

The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes.

See Summary Tax Consequences below and U.S. Federal Income Tax Summary beginning on page PS-26 of product supplement EQUITY INDICES SUN-1.

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Additional Risk Factors

The stocks included in the Index are concentrated in one sector.

All of the stocks included in the Index are issued by companies whose primary lines of business are directly associated with the U.S. housing construction sector. As a result, the stocks that will determine the performance of the notes are concentrated in one sector. Although an investment in the notes will not give holders any ownership or other direct interests in the stocks underlying the Index, the return on an investment in the notes will be subject to certain risks associated with a direct equity investment in companies in the U.S. housing construction sector. Accordingly, by investing in the notes, you will not benefit from the diversification which could result from an investment linked to companies that operate in multiple sectors.

A limited number of Index Components may affect its level and the Index is not necessarily representative of the U.S. housing construction industry.

As of September 30, 2016, the top three Index Components constituted 37.00% of the total weight of the Index and the top six Index Components constituted 60.18% of the total weight of the Index. Any reduction in the market price of those securities is likely to have a substantial adverse impact on the level of the Index and the value of the notes. While the stocks comprising the Index are common stocks of companies generally considered to be involved in various segments of the U.S. housing construction industry, the stocks underlying the Index and the Index may not necessarily follow the price movements of the entire industry generally. If the stocks underlying the Index decline in value, the Index will decline in value even if common stock prices in the U.S. housing construction industry generally increase in value.

The housing construction industry is significantly affected by a number of factors, including general and local economic conditions and real estate markets as well as by weather conditions, natural disasters, and geopolitical events, any of which could adversely affect the performance of the companies included in the Index.

The housing construction industry is cyclical and has from time to time experienced significant difficulties. The prices of the equity securities included in the Index and, in turn, the level of the Index will be affected by a number of factors that may affect the value of the notes, including:

- employment levels and job growth;
- the availability of financing for home buyers;
- market interest rates;
- consumer confidence;
- housing demand and real estate values;
- the availability of suitable undeveloped land;
- raw material and labor shortages and price fluctuations;
- federal, state, and local laws and regulations concerning the development of land, housing construction, home sales, consumer financing, and environmental protection;
- competition among companies which engage in the housing construction business; and
- the supply of homes and other housing alternatives.

In addition, weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, floods, and fires can harm the housing construction business. Geopolitical events, such as armed conflict and related market disruptions could also have a significant impact on the housing construction business.

These factors described above could cause a change in the housing construction industry generally or regionally and could cause the value of the equity securities included in the Index and the level of the Index to decrease or remain flat during the term of the notes.

There is no direct correlation between the value of the notes or the level of the Index and residential housing prices.

There is no direct linkage between the level of the Index and residential housing prices in specific regions or residential housing prices in general. While residential housing prices may be one factor that could affect the prices of

the stocks included in the Index and, consequently, the Redemption Amount, the Index and the notes are not directly linked to movements of residential housing prices and may be affected by factors unrelated to those movements.

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The Index

We have obtained all information regarding the Index contained in this term sheet, including its make-up, method of calculation, and changes in its components, from information prepared by NASDAQ OMX (the Index sponsor). That information reflects the policies of, and is subject to change by NASDAQ OMX. NASDAQ OMX, which owns the copyright and all other rights to the Index, has no obligation to continue to publish, and may discontinue publication of, the Index. None of us, the calculation agent, or MLPF&S accepts any responsibility for the calculation, maintenance or publication of the Index or any successor index.

Nasdaq, OMX, NASDAQ OMX, PHLX, PHLX Housing SectorSM Index, and HOX are registered trademarks or servicemarks of Nasdaq OMX and have been licensed for use. The notes have not been passed on by NASDAQ OMX as to their legality or suitability and are not sponsored, endorsed, sold, or promoted by NASDAQ OMX or its affiliates. **NASDAQ OMX OR ITS AFFILIATES MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO THE NOTES AND MAKES NO REPRESENTATION REGARDING THE ADVISABILITY OF INVESTING IN THE NOTES.**

The Index is designed to measure the performance of a set of companies whose primary lines of business are directly associated with the U.S. housing construction market. The Index is currently composed of 19 members. See

—Composition of the Index. The Index is published by NASDAQ OMX. The Index began on January 2, 2002 at a base value of 250.00.

The Index is monitored or benchmarked against the value at which it was initially set. The Index will reflect the U.S. housing construction industry only to the extent that the underlying issues are representative of the industry.

NASDAQ OMX will adjust the composition of the Index due to mergers of component issuers, because issuers no longer reflect the particular Index group, or to improve the Index's correlation to the U.S. housing construction industry, as described in more detail below.

General

The Index is a modified market capitalization-weighted index, in which the value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the securities included in the Index (the Index Securities), multiplied by each such Index Security's last sale price, and divided by the divisor of the Index. The divisor serves the purpose of scaling the aggregate Index value to a lower order of magnitude, which is more desirable for Index reporting purposes. If trading in an Index Security is halted while the applicable market is open, the most recent last sale price for that security is used for all Index computations until trading resumes. If trading is halted before the market is open, the previous day's last sale price is used.

The formula for the Index value is:

Aggregate Adjusted Market Value

Divisor

where the Divisor is:

$(\text{Market Value after Adjustments} / \text{Market Value before Adjustments}) \times \text{Divisor before Adjustments}$

The Index is ordinarily calculated without regard to cash dividends on the Index Securities.

The Index is calculated during the trading day and is disseminated once per second from 9:30:01 a.m. to 5:16:00 p.m., east coast time. The closing value of the Index may change up until 5:15:00 p.m. east coast time due to corrections to the last sale price of the Index Securities.

Eligibility

Index eligibility is limited to specific types of securities. The security types eligible for the Index include domestic or foreign common stocks, ordinary shares, shares of beneficial interest or limited partnership interests, and tracking stocks. Security types not included in the Index are American Depositary Receipts, closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units, and other derivative securities.

Initial Security Eligibility Criteria

To be included in the Index, a security must meet the following criteria:

the security must be listed on the New York Stock Exchange, the Nasdaq Stock Market, or NYSE Amex Equities

U.S.;

the issuer of the security must be classified, as reasonably determined by NASDAQ OMX, as a company whose primary business is associated with the U.S. housing construction market under certain Industry Classification Benchmark codes, which are products of FTSE International Limited and are licensed for use by the Index Sponsor; only one class of security per issuer is allowed;

the security must have a market capitalization of at least \$100 million;

the security must have traded at least 1.5 million shares in each of the last six months;

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- the security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being eligible for the Index;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn; and
- the issuer of the security must have seasoned on a recognized market for at least six months; in the case of spin-offs, the operating history of the spin-off will be considered.

Component Replacement Criteria

In the event that an Index Security no longer meets the continued security eligibility criteria described below, it will be replaced with a security that meets all of the initial security eligibility criteria and additional criteria which follows. Securities eligible for inclusion will be ranked descending by market value, current price, and percentage price change over the previous six months. The security with the highest overall ranking will be added to the Index (if multiple securities have the same rank, the security with the largest market capitalization will rank higher), provided that the Index then meets the following criteria:

- no single Index Security is greater than 20% of the weight of the Index, and the top five Index Securities do not constitute more than 55% of the weight of the Index; and
- no more than 15% of the weight of the Index is composed of non-U.S. component securities that are not subject to comprehensive surveillance agreements.

In the event that the highest ranking security does not permit the Index to meet the above criteria, the next highest ranking security will be selected and the Index criteria will again be applied to determine eligibility. The process will continue until a qualifying replacement security is selected.

Continued Security Eligibility Criteria

To be eligible for continued inclusion in the Index, an Index Security must meet the following criteria:

- the security must be listed on the New York Stock Exchange, the Nasdaq Stock Market, or NYSE Amex Equities U.S.;
- the issuer of the security must be classified, as reasonably determined by NASDAQ OMX, as a company whose primary business is associated with the U.S. housing sector;
- the security must have a market capitalization of at least \$60 million;
 - the security may not be issued by an issuer currently in bankruptcy proceedings;
 - and
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

Continued Index Eligibility Criteria

In addition to the security eligibility criteria, the Index as a whole must meet the following criteria on a continual basis unless otherwise noted:

- no single Index Security is greater than 25% of the weight of the Index, and the top five Index Securities do not constitute more than 60% of the weight of the Index (measured semi-annually on the first trading day in January and July);
- no more than 18% of the weight of the Index is composed of non-U.S. Index Securities that are not subject to comprehensive surveillance agreements;
- the total number of Index Securities has not increased or decreased by 33 1/3% of the Index and in no event will be less than nine;
- Index Securities representing at least 95% of the weight of the Index have a market capitalization of at least \$75 million;
- Index Securities representing at least 92% of the weight of the Index and at least 82% of the total number of Index

Securities meet the security options eligibility rules;

Index Securities must have trading volume of at least 600,000 shares for each of the last six months, except that for each of the lowest weighted Index Securities that in the aggregate account for no more than 5% of the weight of the Index, trading volume must be at least 500,000 shares for each of the last six months; and the lesser of the five highest weighted Index Securities or the highest weighted Index Securities that in the aggregate represent at least 30% of the total number of Index Securities each have had an average monthly trading volume of at least 1,250,000 shares over the past six months.

In the event the Index does not meet the criteria, the Index composition will be adjusted to ensure that the Index meets the criteria. Index Securities that contribute to the Index not meeting the eligibility criteria may be removed. Index Securities may be added and/or replaced according to the component replacement rules to ensure compliance with these criteria. If removed, the security will, in ordinary circumstances, be removed at its last sale price. If the security is halted from trading on its primary listing market, however, and the official closing price cannot be readily determined, NASDAQ OMX may, at its discretion, remove the security at a zero price. If the

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security is removed at a zero price, it will be applied to the Index after the close of market but before the dissemination of the official closing value of the Index (ordinarily at 5:16 p.m.).

Index Maintenance

If a corporate event occurs as to any Index Security, such as a stock dividend, stock split, spin-off or rights issuance, the Index Shares and/or the price of the Index Security will be adjusted on the ex-date. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10%, the adjustment in the Index Shares and/or the price of the Index Security will be made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10%, then all such changes are accumulated and made effective on a quarterly basis after the close of trading on the third Friday in each of March, June, September, and December. The Index Shares are derived from the Index Security's total shares outstanding. The Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed.

In the event of a special cash dividend, NASDAQ OMX will determine on an individual basis whether to make a change to the price of an Index Security in accordance with its Index dividend policy. If NASDAQ OMX determines that a change will be made, it will become effective on the ex-date, and advance notification will be made.

In the event of a change in the Index Shares, a change in an Index Security, or a change to the price of an Index Security due to spin-offs, rights issuances, or special cash dividends, the divisor is ordinarily adjusted to ensure that there is no discontinuity in the value of the Index, which might otherwise be caused by any such change. All changes are announced in advance and will be reflected in the Index prior to market open on the applicable effective date.

Index Rebalancing

The Index uses a modified market capitalization-weighting methodology. Each quarter, the Index is rebalanced so that the maximum weight of any Index Security will not exceed 15% and no more than two Index Securities will be at the cap. Under those circumstances, any Index Security that is then in excess of 8% will be capped at 8%. The aggregate amount by which all Index Securities over 15% and 8% is reduced will be redistributed proportionally across the remaining Index Securities. After redistribution, if any other Index Security then exceeds 8%, the Index Security is set to 8% of the Index and the redistribution is repeated to derive the final weights.

The modified market capitalization-weighted methodology is applied to the capitalization of each Index Security, using the last sale price of the Index Security at the close of trading on the first Friday in March, June, September, and December and after applying quarterly changes to the total shares outstanding. Index Shares are then calculated by multiplying the weight of the Index Security by the new market value of the Index and dividing the modified market capitalization for each Index Security by its corresponding last sale price. The changes become effective after trading on the third Friday in March, June, September, and December.

Composition of the Index

As of September 30, 2016, the Index was composed of the following 19 stocks:

Company	Percentage of Index Weighting
Weyerhaeuser Company	15.54%
Vulcan Materials Company	13.37%
Masco Corporation	8.09%
Fidelity National Financial, Inc.	7.99%
D.R. Horton, Inc.	7.79%
Lennar Corporation	7.40%
Pultegroup Inc.	6.87%
Lennox International Inc.	6.81%
Owens Corning	6.11%

Toll Brothers, Inc.	4.94%
CalAtlantic Group, Inc.	3.95%
Radian Group Inc.	2.90%
Armstrong World Industries, Inc.	2.29%
Meritage Homes Corporation	1.39%
KB Home	1.36%
M.D.C. Holdings, Inc.	1.26%
LendingTree, Inc.	1.14%
M/I Homes, Inc.	0.58%
Hovnanian Enterprises, Inc.	0.22%

* Rounded to two
decimal places.

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The following graph shows the daily historical performance of the Index in the period from January 1, 2008 through October 27, 2016. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On the pricing date, the closing level of the Index was 225.25.

Historical Performance of the Index

This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the notes may be. Any historical upward or downward trend in the level of the Index during any period set forth above is not an indication that the level of the Index is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the levels of the Index.

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License Agreement

NASDAQ OMX and MLPF&S have entered into a non-exclusive license agreement providing for the license to MLPF&S, in exchange for a fee, of the right to use the Index, which is owned and published by NASDAQ OMX in connection with the notes. We are an authorized affiliate of MLPF&S. The license agreement between NASDAQ OMX and M