

PRINCIPAL FINANCIAL GROUP INC  
 Form 4  
 December 07, 2016

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 HOCHSCHILD ROGER C

2. Issuer Name and Ticker or Trading Symbol  
 PRINCIPAL FINANCIAL GROUP INC [PFG]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 711 HIGH STREET  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 12/06/2016

Director  10% Owner  
 Officer (give title below)  Other (specify below)

DES MOINES, IA 50392  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Underlying Securities
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Instr.)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	(1)	12/06/2016	A		849.9		(2)	(2)	Common Stock	849.9	\$ 59

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HOCHSCHILD ROGER C 711 HIGH STREET DES MOINES, IA 50392		X		

## Signatures

Patrick A. Kirchner, by Power of Attorney  
Date: 12/07/2016

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The units convert to common stock on a one-for-one basis.
- (2) The reported phantom stock units were acquired pursuant to the Principal Deferred Compensation Plan for Non-Employee Directors and will be settled on the reporting person's retirement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

	\$5,220,000
Underwriting discount	\$0.20
	\$104,400
Proceeds, before expenses, to BAC	\$9.80
	\$5,115,600

### The notes:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Merrill Lynch & Co.

August 4, 2015

## Accelerated Return Notes®

Linked to the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus Excess Return, due October 14, 2016

## Summary

The Accelerated Return Notes® Linked to the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus Excess Return, due October 14, 2016 (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 you a leveraged return, subject to a cap, if the Ending Value of the Market Measure, which is the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus Excess Return (the Index), is greater than its 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, 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 Capped Value) 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. 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

## Redemption Amount Determination

<b>Issuer:</b>	Bank of America Corporation ( BAC )	On the maturity date, you will receive a cash payment per unit determined as follows:
<b>Principal Amount:</b>	\$10.00 per unit	
<b>Term:</b>	Approximately 14 months	
<b>Market Measure:</b>	Merrill Lynch Commodity index eXtra <sup>SM</sup> Precious Metals Plus Excess Return (Bloomberg symbol: MLCXPMPE).	
<b>Starting Value:</b>	212.6215	
<b>Ending Value:</b>	The closing level of the Market Measure on the scheduled calculation day occurring shortly before the maturity date. The calculation day is subject to postponement in the event of Market Disruption Events, as described beginning on page PS-19 of product supplement COMM ARN-1.	
<b>Participation Rate:</b>	300%	
<b>Capped Value:</b>	\$11.272 per unit of the notes, which represents a return of 12.72% over the principal	

amount.  
**Calculation Day:** October 7, 2016  
**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.  
**Calculation Agent:** Merrill Lynch, Pierce, Fenner & Smith Incorporated ( MLPF&S ), a subsidiary of BAC.

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

Product supplement COMM ARN-1 dated May 4, 2015:

<http://www.sec.gov/Archives/edgar/data/70858/000119312515168327/d918687d424b5.htm>

Series L MTN prospectus supplement dated May 4, 2015 and prospectus dated May 1, 2015:

<http://www.sec.gov/Archives/edgar/data/70858/000119312515167979/d865347d424b3.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 COMM ARN-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:**

You anticipate that the Index will increase moderately from the Starting Value to the Ending Value.

You are willing to risk a loss of principal and return if the Index decreases from the Starting Value to the Ending Value.

You accept that the return on the notes will be capped.

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

You are willing to forgo the rights and benefits of owning the commodities or futures contracts included in, or tracked by, the Index.

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 Redemption Amount.

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

**The notes may not be an appropriate investment for you if:**

You believe that the Index will decrease from the Starting Value to the Ending Value or that it will not increase sufficiently over the term of the notes to provide you with your desired return.

You seek principal repayment or preservation of capital.

You seek an uncapped return on your investment.

You seek interest payments or other current

You want to receive the rights and benefits of owning the commodities or futures contracts

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

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



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due October 14, 2016

## Hypothetical Payout Profile and Examples of Payments at Maturity

**Accelerated Return Notes®**

This graph reflects the returns on the notes, based on the Participation Rate of 300% and the Capped Value of \$11.272. The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the components of the Index.

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. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, the Participation Rate of 300%, the Capped Value of \$11.272 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, Ending Value, Capped Value, and whether you hold the notes to 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. In addition, all payments on the notes are subject to issuer credit risk.

<b>Ending Value</b>	<b>Percentage Change from the Starting Value to the Ending Value</b>	<b>Redemption Amount per Unit</b>	<b>Total Rate of Return on the Notes</b>
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 <sup>(1)</sup>	0.00%	\$10.00	0.00%
102.00	2.00%	\$10.60	6.00%
105.00	5.00%	\$11.272 <sup>(2)</sup>	12.72%
110.00	10.00%	\$11.272	12.72%
120.00	20.00%	\$11.272	12.72%
130.00	30.00%	\$11.272	12.72%
140.00	40.00%	\$11.272	12.72%
150.00	50.00%	\$11.272	12.72%
160.00	60.00%	\$11.272	12.72%

(1) The **hypothetical** Starting Value of 100 used in these examples has been chosen for illustrative purposes only. The actual Starting Value is 212.6215, which was the closing level of the Market Measure on the pricing date.

(2) The Redemption Amount per unit cannot exceed the Capped Value.

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due October 14, 2016

**Redemption Amount Calculation Examples**

**Example 1**

The Ending Value is 80.00, or 80.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 80.00

= **\$8.00** Redemption Amount per unit

**Example 2**

The Ending Value is 102.00, or 102.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 102.00

= **\$10.60** Redemption Amount per unit

**Example 3**

The Ending Value is 130.00, or 130.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 130.00

= **\$19.00, however, because the Redemption Amount for the notes cannot exceed  
the Capped Value, the Redemption Amount will be \$11.272 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-6 of product supplement COMM ARN-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 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.

Your investment return is limited to the return represented by the Capped Value and may be less than a comparable investment directly in the components of 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 components 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.

Ownership of the notes will not entitle you to any rights with respect to the commodities or futures contracts included in, or tracked by, the Index.

The notes will not be regulated by the U.S. Commodity Futures Trading Commission.

The Index includes futures contracts traded on foreign exchanges that may be less regulated than U.S. markets.

Suspensions or disruptions of market trading in the commodities or futures contracts included in, or tracked by, the Index may adversely affect the value of the notes.

There may be potential conflicts of interest involving the calculation agent. 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-27 of product supplement COMM ARN-1.

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Additional Risk Factors

**There is no assurance that the methodology of the Index will result in the Index accurately reflecting the market performance of futures contracts for precious metals.**

The methodology and criteria used to determine the composition of the Index, the weights of the Index Components (as defined below), and the calculation of the level of the Index are designed to enable the Index to serve as a measure of the performance of the precious metals market. It is possible that the methodology and criteria of the Index will not accurately reflect the performance of these commodities and that the trading of, or investments in, products based on or related to the Index, such as the notes, will not correlate with that performance.

**The Index tracks commodity futures contracts and does not track the spot prices of the Index Commodities.**

The Index is composed of exchange-traded futures contracts (the Index Components ) on physical precious metal commodities (the Index Commodities ). Unlike equities, which typically entitle the holder to a continuing stake in a corporation, a commodity futures contract is typically an agreement to buy a set amount of an underlying physical commodity at a predetermined price during a stated delivery period. A futures contract reflects the expected value of the underlying physical commodity upon delivery in the future. In contrast, the underlying physical commodity's current or spot price reflects the immediate delivery value of the commodity.

The notes are linked to the Index and not to the spot prices of the Index Commodities. An investment in the notes is not the same as buying and holding the Index Commodities. While price movements in the Index Components may correlate with changes in the spot prices of the Index Commodities, the correlation will not be perfect and price movements in the spot markets for the Index Commodities may not be reflected in the futures market (and vice versa). Accordingly, an increase in the spot prices of the Index Commodities may not result in an increase in the prices of the Index Components or the level of the Index. The prices of the Index Components and the level of the Index may decrease while the spot prices for the Index Commodities remain stable or increase, or do not decrease to the same extent.

**Higher future prices of the Index Components relative to their current prices may have a negative effect on the level of the Index, and therefore the value of the notes.**

Commodity indices generally reflect movements in commodity prices by measuring the value of futures contracts for the applicable commodities. To maintain the Index, as futures contracts approach expiration, they are replaced by similar contracts that have a later expiration. This process is referred to as rolling. The level of the Index is calculated as if the expiring futures contracts are sold and the proceeds from those sales are used to purchase longer-dated futures contracts. The difference in the price between the contracts that are sold and the new contracts for more distant delivery that are purchased is called roll yield.

If the expiring futures contract included in the Index is rolled into a less expensive futures contract with a more distant delivery date, the market for that futures contract is trading in backwardation. In this case, the effect of the roll yield on the level of the Index will be positive because it costs less to replace the expiring futures contract. However, if the expiring futures contract included in the Index is rolled into a more expensive futures contract with a more distant delivery date, the market for that futures contract is trading in contango. In this case, the effect of the roll yield on the level of the Index will be negative because it will cost more to replace the expiring futures contract.

There is no indication that the markets for the Index Components will consistently be in backwardation or that there will be a positive roll yield that increases the level of the Index. If all other factors remain constant, the presence of contango in the market for an Index Component could result in negative roll yield, which could decrease the level of the Index and the market value of the notes.

**The notes include the risk of concentrated positions in the precious metals sector.**

The Index Commodities underlying the Index Components are concentrated in a single sector, precious metals. An investment in the notes may therefore carry risks similar to a concentrated investment in the precious metals sector. Accordingly, a decline in the value of these commodities would adversely affect the level of the Index. By investing in the notes, you will not benefit from the diversification which could result from an investment linked to commodities in

multiple sectors.

**There are risks associated with investing in notes linked to the value of precious metals, including high volatility in the prices of the Index Commodities and Index Components.**

The prices of precious metals, and futures contracts for precious metals, including those of the Index Commodities and Index Components, are subject to volatile price movements over short periods of time and are affected by numerous factors. These include economic factors, including the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the prices of most precious metals are generally quoted), interest rates and precious metal borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial, or other events. Precious metal prices may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of these metals by the official sector, including central banks and other governmental agencies and multilateral

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institutions which hold these metals, levels of production, technological changes, and production costs, and short-term changes in supply and demand because of trading activities in the applicable markets. It is not possible to predict the aggregate effect of all or any combination of these factors.

**Changes in the methodology for determining the composition and calculation of the Index or changes in laws or regulations may affect the value of the notes.**

Merrill Lynch, Pierce, Fenner & Smith Limited and its affiliates (together referred to as Merrill Lynch), all of which are our subsidiaries, retain the discretion to modify the methodology for determining the composition and calculation of the level of the Index at any time. Merrill Lynch reserves the right to modify the methodology and calculation of the Index from time to time, if it believes that modifications are necessary or appropriate. It is possible that certain of these modifications will adversely affect the level of the Index. This may decrease the market value of the notes and the Redemption Amount.

In addition, the values of the Index Components or Index Commodities could be adversely affected by the promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those relating to taxes and duties on commodities or commodity components) by one or more governments, governmental agencies, courts, or other official bodies. Any event of this kind could adversely affect the level of the Index and, as a result, could adversely affect the value of the notes.

**The notes are linked to the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Excess Return (Bloomberg symbol MLCXPMPE), not the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Total Return (Bloomberg symbol MLCXPMPT).**

The notes are linked to the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Excess Return (Bloomberg symbol MLCXPMPE), which we refer to in this term sheet as the Index. The Index reflects both price movements as well as roll yields. By comparison, the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Total Return includes commodity price movements, a roll-return component, and a U.S. Treasury-bill return component to measure fully collateralized commodity futures investment. Because the notes are linked to the Index and not the Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Total Return, the Redemption Amount will not reflect the total return feature.

**Additional conflicts of interest may exist.**

In certain circumstances, Merrill Lynch's roles as our subsidiary and its responsibilities with respect to the Index could give rise to conflicts of interest. Even though the Index will be calculated in accordance with certain principles, its calculation and maintenance require that certain judgments and decisions be made. Merrill Lynch will be responsible for these judgments and decisions. As a result, the determinations made by Merrill Lynch could adversely affect the level of the Index and, accordingly, decrease the Redemption Amount. In making any determination with respect to the Index, Merrill Lynch is not required to consider your interests as a holder of the notes.

Further, Merrill Lynch faces a potential conflict of interest between its role as the Index manager and its active role in trading commodities and derivatives instruments based upon the components of the Index.

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**The Index**

All disclosures contained in this term sheet regarding the Index, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, Merrill Lynch. Merrill Lynch has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of Merrill Lynch discontinuing publication of the Index are discussed in the section entitled Description of ARNs - Discontinuance of a Market Measure beginning on page PS-21 of product supplement COMM ARN-1. 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.

***Merrill Lynch Commodity index eXtra<sup>SM</sup> Precious Metals Plus - Excess Return***

The Index (Bloomberg symbol MLCXPMPE ) was launched in March 2008 and is a modified version of the Merrill Lynch Commodity index eXtra (the MLCX ), as further described below. The Index differs from the MLCX in that it consists of a limited number of Index Components, does not track all of the Market Sectors (as defined below) tracked by the MLCX and contains two Index Components (palladium and platinum) that are not included in the Precious Metals Market Sector. Instead, the Index provides long only exposure to exchange-traded futures contracts linked to a limited number of precious metals Index Commodities. Those contracts are rolled over from 2<sup>nd</sup> month contracts into 3<sup>rd</sup> month contracts scheduled for delivery over a 15 business day period each month prior to the month in which a contract expires.

The Index is comprised of the following four Index Components, and their respective weightings for 2015 in the Index (rounded to two decimals) are as follows:

<b>Index Component</b>	<b>Weight</b>
Gold	55.50%
Platinum	23.70%
Palladium	12.75%
Silver	8.10%

The Index is calculated by Merrill Lynch based on the official settlement or similar prices for the applicable Index Components. Merrill Lynch applies the daily percentage change in the prices of the Index Components to the prior trading day's level of the Index in order to calculate the current level of the Index. The Index is calculated in the manner described in the MLCX Handbook, as modified to reflect the precious metals exchange-traded futures contracts and weightings that the Index measures.

Merrill Lynch Commodity index eXtra<sup>SM</sup> is a service mark of our subsidiary, Merrill Lynch & Co., Inc.

**The MLCX**

The MLCX was created by Merrill Lynch in 2006 and is designed to provide a benchmark for the performance of the commodity market and for investment in commodities as an asset class. The MLCX is comprised of futures contracts on physical commodities. As the exchange traded futures contracts that comprise the MLCX approach the month before expiration, they are replaced by contracts that have later expiration dates. This process is referred to as rolling. The MLCX rolls over a 15-index business day period each month.

Merrill Lynch constructed the MLCX based primarily on the liquidity of the futures contracts that comprise the MLCX and the value of the global production of each related commodity. Merrill Lynch believes that these criteria allow the MLCX to reflect the general significance of the commodities (the MLCX Commodities ) in the global economy, differentiating between upstream and downstream commodities, with a particular emphasis on downstream commodities (i.e., those that are derived from other commodities represented by the MLCX). The MLCX composition and weights are typically determined once a year and applied once at the start of each year in January. The methodology for determining the composition, weighting, or value of the MLCX and for calculating its level is subject to modification by Merrill Lynch at any time. Merrill Lynch reserves the right to modify the methodology and calculation of the MLCX from time to time, if it believes that modifications are necessary or appropriate.

**Construction**

The MLCX was created using the following four main principles:

1. *Liquidity* The futures contracts included in the MLCX should be sufficiently liquid to accommodate the level of trading needed to support the MLCX. The selection mechanism is therefore based primarily on liquidity.
2. *Weighting* The weight of each futures contract in the MLCX should reflect the value of the global production of the related commodity, as a measure of the significance of the commodity in the global economy, with appropriate adjustments to avoid double counting.

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3. *Market Sectors* Each Market Sector should be adequately represented in the MLCX and the weights should be adjusted to maintain the integrity of the Market Sectors.

4. *Rolling* Futures contracts that comprise the MLCX are rolled during a fifteen day period to limit the market impact that such contract rolls could have.

The MLCX contains six market sectors identified by Merrill Lynch: (1) energy; (2) base metals; (3) precious metals; (4) grains & oil seeds; (5) livestock; and (6) soft commodities & others (each a Market Sector). Each Market Sector is represented in the MLCX by a minimum of two and a maximum of four futures contracts (except for the Energy Sector, which may be represented by a maximum of five futures contracts), selected based on liquidity.

**Exchange Selection**

Merrill Lynch has selected a set of exchanges, on the basis of liquidity, geographical location, and commodity type (the Selected Exchanges), from which the contracts included in the MLCX will be selected. To be considered for selection, an exchange must be located in a country that is a member of the Organisation for Economic Co-Operation and Development. The exchange must also be a principal trading forum, based on relative liquidity, for U.S.

dollar-denominated futures contracts on major physical commodities. The four exchanges currently are: (1) the New York Mercantile Exchange (the NYMEX) (NYMEX and COMEX Divisions); (2) the Chicago Mercantile Exchange (the CME) (CME and the Chicago Board of Trade (CBOT) Divisions); (3) the London Metal Exchange (the LME); and (4) the ICE Futures Exchange (the ICE) (ICE Futures Europe and ICE Futures U.S. Divisions).

**Contract Selection***Eligibility*

To be an Eligible Contract, a commodity futures contract must satisfy all of the following requirements:

- it must be denominated in U.S. dollars;

- it must be based on a physical commodity (or the price of a physical commodity) and provide for cash settlement or physical delivery at a specified time, or during a specified period, in the future;

- detailed trading volume data regarding the contract must be available for at least two years prior to the initial inclusion of the contract in the MLCX, provided that Merrill Lynch may determine to include a contract with less than two years of data;

- the contract must have a Total Trading Volume, or TTV (as defined below), of at least 500,000 contracts for each twelve-month period beginning on July 1 and ending on June 30; and

- Reference Prices must be publicly available on a daily basis either directly from the Selected Exchange or, if available through an external data vendor, on any day on which the relevant exchange is open for business.

Reference Prices are the official settlement or similar prices posted by the relevant Selected Exchange (or its clearinghouse) with respect to a contract and against which positions in such contract are margined or settled.

An Eligible Contract is selected for inclusion in the MLCX only after application of the requirements for a minimum and maximum number of contracts from each Market Sector. A contract that does not otherwise satisfy all of the foregoing requirements may nevertheless be included in the MLCX if the inclusion of the contract is, in the judgment of Merrill Lynch, necessary or appropriate to maintain the integrity of the MLCX and/or to advance the objectives of the MLCX. Every year, Merrill Lynch compiles a list of all commodity futures contracts traded on the Selected Exchanges and a list of the Eligible Contracts that satisfy the foregoing criteria. This list will be used to determine the commodities futures contracts which will be included in the MLCX.

*Liquidity*

Merrill Lynch distinguishes the Eligible Contracts by their liquidity. Liquidity is measured by a contract's Total Trading Volume (TTV) and the value of that trading volume. The Total Trading Volume with respect to each contract traded on a Selected Exchange is equal to the sum of the daily trading volumes in all expiration months of the contract on each day during the most recent twelve-month period beginning on July 1 and ending on June 30. The Contract Size (CS) is the number of standard physical units of the underlying commodity represented by one contract. For example, the Contract Size of a crude oil futures contract is 1,000 barrels. The Average Reference Price (ARP), which

is used to determine the value of the Total Trading Volume, is the average of the Reference Prices of the Front-Month Contract (as defined below) for an MLCX contract on each Trading Day (as defined below) during the twelve-month period beginning on July 1 and ending on June 30 of each year. A Front-Month Contract on any given day is the futures contract expiring on the first available contract expiration month after the date on which the determination is made. A Trading Day means any day on which the relevant Selected Exchange is open for trading. Liquidity ( LIQ ) is therefore equal to the Total Trading Volume, multiplied by the Contract Size with respect to each contract, multiplied by the Average Reference Price for that contract:  $LIQ = TTV \times CS \times ARP$ .

Once the LIQ is determined, the Eligible Contracts are listed in order of their LIQ, from highest to lowest. Each MLCX Market Sector must be represented by a minimum of two and a maximum of four (five for Energy) Eligible Contracts. The MLCX will only include the Eligible Contracts with the greater LIQs. The Redundant Contracts, which are less liquid Eligible Contracts representing the same Accelerated Return Notes<sup>®</sup>

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MLCX commodity, are excluded. For instance, the list of futures contracts that comprise the MLCX includes an Eligible Contract on Brent crude oil but excludes a contract on WTI crude oil as a Redundant Contract.

The selection of Eligible Contracts and determination of the futures contracts that comprise the MLCX occur once a year. The results for the following calendar year will be announced before the first NYMEX Business Day (as defined below) of November. NYMEX Business Day is any day that the NYMEX rules define as a trading day.

Based on this selection process, the MLCX may include from 12 to 23 commodity futures contracts.

**Weighting**

The weight of each futures contract included in the MLCX is based on the global production of the related commodity, provided that the contract reflects global prices for that commodity. In some cases, however, the futures contracts that comprise the MLCX only have pricing links to a limited number of markets around the world. For instance, the NYMEX natural gas contract primarily represents the U.S. market and the surrounding North American markets in Canada and Mexico. In addition, some European gas markets, such as the U.K., are developing an increasing link to U.S. natural gas prices through the liquefied natural gas market. As a result, rather than using production of natural gas in the world or in the United States to assign a weight to the natural gas contract in the MLCX, Merrill Lynch has aggregated U.S., Canadian, Mexican, and U.K. natural gas production. Similarly, Merrill Lynch found that U.S. livestock prices can be affected by local issues such as disease and trade restrictions, so it limited the livestock component of the MLCX to production of cattle and hogs in the United States, instead of using global production weights. In addition, for the WTI contract only North American production (United States, Canada and Mexico) is considered, while for the Brent contract global production outside of North America is included. Also, certain commodities are derived from other commodities in various forms. For example, gasoline and heating oil are produced from crude oil, and, because livestock feed on corn and other grains, they are to an extent derived from agricultural commodities. To avoid double counting of commodities such as crude oil or grains used as livestock feed, Merrill Lynch differentiates between upstream and downstream commodities and adjusts the global production quantity of the MLCX Commodities accordingly.

**Rolling**

Each MLCX contract is rolled into the next available contract month in advance of the month in which expiration of the contract occurs. The rolling process takes place over a 15-day period during each month prior to the relevant expiration month of each contract, which reduces the impact that the roll might have on the market. The rolling of contracts is effected on the same days for all MLCX contracts, regardless of exchange holiday schedules, emergency closures, or other events that could prevent trading in such contracts, although Merrill Lynch reserves the right to delay the rolling of a particular contract under extraordinary circumstances. If an MLCX contract is rolled on a day on which the relevant contract is not available for trading, the roll will be effected on the basis of the most recent available settlement price.

**Market Sectors**

The weight of any given Market Sector in the MLCX is capped at 60% of the overall MLCX. A minimum weight of 3% is applicable to each Market Sector. Although the MLCX is designed to reflect the significance of the underlying commodities in the global economy, each Market Sector maintains these limits in an attempt to control for risk.

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The weights of the Market Sectors for 2015 are:

<b>Market Sector</b>	<b>Weight</b>
Energy	60.0%
Grains & Oil Seeds	16.3%
Base Metals	10.2%
Soft Commodities & Others	5.6%
Precious Metals	4.8%
Livestock	3.0%

<b>MLCX Contract</b>	<b>Market Sector</b>	<b>Weight</b>
Brent	Energy	28.90%
Gasoil	Energy	11.94%
Gasoline RBOB	Energy	11.57%
Wheat	Grains & Oil Seeds	6.24%
Corn	Grains & Oil Seeds	5.63%
WTI	Energy	5.35%
Copper	Base Metals	5.28%
Gold	Precious Metals	4.24%
Aluminum	Base Metals	3.07%
Soybean Meal	Grains & Oil Seeds	2.87%
Sugar	Soft Commodities & Others	2.53%
Natural Gas	Energy	2.22%
Cotton	Soft Commodities & Others	2.00%
Live Cattle	Livestock	1.97%
Soybeans	Grains & Oil Seeds	1.58%
Coffee	Soft Commodities & Others	1.08%
Lean Hogs	Livestock	1.03%
Zinc	Base Metals	1.00%
Nickel	Base Metals	0.88%
Silver	Precious Metals	0.60%

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*The following graph shows the monthly historical performance of the Index in the period from January 2008 through July 2015. 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 212.6215.*

**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 and trading pattern of the Index.

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Supplement to the Plan of Distribution; Conflicts of Interest

Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

MLPF&S, a broker-dealer subsidiary of BAC, is a member of the Financial Industry Regulatory Authority, Inc. ( FINRA ) and will participate as selling agent in the distribution of the notes. Accordingly, offerings of the notes will conform to the requirements of Rule 5121 applicable to FINRA members. MLPF&S may not make sales in this offering to any of its discretionary accounts without the prior written approval of the account holder.

We will deliver the notes against payment therefor in New York, New York on a date that is greater than three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

MLPF&S may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these will include MLPF&S's trading commissions and mark-ups. MLPF&S may act as principal or agent in these market-making transactions; however, it is not obligated to engage in any such transactions. At MLPF&S's discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S may offer to buy the notes in the secondary market at a price that may exceed the initial estimated value of the notes. Any price offered by MLPF&S for the notes will be based on then-prevailing market conditions and other considerations, including the performance of the Index and the remaining term of the notes. However, neither we nor any of our affiliates is obligated to purchase your notes at any price, or at any time, and we cannot assure you that we or any of our affiliates will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

The value of the notes shown on your account statement will be based on MLPF&S's estimate of the value of the notes if MLPF&S or another of our affiliates were to make a market in the notes, which it is not obligated to do. That estimate will be based upon the price that MLPF&S may pay for the notes in light of then-prevailing market conditions and other considerations, as mentioned above, and will include transaction costs. At certain times, this price may be higher than or lower than the initial estimated value of the notes.

Structuring the Notes

The notes are our debt securities, the return on which is linked to the performance of the Index. As is the case for all of our debt securities, including our market-linked notes, the economic terms of the notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because market-linked notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security. This rate, which we refer to in this term sheet as our internal funding rate, is typically lower than the rate we would pay when we issue conventional fixed or floating rate debt securities. This generally relatively lower internal funding rate, which is reflected in the economic terms of the notes, along with the fees and charges associated with market-linked notes, resulted in the initial estimated value of the notes on the pricing date being less than their public offering price.

At maturity, we are required to pay the Redemption Amount to holders of the notes, which will be calculated based on the performance of the Index and the \$10 per unit principal amount. In order to meet these payment obligations, at the time we issue the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with MLPF&S or one of its affiliates. The terms of these hedging arrangements are determined based upon terms provided by MLPF&S and its affiliates, and take into account a number of factors,

including our creditworthiness, interest rate movements, the volatility of the Index, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

MLPF&S has advised us that the hedging arrangements will include a hedging related charge of approximately \$0.075 per unit, reflecting an estimated profit to be credited to MLPF&S from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by MLPF&S or any third party hedge providers.

For further information, see Risk Factors—General Risks Relating to ARNs beginning on page PS-6 and Use of Proceeds on page PS-16 of product supplement COMM ARN-1.

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Summary Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the notes, including the following:

There is no statutory, judicial, or administrative authority directly addressing the characterization of the notes.

You agree with us (in the absence of an administrative determination, or judicial ruling to the contrary) to characterize and treat the notes for all tax purposes as a single financial contract with respect to the Index.

Under this characterization and tax treatment of the notes, a U.S. Holder (as defined beginning on page 99 of the prospectus) generally will recognize capital gain or loss upon maturity or upon a sale or exchange of the notes prior to maturity. This capital gain or loss generally will be long-term capital gain or loss if you held the notes for more than one year.

No assurance can be given that the IRS or any court will agree with this characterization and tax treatment.

**You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion under the section entitled U.S. Federal Income Tax Summary beginning on page PS-27 of product supplement COMM ARN-1.**

Validity of the Notes

In the opinion of McGuireWoods LLP, as counsel to BAC, when the trustee has made an appropriate entry on Schedule 1 to the Master Registered Global Senior Note, dated May 1, 2015 (the Master Note ) identifying the notes offered hereby as supplemental obligations thereunder in accordance with the instructions of BAC and the notes have been delivered against payment therefor as contemplated in this Note Prospectus, all in accordance with the provisions of the indenture governing the notes, such notes will be legal, valid and binding obligations of BAC, subject to the effect of applicable bankruptcy, insolvency (including laws related to preferences, fraudulent transfers and equitable subordination), reorganization, moratorium, and other similar laws affecting creditors' rights generally, and to general principles of equity. This opinion is given as of the date hereof and is limited to the laws of the State of New York and the Delaware General Corporation Law (including the statutory provisions, all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting the foregoing). In addition, this opinion is subject to the assumption that the trustee's certificate of authentication of the Master Note has been manually signed by one of the trustee's authorized officers and to customary assumptions about the trustee's authorization, execution and delivery of the indenture governing the notes, the validity, binding nature and enforceability of the indenture governing the notes with respect to the trustee, the legal capacity of natural persons, the genuineness of signatures, the authenticity of all documents submitted to McGuireWoods LLP as originals, the conformity to original documents of all documents submitted to McGuireWoods LLP as copies thereof, the authenticity of the originals of such copies and certain factual matters, all as stated in the letter of McGuireWoods LLP dated February 27, 2015, which has been filed as an exhibit to BAC's Registration Statement relating to the notes filed with the Securities and Exchange Commission on February 27, 2015.

Where You Can Find More Information

We have filed a registration statement (including a product supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents that we have filed with the SEC, for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S toll-free at 1-800-294-1322.

Market-Linked Investments Classification

*MLPF&S classifies certain market-linked investments (the Market-Linked Investments ) into categories, each with different investment characteristics. The following description is meant solely for informational purposes and is not intended to represent any particular Enhanced Return Market-Linked Investment or guarantee any performance.*

Enhanced Return Market-Linked Investments are short- to medium-term investments that offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

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