

BofA Finance LLC  
Form 424B2  
February 11, 2019

This pricing supplement, which is not complete and may be changed, relates to an effective Registration Statement under the Securities Act of 1933. This pricing supplement and the accompanying product supplement, prospectus supplement and prospectus are not an offer to sell these notes in any country or jurisdiction where such an offer would not be permitted.

Preliminary Pricing Supplement - Subject to Completion (To Prospectus dated November 4, 2016, Series A Prospectus Supplement dated November 4, 2016 and Product Supplement STOCK-1 dated November 30, 2016) February 11, 2019	Filed Pursuant to Rule 424(b)(2) Registration Statement No. 333-213265
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## **BofA Finance LLC**

### **Contingent Income Auto-Callable Notes Linked to the Least Performing of the Common Stock of Caterpillar Inc., the Common Stock of NVIDIA Corporation, the Energy Select Sector SPDR® Fund and the Financial Select Sector SPDR® Fund, due February 15, 2022 Fully and Unconditionally Guaranteed by Bank of America Corporation**

· The CUSIP number for the notes is **09709TNE7**.

The notes are senior unsecured obligations issued by BofA Finance LLC (“BofA Finance”), a direct, wholly-owned subsidiary of Bank of America Corporation (“BAC” or the “Guarantor”), which are fully and unconditionally guaranteed by the Guarantor. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of BofA Finance, as issuer of the notes, and the credit risk of BAC, as guarantor of the notes.

The notes do not guarantee a full return of your principal at maturity, and you could lose up to 100% of the principal amount at maturity.

· The notes are expected to price on February 12, 2019 (the “pricing date”).

· The notes are expected to mature on February 15, 2022, unless previously called.

Payments on the notes will depend on the individual performance of the common stock of Caterpillar Inc. (NYSE symbol: CAT), the common stock of NVIDIA Corporation (NASDAQ Global Market Select Symbol: NVDA) (each, an “Underlying Stock”), the Energy Select Sector SPDR® Fund (the “XLE”) and the Financial Select Sector SPDR® Fund (the “XLF”). Each of CAT and NVDA is an “Underlying Stock” and, collectively, the “Underlying Stocks”. Each of the XLE and the XLF is an “Underlying ETF” and, collectively, the “Underlying ETFs”. The Underlying Stocks together with the Underlying ETFs, are each an “Underlying” and collectively known as the “Underlyings”.

If, on any quarterly Observation Date, the Observation Value of each Underlying is greater than or equal to its Threshold Value, we will pay a Contingent Coupon Payment of at least \$45.625 per \$1,000 in principal amount (a rate of at least 4.5625% per quarter, or at least 18.25% per annum) on the applicable Contingent Payment Date (each as defined below). The actual Contingent Coupon Payment will be determined on the pricing date.

The Contingent Payment Dates will be quarterly, commencing on May 15, 2019 and ending on the maturity date (the last quarterly Contingent Payment Date will be the maturity date).

Prior to the maturity date, if the Observation Value of **each** Underlying is greater than or equal to **90% of its Starting Value** on any Observation Date (other than the final Observation Date), the notes will be automatically redeemed, in whole but not in part, at 100% of the principal amount, together with the Contingent Coupon Payment with respect to that Observation Date. No further amounts will be payable following an early redemption.

At maturity, the amount you will be entitled to receive per \$1,000 in principal amount of the notes (the “Redemption Amount”) will depend on the performance of the Least Performing Underlying (as defined below). If the notes are not automatically redeemed prior to maturity, the Redemption Amount will be determined as follows:

If the Ending Value of the Least Performing Underlying is greater than or equal to its Threshold Value, the Redemption Amount will equal the principal amount plus the final Contingent Coupon Payment.

If the Ending Value of the Least Performing Underlying is less than its Threshold Value, you will be subject to 1-1 downside exposure to any decrease in the price of the Least Performing Underlying from its Starting Value. In that case, the Redemption Amount will be less than 65% of the principal amount and could be zero.

The “Threshold Value” with respect to each Underlying will be 65% of its Starting Value.

The “Least Performing Underlying” will be the Underlying with the lowest Underlying Return (as defined below).

The notes will be issued in denominations of \$1,000 and whole multiples of \$1,000.

The notes will not be listed on any securities exchange.

**The initial estimated value of the notes will be less than the public offering price.** The initial estimated value of the notes as of the pricing date is expected to be between \$940.00 and \$960.00 per \$1,000 in principal amount. See “Summary” beginning on page PS-3 of this pricing supplement, “Risk Factors” beginning on page PS-9 of this pricing supplement and “Structuring the Notes” on page PS-37 of this pricing supplement for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

The notes and the related guarantee:

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

	<b>Per Note</b>	<b>Total</b>
Public Offering Price <sup>(1)</sup>	\$1,000.00	\$
Underwriting Discount	\$40.00	\$
Proceeds (before expenses) to BofA Finance	\$960.00	\$

(1) The public offering price for investors purchasing the notes in fee-based advisory accounts will be \$960.00 per note.

*The notes and the related guarantee of the notes by the Guarantor are unsecured and are not savings accounts, deposits, or other obligations of a bank. The notes are not guaranteed by Bank of America, N.A. or any other bank, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and involve investment risks. Potential purchasers of the notes should consider the information in “Risk Factors” beginning on page PS-9 of this pricing supplement, page PS-5 of the accompanying product supplement, page S-4 of the accompanying prospectus supplement, and page 7 of the accompanying prospectus. **You may lose some or all of your principal amount in the notes.** None of the Securities and Exchange Commission (the “SEC”), any state securities commission, or any other regulatory body has approved or disapproved of these notes or the guarantee, or passed upon the adequacy or accuracy of this pricing supplement, or the accompanying product supplement, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.*

We will deliver the notes in book-entry form only through The Depository Trust Company on or about February 14, 2019 against payment in immediately available funds.

**BofA Merrill Lynch**

Selling Agent

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## SUMMARY

The Contingent Income Auto-Callable Notes Linked to the Least Performing of the common stock of Caterpillar Inc., the common stock of NVIDIA Corporation, the Energy Select Sector SPDR® Fund and the Financial Select Sector SPDR® Fund, due February 15, 2022 (the “notes”) are our senior debt securities. Any payments on the notes are fully and unconditionally guaranteed by BAC. The notes and the related guarantee are not insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of our other senior unsecured debt, and the related guarantee will rank equally with all of BAC’s other senior unsecured debt. Any payments due on the notes, including any repayment of the principal amount, will be subject to the credit risk of BofA Finance, as issuer, and BAC, as guarantor.** Unless earlier called, the notes will mature on February 15, 2022.

If, on any quarterly Observation Date, the Observation Value of each Underlying is greater than or equal to its Threshold Value, we will pay a Contingent Coupon Payment of at least \$45.625 per \$1,000 in principal amount of the notes (a rate of at least 4.5625% per quarter, or at least 18.25% per annum) on the applicable Contingent Payment Date. The actual Contingent Coupon Payment will be determined on the pricing date. Prior to the maturity date, if the Observation Value of **each** Underlying is greater than or equal to **90% of its Starting Value** on any Observation Date (other than the final Observation Date), the notes will be automatically redeemed, in whole but not in part, at 100% of the principal amount, together with the relevant Contingent Coupon Payment. No further amounts will be payable following an early redemption. If the notes are not called prior to maturity, and if the Ending Value of the Least Performing Underlying is greater than or equal to its Threshold Value, at maturity you will receive the principal amount plus the final Contingent Coupon Payment. If the Ending Value of the Least Performing Underlying is less than its Threshold Value, you will be subject to 1-1 downside exposure to any decrease in the price of the Least Performing Underlying from its Starting Value. In that case, the Redemption Amount will be less than 65% of the principal amount and could be zero. The notes are not traditional debt securities and it is possible that the notes will not pay any Contingent Coupon Payments, and you may lose some or all of your principal amount at maturity.

Any payments on the notes, including any Contingent Coupon Payments, depend on the credit risk of BofA Finance and BAC and on the performance of each Underlying. The economic terms of the notes are based on BAC’s internal funding rate, which is the rate it would pay to borrow funds through the issuance of market-linked notes and the economic terms of certain related hedging arrangements it enters into. BAC’s internal funding rate is typically lower than the rate it would pay when it issues conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charges described below, will reduce the economic terms of the notes to you and the initial estimated value of the notes. Due to these factors, the public offering price you pay to purchase the notes will be greater than the initial estimated value of the notes as of the pricing date.

On the cover page of this preliminary pricing supplement, we have provided the initial estimated value range for the notes. The final pricing supplement will set forth the initial estimated value of the notes as of the pricing date. For more information about the initial estimated value and the structuring of the notes, see “Risk Factors” beginning on page PS-9 and “Structuring the Notes” on page PS-37.

**Issuer:** BofA Finance LLC (“BofA Finance”)

**Guarantor:** Bank of America Corporation (“BAC”)

**Term:** 36 months, if not previously called.

**Pricing Date:** February 12, 2019

**Issue Date:** February 14, 2019

**Maturity Date:** February 15, 2022

**Underlyings:** The common stock of Caterpillar Inc. (NYSE symbol: CAT), the common stock of NVIDIA Corporation (NYSE symbol: NVDA), the Energy Select Sector SPDR® Fund (Bloomberg ticker:

“XLE”) and the Financial Select Sector SPDR Fund (Bloomberg ticker: “XLF”). See the section entitled “The Underlyings” beginning on page PS-23

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of this pricing supplement.

**Automatic Call:**

All (but not less than all) of the notes will be automatically called if the Observation Value of each Underlying is greater than or equal to **90% its Starting Value** on any Observation Date (other than the final Observation Date). If the notes are automatically called, the Early Redemption Payment will be paid on the applicable Contingent Payment Date.

**Early Redemption Payment:**

The sum of the principal amount plus the Contingent Coupon Payment with respect to the applicable Observation Date.

**Contingent Coupon Payment:**

If, on any quarterly Observation Date, the Observation Value of each Underlying is greater than or equal to its Threshold Value, we will pay a Contingent Coupon Payment of at least \$45.625 per \$1,000 in principal amount (a rate of at least 4.5625% per quarter, or at least 18.25% per annum) on the applicable Contingent Payment Date. The actual Contingent Coupon Payment will be determined on the pricing date.

If the notes have not been automatically called prior to maturity, the Redemption Amount per note will be:

a) If the Ending Value of the Least Performing Underlying is greater than or equal to its Threshold Value:

**Redemption Amount:**

\$1,000 + the final Contingent Coupon Payment

b) If the Ending Value of the Least Performing Underlying is less than its Threshold Value:

$\$1,000 + (\$1,000 \times \text{the Underlying Return of the Least Performing Underlying})$

In this case, the Redemption Amount will be less than 65% of the principal amount and could be zero.

**Starting Value:**

With respect to each Underlying, its Closing Market Price on the pricing date.

**Observation Value:**

With respect to each Underlying, its Closing Market Price on the applicable Observation Date, multiplied by its Price Multiplier as of that day.

**Ending Value:**

With respect to each Underlying, its Observation Value on the final Observation Date.

**Threshold Value:**

With respect to each Underlying, 65% of its Starting Value.

**Least**

**Performing Underlying:**

The Underlying with the lowest Underlying Return.

**Underlying Return:**

With respect to each Underlying,

With respect to each Underlying Stock, refer to page PS-19 of product supplement STOCK-1.

**Closing Market Price:**

With respect to each Underlying ETF, refer to "Description of the Notes—Other terms of the Notes—Closing Market Price for ETFs" beginning on page PS-18 of this preliminary pricing supplement.

**Price Multiplier:**

With respect to each Underlying Stock, 1, subject to adjustment for certain corporate events relating to that Underlying Stock described in the product supplement under "Description of the Notes—Anti-Dilution Adjustments."

With respect to each Underlying ETF, 1, subject to adjustment for certain events as described in “Description of the Notes— Other Terms of the Notes — Anti-Dilution and Discontinuance Adjustments Relating to the Underlying ETFs” beginning on page PS-20 of this preliminary pricing supplement. Quarterly, expected to be May 10, 2019, August 12 2019, November 12, 2019, February 12, 2020, May 12, 2020, August 12, 2020, November 11, 2020, February 10, 2021, May 12, 2021, August 11, 2021, November 10, 2021 and February 10, 2022. The quarterly Observation Dates are subject to postponement as set forth in “Description of the Notes— Other Terms of the Notes—Events Relating to Observation Dates” beginning on page PS-18 of this preliminary pricing supplement. If an Observation Date is not a business day, such Observation Date will be postponed to the next business day. Quarterly, expected to be May 15, 2019, August 15, 2019, November 15, 2019, February 18, 2020, May 15, 2020, August 17, 2020, November 16, 2020, February 16, 2021, May 17, 2021, August 16, 2021, November 15, 2021 and the maturity date. Postponement of a quarterly Observation Date will not cause the postponement of the Contingent Payment Date relating to such Observation Date. Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), an affiliate of BofA Finance. See “Supplemental Plan of Distribution; Role of MLPF&S and Conflicts of Interest” beginning on page PS-35.

**Observation Dates:**

**Contingent Payment Dates:**

**Calculation Agent:**

**Selling Agent:**

*The pricing date, issue date and other dates set forth above are subject to change, and will be set forth in the final pricing supplement relating to the notes.*

You should read carefully this entire pricing supplement, product supplement, prospectus supplement, and prospectus to understand fully the terms of the notes, as well as the tax and other considerations important to you in making a decision about whether to invest in the notes. In particular, you should review carefully the section in this pricing supplement entitled “Risk Factors,” which highlights a number of risks of an investment in the notes, to determine whether an investment in the notes is appropriate for you. If information in this pricing supplement is inconsistent with the product supplement, prospectus supplement or prospectus, this pricing supplement will supersede those documents. You are urged to consult with your own attorneys and business and tax advisors before making a decision to purchase any of the notes.

The information in this “Summary” section is qualified in its entirety by the more detailed explanation set forth elsewhere in this pricing supplement and the accompanying product supplement, prospectus supplement and prospectus. You should rely only on the information contained in this pricing supplement and the accompanying product supplement, prospectus supplement and prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. None of us, the Guarantor or any selling agent is making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this pricing supplement, the accompanying product supplement, prospectus supplement, and prospectus is accurate only as of the date on their respective front covers.

Capitalized terms used but not defined in this pricing supplement have the meanings set forth in the accompanying product supplement, prospectus supplement and prospectus. Unless otherwise indicated or unless the context requires otherwise, all references in this pricing supplement to “we,” “us,” “our,” or similar references are to BofA Finance, and not to BAC (or any other affiliate of BofA Finance).

The above documents may be accessed at the following links:

- Product supplement STOCK-1 dated November 30, 2016:

<https://www.sec.gov/Archives/edgar/data/70858/000119312516780826/d304271d424b2.htm>

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- Series A MTN prospectus supplement dated November 4, 2016 and prospectus dated November 4, 2016:

<https://www.sec.gov/Archives/edgar/data/70858/000119312516760144/d266649d424b3.htm>

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## Hypothetical Payments on the Notes

The following table is for purposes of illustration only. It assumes that the notes have not been automatically called prior to maturity and is based on **hypothetical** values and show **hypothetical** returns on the notes. It illustrates the calculation of the Redemption Amount and return on the notes based on a hypothetical Starting Value of 100, a hypothetical Threshold Value of 65 for the Least Performing Underlying, a hypothetical Contingent Coupon Payment of \$45.625 (a rate of 4.5625% per quarter) per \$1,000 in principal amount, and a range of hypothetical Ending Values of the Least Performing Underlying. **The actual amount you receive and the resulting total return will depend on the actual Starting Values, Threshold Values, Observation Values, Contingent Coupon Payment and Ending Values of the Underlyings, whether the notes are called prior to maturity, and whether you hold the notes to maturity.** The numbers appearing in the table below have been rounded for ease of analysis, and do not take into account any tax consequences from investing in the notes.

For recent actual prices of the Underlyings, see “The Underlyings” section below. The Ending Value of each Underlying will not include any income generated by dividends paid on the Underlyings or on the securities represented by the Underlying ETFs, which you would otherwise be entitled to receive if you invested in the Underlyings and/or the securities represented by the Underlying ETFs directly. In addition, all payments on the notes are subject to issuer and Guarantor credit risk.

Ending Value of the Least Performing Underlying	Underlying Return of the Least Performing Underlying	Redemption Amount per Note	Return on the Notes <sup>(1)</sup>
0.00	-100.00%	\$0.000	-100.000%
10.00	-90.00%	\$100.000	-90.000%
20.00	-80.00%	\$200.000	-80.000%
30.00	-70.00%	\$300.000	-70.000%
40.00	-60.00%	\$400.000	-60.000%
50.00	-50.00%	\$500.000	-50.000%
64.99	-35.01%	\$649.900	-35.010%
<b>65.00<sup>(2)</sup></b>	<b>-35.00%</b>	<b>\$1,045.625<sup>(3)</sup></b>	<b>4.5625%</b>
70.00	-30.00%	\$1,045.625	4.5625%
80.00	-20.00%	\$1,045.625	4.5625%
90.00	-10.00%	\$1,045.625	4.5625%
<b>100.00<sup>(4)</sup></b>	<b>0.00%</b>	<b>\$1,045.625</b>	<b>4.5625%</b>
110.00	10.00%	\$1,045.625	4.5625%
120.00	20.00%	\$1,045.625	4.5625%
140.00	40.00%	\$1,045.625	4.5625%
160.00	60.00%	\$1,045.625	4.5625%
180.00	80.00%	\$1,045.625	4.5625%
200.00	100.00%	\$1,045.625	4.5625%

(1) The “Return on the Notes” is calculated based on the Redemption Amount, not including any Contingent Coupon Payments paid prior to maturity.

(2) This is the **hypothetical** Threshold Value of the Least Performing Underlying.

(3) This amount represents the sum of the principal amount and the final Contingent Coupon Payment.

(4) The **hypothetical** Starting Value of 100 used in the table above has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value for any Underlying.

**Total Contingent Coupon Payments**

The table below illustrates the hypothetical total Contingent Coupon Payments per \$1,000 in principal amount over the term of the notes, based on a Contingent Coupon Payment of \$45.625 per note (a rate of 4.5625% per quarter) depending on how many Contingent Coupon Payments are payable prior to early redemption or maturity. Depending on the performance of the Underlyings, you may not receive any Contingent Coupon Payments during the term of the notes.

Number of Contingent Coupon Payments	Total Contingent Coupon Payments
0	\$0.00
2	\$91.25
4	\$182.50
6	\$273.75
8	\$365.00
10	\$456.25
12	\$547.50

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risk factors

*Your investment in the notes entails significant risks, many of which differ from those of a conventional debt security. Your decision to purchase the notes should be made only after carefully considering the risks of an investment in the notes, including those discussed below, with your advisors in light of your particular circumstances. The notes are not an appropriate investment for you if you are not knowledgeable about significant elements of the notes or financial matters in general.*

**Your investment may result in a loss; there is no guaranteed return of principal.** The notes are not principal protected. There is no fixed principal repayment amount on the notes at maturity. If the notes are not automatically called and the Ending Value of **any Underlying** is less than its Threshold Value, you will lose 1% of the principal amount for each 1% that the Ending Value of the Least Performing Underlying is less than its Starting Value. In that case, you will lose all or a substantial portion of your principal.

**Your return on the notes is limited to the return represented by the Contingent Coupon Payments, if any, over the term of the notes.** Your return on the notes is limited to the Contingent Coupon Payments paid over the term of the notes, regardless of the extent to which the Ending Value of any Underlying exceeds its Starting Value. Similarly, the amount payable at maturity or upon a call will never exceed the sum of the principal amount and the applicable Contingent Coupon Payment, regardless of the extent to which the Observation Value of any Underlying exceeds its Starting Value.

In contrast, a direct investment in one or more of the Underlyings or the securities included in one or more of the Underlying ETFs would allow you to receive the benefit of any appreciation in their values. Thus, any return on the notes will not reflect the return you would realize if you actually owned shares of an Underlying or the securities included in one or more of the Underlying ETFs and received the dividends paid or distributions made on them.

**The notes are subject to a potential automatic early redemption, which would limit your ability to receive the Contingent Coupon Payments over the full term of the notes.** The notes are subject to a potential automatic early redemption. Prior to maturity, the notes will be automatically called on any Observation Date (other than the final Observation Date) if the Observation Value of each Underlying is greater than or equal to 90% of its Starting Value. If the notes are redeemed prior to the maturity date, you will be entitled to receive the principal amount and the Contingent Coupon Payments with respect to the applicable Observation Date. In this case, you will lose the opportunity to continue to receive Contingent Coupon Payments after the date of early redemption. If the notes are redeemed prior to the maturity date, you may be unable to invest in other securities with a similar level of risk that could provide a return that is similar to the notes.

**You may not receive any Contingent Coupon Payments.** Investors in the notes will not necessarily receive Contingent Coupon Payments on the notes. If the Observation Value of **any Underlying** is less than its Threshold Value on an Observation Date, you will not receive the Contingent Coupon Payment applicable to that Observation Date. If the Observation Value of any Underlying is less than its Threshold Value on all the Observation Dates during the term of the notes, you will not receive any Contingent Coupon Payment during the term of the notes, and will not receive a positive return on the notes.

**Your return on the notes may be less than the yield on a conventional debt security of comparable maturity.** Any return that you receive on the notes, which could be negative, may be less than the return you would earn if you purchased a conventional debt security with the same maturity date. As a result, your investment in the notes may not reflect the full opportunity cost to you when you consider factors, such as inflation, that affect the time value of money.

**Any payments on the notes are subject to our credit risk and the credit risk of the Guarantor, and actual or perceived changes in our or the Guarantor's creditworthiness are expected to affect the value of the notes.** The notes are our senior unsecured debt securities. Any payments on the notes will be fully and unconditionally guaranteed by the Guarantor. The notes are not guaranteed by any entity other than the Guarantor. As a result, your receipt of any payments on the notes will be dependent upon our ability and the ability of the Guarantor to repay our obligations under the notes on the applicable payment dates, regardless of how each Underlying performs. No assurance can be given as to what our financial condition or the financial condition of the Guarantor will be at any

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time during the term of the notes. If we and the Guarantor become unable to meet our respective financial obligations as they become due, you may not receive the amounts payable under the terms of the notes.

In addition, our credit ratings and the credit ratings of the Guarantor are assessments by ratings agencies of our respective abilities to pay our obligations. Consequently, our or the Guarantor's perceived creditworthiness and actual or anticipated decreases in our or the Guarantor's credit ratings or increases in the spread between the yield on our respective securities and the yield on U.S. Treasury securities (the "credit spread") prior to the maturity date may adversely affect the market value of the notes. However, because your return on the notes depends upon factors in addition to our ability and the ability of the Guarantor to pay our respective obligations, such as the prices of the Underlyings, an improvement in our or the Guarantor's credit ratings will not reduce the other investment risks related to the notes.

**We are a finance subsidiary and, as such, will have limited assets and operations.** We are a finance subsidiary of BAC and will have no assets, operations or revenues other than those related to the issuance, administration and repayment of our debt securities that are guaranteed by BAC. As a finance subsidiary, to meet our obligations under the notes, we are dependent upon payment or contribution of funds and/or repayment of outstanding loans from BAC and/or its other subsidiaries. Therefore, our ability to make payments on the notes may be limited. In addition, we will have no independent assets available for distributions to holders of the notes if they make claims in respect of the notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders may be limited to those available under the related guarantee by BAC, and that guarantee will rank equally with all other senior unsecured obligations of BAC.

**The public offering price you pay for the notes will exceed the initial estimated value.** The range of initial estimated values that is provided on the cover page of this preliminary pricing supplement, and the estimated value as of the pricing date that will be provided in the final pricing supplement, are each estimates 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 and those of the Guarantor, the Guarantor's internal funding rate, mid-market terms on hedging transactions, expectations on interest rates, dividends 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 initial estimated value does not represent a minimum or maximum price at which we, the Guarantor, MLPF&S or any of our other 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 the pricing date will vary based on many factors that cannot be predicted with accuracy, including our and the Guarantor's creditworthiness and changes in market conditions.

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 their initial estimated value. This is due to, among other things, changes in the prices of the Underlyings, the Guarantor's internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charges, all as further described in "Structuring the Notes" below. 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.

**We cannot assure you that a trading market for your notes will ever develop or be maintained.** We will not list the notes on any securities exchange. We cannot predict how the notes will trade in any secondary market or whether that market will be liquid or illiquid.

The development of a trading market for the notes will depend on the Guarantor's financial performance and other factors, including changes in the prices of the Underlyings. The number of potential buyers of your notes in any secondary market may be limited. We anticipate that MLPF&S will act as a market-maker for the notes, but none of us, the Guarantor or MLPF&S is required to do so. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market. MLPF&S may discontinue its market-making activities as to the notes at any time. To the extent that MLPF&S engages in any market-making activities, it may bid for or offer the notes. Any price at which MLPF&S may bid for, offer, purchase, or sell any notes may differ from the values determined by pricing models that it may use, whether as a result of dealer discounts, mark-ups, or other transaction costs. These bids, offers, or completed transactions may affect the prices, if any, at which the notes might otherwise trade in the market.

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In addition, if at any time MLPF&S were to cease acting as a market-maker as to the notes, it is likely that there would be significantly less liquidity in the secondary market. In such a case, the price at which the notes could be sold likely would be lower than if an active market existed.

**The payments on the notes will not reflect changes in the prices of the Underlyings other than on the Observation Dates.** Changes in the prices of the Underlyings during the term of the notes other than on the Observation Dates will not affect payments on the notes. The calculation agent will determine whether each Contingent Coupon Payment is payable and calculate the Redemption Amount by comparing only the Starting Value or the Threshold Value, as applicable, to the Observation Value or the Ending Value for each Underlying. No other prices of the Underlyings will be taken into account. As a result, if the notes are not called prior to maturity, you will receive less than the principal amount at maturity even if the price of each Underlying has increased at certain times during the term of the notes before decreasing to a value that is less than its Threshold Value as of the final Observation Date.

**Because the notes are linked to the least performing (and not the average performance) of the Underlyings, you may not receive any return on the notes and may lose some or all of your principal amount even if the Observation Value of one Underlying is always greater than or equal to its Threshold Value.** Your notes are linked to the least performing of the Underlyings, and a change in the price of one Underlying may not correlate with changes in the price of the other Underlying(s). The notes are not linked to a basket composed of the Underlyings, where the depreciation in the price of one Underlying could be offset to some extent by the appreciation in the price of the other Underlying(s). In the case of the notes that we are offering, the individual performance of each Underlying would not be combined, and the depreciation in the price of one Underlying would not be offset by any appreciation in the price of the other Underlying(s). Even if the Observation Value of an Underlying is at or above its respective Threshold Value on an Observation Date, you will not receive the Contingent Coupon Payment with respect to that Observation Date if the Observation Value of the Least Performing Underlying is below its Threshold Value on that day. In addition, even if the Ending Value of an Underlying is at or above its Threshold Value, you will lose at least 35% of your principal if the Ending Value of the Least Performing Underlying is below its Threshold Value.

**Trading and hedging activities by us, the Guarantor and any of our other affiliates may affect your return on the notes and their market value.** We, the Guarantor and our other affiliates, including the selling agents, may buy or sell shares of the Underlyings, securities held by or included in an Underlying ETF ("component securities"), or futures or options contracts on an Underlying or any other component securities included in an Underlying ETF listed or over-the-counter derivative instruments linked to the Underlyings or any component securities. We, the Guarantor and any of our other affiliates, including the selling agents, may execute such purchases or sales for our own or their own accounts, for business reasons, or in connection with hedging our obligations under the notes. These transactions could affect the prices of the Underlyings in a manner that could be adverse to your investment in the notes. On or before the pricing date, any purchases or sales by us, the Guarantor or our other affiliates, including the selling agents or others on their behalf (including for the purpose of hedging anticipated exposures), may affect the prices of the Underlying or any component securities. Consequently, the prices of the Underlyings may change subsequent to the pricing date, adversely affecting the market value of the notes.

We, the Guarantor or one or more of our other affiliates, including the selling agents, may also engage in hedging activities that could affect the prices of the Underlying on the pricing date. In addition, these activities may decrease the market value of your notes prior to maturity, and may affect the amounts to be paid on the notes. We, the Guarantor or one or more of our other affiliates, including the selling agents, may purchase or otherwise acquire a long or short position in the notes and may hold or resell the notes. For example, the selling agents may enter into these transactions in connection with any market-making activities in which they engage. We cannot assure you that these activities will not adversely affect the prices of the Underlyings or any component securities, the market value of your notes prior to maturity or the amounts payable on the notes.



**Our trading, hedging and other business activities may create conflicts of interest with you.** We, the Guarantor or one or more of our other affiliates, including the selling agents, may engage in trading activities related to the Underlyings or any component securities that are not for your account or on your behalf. We, the Guarantor or one or more of our other affiliates, including the selling agents, also may issue or underwrite other financial instruments with returns based upon the Underlyings or any component securities. These trading and other business activities may present a conflict of interest between your interest in the notes and the interests we, the Guarantor and our other affiliates, including the selling agents, may have in our proprietary accounts, in facilitating transactions, including block

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trades, for our or their other customers, and in accounts under our or their management. These trading and other business activities, if they influence the prices of the Underlyings or any component securities or secondary trading in your notes, could be adverse to your interests as a beneficial owner of the notes.

We expect to enter into arrangements or adjust or close out existing transactions to hedge our obligations under the notes. We, the Guarantor or our other affiliates also may enter into hedging transactions relating to other notes or instruments, some of which may have returns calculated in a manner related to that of the notes offered hereby. We may enter into such hedging arrangements with one of our affiliates. Our affiliates may enter into additional hedging transactions with other parties relating to the notes and the Underlyings or any component securities. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, or the hedging activity could also result in a loss. We and our affiliates will price these hedging transactions with the intent to realize a profit, regardless of whether the value of the notes increases or decreases. Any profit in connection with such hedging activities will be in addition to any other compensation that we, the Guarantor and our other affiliates, including the selling agents, receive for the sale of the notes, which creates an additional incentive to sell the notes to you.

**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. One of our affiliates will be the calculation agent for the notes and, as such, will make a variety of determinations relating to the notes, including the amounts that will be paid on the notes. Under some circumstances, these duties could result in a conflict of interest between its status as our affiliate and its responsibilities as calculation agent. These conflicts could occur, for instance, in connection with the calculation agent's determination as to whether a Market Disruption Event has occurred for any Underlying, or in connection with judgments that it would be required to make if certain corporate events occur as to an Underlying. The calculation agent will be required to carry out its duties in good faith and use its reasonable judgment. However, because we expect that the Guarantor will control the calculation agent, potential conflicts of interest could arise.

**The anti-dilution adjustments will be limited.** The calculation agent may adjust the Price Multiplier of the Underlyings and other terms of the notes to reflect certain corporate actions by the Underlyings. The calculation agent will not be required to make an adjustment for every event that may affect the Underlyings and will have broad discretion to determine whether and to what extent an adjustment is required.

**Our affiliates may publish research, express opinions or provide recommendations that are inconsistent with investing in the Underlyings and any such research, opinions or recommendations could adversely affect the prices of the Underlyings.** In the ordinary course of business, our affiliates may have published research reports, expressed opinions or provided recommendations on an Underlying, a company issuing an Underlying Stock or any component securities, the applicable financial markets or other matters that may influence the price of the Underlyings and the value of the notes, and may do so in the future. These research reports, opinions or recommendations may be communicated to our clients and clients of our affiliates and may be inconsistent with purchasing or holding the notes. Any research reports, opinions or recommendations expressed by our affiliates may not be consistent with each other and may be modified from time to time without notice. Moreover, other professionals who deal in markets relating to the Underlying ETFs may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the Underlyings or any component securities from multiple sources, and you should not rely on the views expressed by our affiliates.

**You will have no rights as a security holder, you will have no rights to receive any shares of any Underlying or any component securities, and you will not be entitled to dividends or other distributions by the issuers of these securities.** The notes are our debt securities. They are not equity instruments, shares of stock, or securities of any

other issuer, other than the related guarantees, which are the securities of the Guarantor. Investing in notes will not make you a holder of any Underlying or any component securities. You will not have any voting rights, any rights to receive dividends or other distributions, or any other rights with respect to those securities. Payments on the notes will not reflect the value of dividends paid or distributions made on the Underlyings or any component securities. As a result, the return on your notes may not reflect the return you would realize if you actually owned those securities and received the dividends paid or other distributions made in connection with them. Your notes will be paid in cash and you have no right to receive delivery of any of these securities.

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**We, the Guarantor and our other affiliates do not control any company issuing the Underlying Stocks or represented by any Underlying ETF and have not verified any disclosure made by any other company.** The Guarantor or our other affiliates currently, or in the future, may engage in business with companies issuing the Underlying Stocks or represented by an Underlying ETF, and the Guarantor or our other affiliates may from time to time own securities of companies issuing the Underlying Stocks or represented by an Underlying ETF. However, except to the extent that BAC's common stock is included in the XLF, none of us, the Guarantor or any of our other affiliates, including the selling agents, have the ability to control the actions of any of these companies including actions that could affect the value of any Underlying Stock or security represented by the Underlying ETFs.

Additionally, none of us, the Guarantor or any of our other affiliates have undertaken any independent review of, or made any due diligence inquiry with respect to, any of these companies, unless (and only to the extent that) our securities or the securities of the Guarantor or any of our other affiliates are represented by the Underlying ETFs. In addition, we, the Guarantor and any of our other affiliates are not responsible for the calculation of any index underlying an ETF (an "Underlying Index"). You should make your own investigation into the Underlying ETF.

None of the sponsors of any Underlying Index, their affiliates, or any component securities will be involved in any offering of the notes or will have any obligation of any sort with respect to notes. As a result, none of those companies will have any obligation to take your interests as holders of the notes into consideration for any reason, including taking any corporate actions that might affect the value of the component securities or the value of the notes.

**The U.S. federal income tax consequences of an investment in the notes are uncertain, and may be adverse to a holder of the notes.** No statutory, judicial, or administrative authority directly addresses the characterization of the notes or securities similar to the notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the notes are not certain. Under the terms of the notes, you will have agreed with us to treat the notes as contingent income-bearing single financial contracts, as described under "U.S. Federal Income Tax Summary—General." If the Internal Revenue Service (the "IRS") were successful in asserting an alternative characterization for the notes, the timing and character of income, gain or loss with respect to the notes may differ. No ruling will be requested from the IRS with respect to the notes and no assurance can be given that the IRS will agree with the statements made in the section entitled "U.S. Federal Income Tax Summary."

You are urged to consult with your own tax advisor regarding all aspects of the U.S. federal income tax consequences of investing in the notes.

### **Risks pertaining to the Underlying ETFs**

**The stocks held by each Underlying ETF are concentrated in one sector.** Each of the Underlying ETFs hold securities issued by companies in a single sector. The XLE holds securities concentrated in the oil and gas exploration and production sector, whereas the XLF holds securities concentrated in the financial sector. As a result, the stocks that will determine the performance of the Underlying ETFs are concentrated in a few sectors. Although an investment in the notes will not give holders any ownership or other direct interests in the securities held by the Underlying ETFs, the return on an investment in the notes will be subject to certain risks associated with a direct equity investment in companies in these sectors. 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.

**The stocks of companies in the energy sector are subject to swift price fluctuations.** The issuers of the stocks held by the XLE develop and produce, among other things, crude oil and natural gas, and provide, among other things, drilling services and other services related to energy resources production and distribution. Stock prices for these types of companies are affected by supply and demand both for their specific product or service and for energy products in general. The price of oil and gas, exploration and production spending, government regulation, world events and

economic conditions will likewise affect the performance of these companies. Correspondingly, the stocks of companies in the energy sector are subject to swift price fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects and tax and other governmental regulatory policies. Weak demand for the companies' products or services or for energy products and services in general, as well as negative developments in these other areas, would adversely impact the value of the stocks held by the XLE and, therefore, the price of the XLE and the value of the notes.

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**Adverse conditions in the financial sector may reduce your return on the notes.** All of the stocks held by the XLF are issued by companies whose primary lines of business are directly associated with the financial sector. The profitability of these companies is largely dependent on the availability and cost of capital funds, and can fluctuate significantly, particularly when market interest rates change. Credit losses resulting from financial difficulties of these companies' customers can negatively impact the sector. In addition, adverse international economic, business, or political developments, including with respect to the insurance sector, or to real estate and loans secured by real estate, could have a major effect on the price of the XLF. As a result of these factors, the value of the notes may be subject to greater volatility and be more adversely affected by economic, political, or regulatory events relating to the financial services sector.

**Economic conditions have adversely impacted the stock prices of many companies in the financial services sector, and may do so during the term of the notes.** In recent years, international economic conditions have resulted, and may continue to result, in significant losses among many companies that operate in the financial services sector. These conditions have also resulted, and may continue to result, in a high degree of volatility in the stock prices of financial institutions, and substantial fluctuations in the profitability of these companies. Numerous financial services companies have experienced substantial decreases in the value of their assets, taken action to raise capital (including the issuance of debt or equity securities), or even ceased operations. Further, companies in the financial services sector have been subject to unprecedented government actions and regulation, which may limit the scope of their operations and, in turn, result in a decrease in value of these companies. Any of these factors may have an adverse impact on the performance of the XLF. As a result, the price of the XLF may be adversely affected by economic, political, or regulatory events affecting the financial services sector or one of the sub-sectors of the financial services sector. This in turn could adversely impact the market value of the notes and the payment on the notes.

**There are liquidity and management risks associated with an ETF.** Although shares of each Underlying to which your notes are linked will be listed for trading on a securities exchange and a number of similar products have been traded on various exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of each Underlying ETF or that there will be liquidity in the trading market.

ETFs are subject to management risk, which is the risk that the investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

**The sponsor or investment advisor of an Underlying ETF may adjust that Underlying ETF in a way that affects its prices, and the sponsor or investment advisor has no obligation to consider your interests.** The sponsor or investment advisor of an Underlying ETF can add, delete, or substitute the components included in that Underlying ETF or make other methodological changes that could change its price. A new security included in an Underlying ETF may perform significantly better or worse than the replaced security, and the performance will impact the price of that Underlying ETF. Additionally, the sponsor or investment advisor of an Underlying ETF may alter, discontinue, or suspend calculation or dissemination of that Underlying ETF. Any of these actions could adversely affect the value of your notes. The sponsor or investment advisor of any Underlying ETF will have no obligation to consider your interests when making any changes to the applicable Underlying ETF.

**The performance of each Underlying ETF may not correlate with the performance of its Underlying Index as well as the net asset value per share of the Underlying ETF, especially during periods of market volatility.** The performance of each Underlying ETF and that of its Underlying Index generally will vary due to, for example, transaction costs, management fees, certain corporate actions, and timing variances. Moreover, it is also possible that the performance of an Underlying ETF may not fully replicate or may, in certain circumstances, diverge significantly

from the performance of its Underlying Index. This could be due to, for example, the Underlying ETF not holding all or substantially all of the underlying assets included in the Underlying Index and/or holding assets that are not included in the Underlying Index, the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments held by the Underlying ETF, differences in trading hours between the Underlying ETF (or the underlying assets held by the Underlying ETF) and its Underlying Index, or due to other circumstances. This variation in performance is called the “tracking error,” and, at times, the tracking error may be significant.

In addition, because the shares of each Underlying ETF are traded on a securities exchange and are subject to market supply and investor demand, the market price of one share of the Underlying ETF may differ from its net asset value per share; shares of the Underlying ETF may trade at, above, or below

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its net asset value per share. During periods of market volatility, securities held by an Underlying ETF may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the Underlying ETF and the liquidity of the Underlying ETF may be adversely affected. Market volatility may also disrupt the ability of market participants to trade shares of the Underlying ETF. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the Underlying ETF. As a result, under these circumstances, the market value of shares of the Underlying ETF may vary substantially from the net asset value per share of the Underlying ETF.

For the foregoing reasons, the performance of each Underlying ETF may not match the performance of its Underlying Index or the net asset value per share of the Underlying ETF over the same period. Because of this variance, the return on the notes to the extent dependent on the performance of the Underlying ETF may not be the same as an investment directly in the securities, commodities or other assets included in the Underlying Index or the same as a debt security with a return linked to the performance of the Underlying Index.

\* \* \*

*Investors in the notes should review the additional risk factors set forth beginning on page PS-5 of the product supplement prior to making an investment decision.*

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## DESCRIPTION OF THE NOTES

### General

The notes will be part of a series of medium-term notes entitled “Senior Medium-Term Notes, Series A” issued under the senior indenture, as amended and supplemented from time to time, among us, the Guarantor and The Bank of New York Mellon Trust Company N.A., as trustee. The senior indenture is more fully described in the prospectus supplement and prospectus. The following description of the notes supplements the description of the general terms and provisions of the notes and debt securities set forth under the headings “Description of the Notes” in the prospectus supplement and “Description of Debt Securities” in the prospectus. These documents should be read in connection with this pricing supplement.

Our payment obligations on the notes are fully and unconditionally guaranteed by the Guarantor. The notes will rank equally with all of our other senior unsecured debt from time to time outstanding. The guarantee of the notes will rank equally with all other senior unsecured obligations of the Guarantor. Any payments due on the notes, including any repayment of principal, are subject to our credit risk, as issuer, and the credit risk of BAC, as guarantor.

The notes will be issued in denominations of \$1,000 and whole multiples of \$1,000. You may transfer the notes only in whole multiples of \$1,000.

Prior to maturity, the notes are not repayable at our option or at your option. The notes may be automatically called prior to maturity as described under “—Automatic Early Redemption.”

If any scheduled Contingent Payment Date, including the maturity date, is not a business day, the payment will be postponed to the next business day, and no interest will be payable as a result of that postponement.

If any scheduled Observation Date is not a business day, such Observation Date will be postponed to the next business day.

### Contingent Coupon Payment

If, on any quarterly Observation Date, the Observation Value of each Underlying is greater than or equal to its Threshold Value, we will pay the Contingent Coupon Payment on the applicable Contingent Payment Date.

The “Contingent Coupon Payment” will be at least \$45.625 per \$1,000 in principal amount (a rate of at least 4.5625% per quarter, or at least 18.25% per annum). The actual Contingent Coupon Payment will be determined on the pricing date.

The “Threshold Value” for each Underlying will be 65% of its Starting Value.

For so long as the notes are held in book-entry only form, we will pay the Contingent Coupon Payment to the persons in whose names the notes are registered at the close of business one business day prior to each Contingent Payment Date. If the notes are not held in book-entry only form, the record dates will be the fifteenth calendar day preceding the applicable payment date, whether or not that date is a business day.

Notwithstanding the foregoing, the Redemption Amount, including the final Contingent Coupon Payment with respect to the final Observation Date, if payable, will be paid to the persons in whose names the notes are registered on the maturity date.

#### Automatic Early Redemption

The notes will be automatically called in whole, but not in part, prior to maturity if the Observation Value of **each** Underlying on any Observation Date (other than the final Observation Date) is greater than or equal to 90% of its Starting Value. Upon an early redemption, you will receive the Early Redemption Payment on the applicable Contingent Payment Date. You will not receive any additional payments on the notes after the early redemption date.

The “Early Redemption Payment” will be the principal amount of your notes, plus the Contingent Coupon Payment with respect to the applicable Observation Date.

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## Redemption Amount

If your notes are not automatically called prior to maturity, then at maturity, subject to our credit risk as issuer of the notes and the credit risk of the Guarantor as guarantor of the notes, you will receive the Redemption Amount per note that you hold, denominated in U.S. dollars. The Redemption Amount will be calculated as follows:

If the Ending Value of the Least Performing Underlying is greater than or equal to its Threshold Value, the Redemption Amount per note will equal:  
 $\$1,000 + \text{the final Contingent Coupon Payment}$

If the Ending Value of the Least Performing Underlying is less than its Threshold Value, the Redemption Amount per note will equal:  
 $\$1,000 + (\$1,000 \times \text{the Underlying Return of the Least Performing Underlying})$

In this case, the Redemption Amount will be less than 65% of the principal amount and could be zero.

The “Least Performing Underlying” will be the Underlying that has the lowest Underlying Return.

The “Underlying Return” for each Underlying will be equal to.

The “Price Multiplier” with respect to each Underlying Stock will be 1, subject to adjustment for certain corporate events relating to that Underlying Stock described in the product supplement under “Description of the Notes—Anti-Dilution Adjustments.”

The “Price Multiplier” with respect to each Underlying ETF will be 1, subject to adjustment for certain events as described in “Description of the Notes —Other Terms of the Notes —Anti-Dilution and Discontinuance Adjustments Relating to the Underlying ETFs” beginning on page PS-20.

## **Determining the Starting Value, the Observation Value and the Ending Value of Each Underlying Stock**

With respect to each Underlying, the “Starting Value” will be its Closing Market Price on the pricing date.

With respect to each Underlying, the “Observation Value” will be its Closing Market Price on the applicable Observation Date, multiplied by its Price Multiplier as of that day.

With respect to each Underlying, the “Ending Value” will be its Observation Value on the final Observation Date.

With respect to each Underlying, a day is a scheduled Trading Day if, as of the pricing date, such day is expected to be a Trading Day for such Underlying.

The Observation Dates are subject to postponement as set forth in the section “Description of the Notes—Other Terms of the Notes—Events Relating to Observation Dates” beginning on page PS-18 of this preliminary pricing supplement. Postponement of a quarterly Observation Date will not cause the postponement of the Contingent Payment Date relating to such Observation Date.

#### Events of Default and Acceleration

If an Event of Default, as defined in the senior indenture and in the section entitled “Events of Default and Rights of Acceleration” beginning on page 35 of the accompanying prospectus, with respect to the notes occurs and is continuing, the amount payable to a holder of the notes upon any acceleration permitted under the senior indenture will be equal to the amount described under the caption “—Redemption Amount,” calculated as though the date of acceleration were the maturity date of the notes and as though the final Observation Date were the third trading day prior to the date of acceleration. We

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will also determine whether the final Contingent Coupon Payment is payable based upon the prices of the Underlyings on the deemed final Observation Date; any such final Contingent Coupon Payment will be prorated by the calculation agent to reflect the length of the final contingent payment period. In case of a default in the payment of the notes, whether at their maturity or upon acceleration, the notes will not bear a default interest rate.

#### Other Terms of the Notes

*The following provisions supplement the terms of Product Supplement Stock-1. For the purposes of this offering, information in this section is inconsistent with the product supplement, prospectus supplement or prospectus, this section shall control.*

#### Events Relating to Observation Dates

With respect to any Underlying, if, for any Underlying, (i) a Market Disruption Event occurs on a scheduled Observation Date or (ii) the calculation agent determines that, by reason of an extraordinary event, occurrence, declaration or otherwise, any scheduled Observation Date is not a trading day for any Underlying (any such day in either (i) or (ii) being a “**non-Observation Date**”), the calculation agent will determine the Closing Market Price of the applicable Underlying for that day as follows:

The Closing Market Price of an Underlying that is not so affected will be its Closing Market Price on that non-Observation Date.

The Closing Market Price of an Underlying that is affected by that non-Observation Date will be deemed to be its Closing Market Price on the first trading day following that non-Observation Date on which no Market Disruption Event occurs with respect to that Underlying; provided that the Closing Market Price will be determined (or, if not determinable, estimated) by the calculation agent in a manner which the calculation agent considers commercially reasonable under the circumstances on a date no later than the second scheduled trading day following that non-Observation Date, or, in the case of an Observation Date occurring shortly before the maturity date of the notes, no later than the second scheduled trading day prior to the maturity date, regardless of the occurrence of a Market Disruption Event on that day.

The applicable Observation Date will be deemed to occur after the calculation agent has determined the Closing Market Prices of the Underlyings as provided above.

#### Role of the Calculation Agent

The calculation agent has the sole discretion to make all determinations regarding notes as described in this preliminary pricing supplement, including determinations regarding the payments on the notes, any Market Disruption Events, any successor Underlying ETF, trading days, business days, calculation days, non-calculation days, and determinations relating to changes to an Underlying, as described above. Absent manifest error, all determinations of the calculation agent will be conclusive for all purposes and final and binding on you, the Guarantor and us, without any liability on the part of the calculation agent.

#### Closing Market Price for ETFs

With respect to each Underlying ETF, The “Closing Market Price” for one share of an Underlying ETF on any trading day means any of the following:

if the Underlying ETF is listed or admitted to trading on a national securities exchange, the last reported sale price, regular way (or, in the case of The NASDAQ Global Market, the official closing price), of the principal trading session on that day on the principal U.S. securities exchange registered under the Exchange Act on which the Underlying ETF is listed or admitted to trading;

if the Underlying ETF is not listed or admitted to trading on any national securities exchange but is included in the OTC Bulletin Board Service operated by FINRA (the "OTC Bulletin Board"), the last reported sale price of the principal trading session on the OTC Bulletin Board on that day;

if the Underlying ETF is issued by a foreign issuer and its closing price cannot be determined as set forth in the two bullet points above, and the Underlying ETF is listed or admitted to trading on a non-U.S. securities exchange or market, the last reported sale price, regular way, of the principal trading session on that day on the primary non-U.S. securities exchange or market on which the Underlying ETF is listed or admitted to trading (converted to U.S. dollars using such

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exchange rate as the calculation agent, in its sole discretion, determines to be commercially reasonable); or

if the Closing Market Price cannot be determined as set forth in the prior bullets, the mean, as determined by the calculation agent, of the bid prices for the Underlying ETF obtained from as many dealers in that security (which may include us, MLPF&S and/or any of our respective affiliates), but not exceeding three, as will make the bid prices available to the calculation agent. If no such bid price can be obtained, the Closing Market Price will be determined (or, if not determinable, estimated) by the calculation agent in its sole discretion in a commercially reasonable manner.

### **Trading Days for ETFs**

With respect to each Underlying ETF, a “trading day” means a day on which the securities exchange on which that ETF has its primary listing is open for trading.

### **Market Disruption Events for ETFs**

With respect to each Underlying ETF, a “Market Disruption Event” means one or more of the following events, as determined by the calculation agent in its sole discretion:

- (A) the suspension, absence or material limitation of trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, of the shares of the Underlying ETF (or the successor Underlying ETF (as defined below)) on the primary exchange where such shares trade, as determined by the calculation agent (without taking into account any extended or after-hours trading session);
- (B) the suspension, absence or material limitation of trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the shares of the Underlying ETF (or the successor Underlying ETF) as determined by the calculation agent (without taking into account any extended or after-hours trading session), in options contracts or futures contracts related to the shares of the Underlying ETF;
- (C) the suspension, absence or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange where component stocks of the Underlying Index (or the successor underlying index (as defined below)) trade, as determined by the calculation agent (without taking into account any extended or after-hours trading session), in 20% or more of the stocks which then comprise the Underlying Index or any successor underlying index;
- (D) the suspension, absence or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the Underlying Index (or the successor underlying index) as determined by the calculation agent (without taking into account any extended or after-hours trading session), in options contracts or futures contracts related to the Underlying Index or any successor underlying index; or the determination that the scheduled observation date is not a trading day by reason of an extraordinary event,
- (E) occurrence, declaration or otherwise, or that any event materially interfered with our ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the notes.

For the purpose of determining whether a Market Disruption Event has occurred:

- (1) a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;
- (2) a decision to permanently discontinue trading in the shares of the Underlying ETF (or successor Underlying ETF) or the relevant futures or options contracts relating to those

shares or the Underlying Index (or any successor underlying index) will not constitute a Market Disruption Event;

- a suspension in trading in a futures or options contract on the shares of the Underlying ETF (or successor Underlying ETF) or the Underlying Index (or any successor underlying index), by a major securities market by (3) reason of (a) a price change violating limits set by that securities market, (b) an imbalance of orders relating to those contracts, or (c) a disparity in bid and ask quotes relating to those contracts, will each constitute a suspension of or material limitation on trading in futures or options contracts relating to the Underlying ETF;
- (4) subject to paragraph (3) above, a suspension of or material limitation on trading on the relevant exchange will not include any time when that exchange is closed for trading under ordinary circumstances; and
- for the purpose of clauses (A) and (C) above, any limitations on trading during significant market fluctuations under NYSE Rule 80B, or any applicable rule or regulation enacted or promulgated by the NYSE or any other self-regulatory organization or the SEC of similar scope as determined by the calculation agent, will be considered “material.”

#### Anti-Dilution and Discontinuance Adjustments Relating to the Underlying ETFs

##### Anti-Dilution Adjustments for an Underlying ETF

The calculation agent, in its sole discretion and as it deems reasonable, may adjust the Price Multiplier of an Underlying ETF and other terms of the notes, as a result of certain events related to an Underlying ETF, which include, but are not limited to, the following:

**Stock Splits and Reverse Stock Splits.** If an Underlying ETF is subject to a stock split or reverse stock split, then once such split has become effective, the Price Multiplier for such Underlying ETF will be adjusted such that the new Price Multiplier will equal the product of:

- the prior Price Multiplier; and
  - the number of shares that a holder of one share of the ETF before the effective date of the stock split or reverse stock split would have owned immediately following the applicable effective date.
- For example, a two-for-one stock split would ordinarily change a Price Multiplier of one into a Price Multiplier of two. In contrast, a one-for-two reverse stock split would ordinarily change a Price Multiplier of one into a Price Multiplier of one-half.

**Stock Dividends.** If an Underlying ETF is subject to (i) a stock dividend (i.e., an issuance of additional shares of Underlying ETF) that is given ratably to all holders of the Underlying ETF or (ii) a distribution of additional shares of the Underlying ETF as a result of the triggering of any provision of the organizational documents of the Underlying ETF or otherwise, then, once the dividend has become effective and the Underlying ETF is trading ex-dividend, the Price Multiplier will be adjusted on the ex-dividend date such that the new Price Multiplier will equal the prior Price Multiplier plus the product of:

- the prior Price Multiplier; and
- the number of additional shares issued in the stock dividend with respect to one share of the Underlying ETF; provided that no adjustment will be made for a stock dividend for which the number of shares of the Underlying ETF paid or distributed is based on a fixed cash equivalent value, unless such distribution is an Extraordinary Dividend (as defined below).

For example, a stock dividend of one new share for each share held would ordinarily change a Price Multiplier of one into a Price multiplier of two.



Extraordinary Dividends. There will be no adjustments to the Price Multiplier to reflect any cash dividends or cash distributions paid with respect to an Underlying ETF other than Extraordinary Dividends, as described below, and distributions described under the sections entitled “—Other Distributions” and “—Reorganization Events” below.

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An “**Extraordinary Dividend**” means, with respect to a cash dividend or other distribution with respect to an Underlying ETF, a dividend or other distribution that the calculation agent determines, in its sole discretion, is not declared or otherwise made according to the Underlying ETF’s then existing policy or practice of paying such dividends on a quarterly or other regular basis. If an Extraordinary Dividend occurs, the Price Multiplier will be adjusted on the ex-dividend date such that the new Price Multiplier will equal the product of:

the prior Price Multiplier; and

a fraction, the numerator of which is the Closing Market Price per share of the Underlying ETF on the trading day preceding the ex-dividend date and the denominator of which is the amount by which the Closing Market Price per share of the Underlying ETF on that preceding trading day exceeds the Extraordinary Dividend Amount.

The “**Extraordinary Dividend Amount**” with respect to an Extraordinary Dividend will equal:

in the case of cash dividends or other distributions that constitute regular dividends, the amount per share of the Underlying ETF of that Extraordinary Dividend minus the amount per share of the immediately preceding non-Extraordinary Dividend for that share; or

in the case of cash dividends or other distributions that do not constitute regular dividends, the amount per share of the Underlying ETF of that Extraordinary Dividend.

To the extent an Extraordinary Dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent, whose determination will be conclusive. A distribution on the ETF described under the sections entitled “—Other Distributions” and “—Reorganization Events” below that also constitutes an Extraordinary Dividend will only cause an adjustment under those respective sections.

**Other Distributions.** If the Underlying ETF, after the pricing date, declares or makes a distribution to all holders of the shares of the Underlying ETF of any class of its securities (other than shares of the Underlying ETF), evidences of its indebtedness or other non-cash assets, including, but not limited to, transferable rights and warrants, then, in each of these cases, the Price Multiplier will be adjusted such that the new Price Multiplier will equal the product of:

the prior Price Multiplier; and

a fraction, the numerator of which will be the Closing Market Price per share of the Underlying ETF, and the denominator of which will be the Closing Market Price per share of the Underlying ETF, less the fair market value, as determined by the calculation agent, as of the time the adjustment is effected of the portion of the capital stock, evidences of indebtedness, rights or warrants, or other non-cash assets so distributed or issued applicable to one share of the Underlying ETF.

**Reorganization Events.** If after the pricing date as to any Underlying ETF, the Underlying ETF, or its successor, has been subject to a merger, combination, consolidation, or statutory exchange of securities with another exchange traded fund, and the Underlying ETF is not the surviving entity, then, on or after the date of such event, the calculation agent shall, in its sole discretion, make an adjustment to the Price Multiplier or any other terms of the notes as the calculation agent, in its sole discretion, determines appropriate to account for the economic effect on the notes of that event (including adjustments to account for changes in volatility, expected dividends, stock loan rate, or liquidity relevant to the Underlying ETF or to the notes), and determine the effective date of that adjustment. If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent may deem the Underlying ETF to be de-listed, liquidated, discontinued, or otherwise terminated, the treatment of which is described below under “—Discontinuance of an Underlying ETF.” For the avoidance of doubt, any adjustment will be made on or after the effective date of the Reorganization Event and not on the date of the announcement of a plan or intention to effect such an event.

### **Discontinuance of an Underlying ETF**

If shares of an Underlying ETF are de-listed from its primary securities exchange (or any other relevant exchange), liquidated, or otherwise terminated, the calculation agent will substitute an exchange traded fund that the calculation agent determines, in its sole discretion, is comparable to the discontinued Underlying ETF (that exchange traded fund being referred to herein as a “**successor Underlying ETF**”). In that event, the calculation agent will adjust the Closing Market Price of the Underlying ETF, as necessary, such that the successor Underlying ETF closely replicates the performance of the Underlying ETF.

If the Underlying ETF (or a successor Underlying ETF) is de-listed, liquidated, or otherwise terminated and the calculation agent determines that no adequate substitute for the Underlying ETF (or a successor Underlying ETF) is available, then the calculation agent will, in its sole discretion, calculate the Closing Market Price of the ETF (or a successor Underlying ETF) by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the Underlying ETF (or a successor Underlying ETF). If the calculation agent determines that no such computation methodology will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the maturity date of the notes to be accelerated as described below.

If a successor Underlying ETF is selected or the calculation agent calculates the Closing Market Price by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the Underlying ETF (or a successor Underlying ETF), that successor Underlying ETF or substitute computation methodology, as applicable, will be substituted for the Underlying ETF (or the successor Underlying ETF) for all purposes of the notes.

If at any time:

the Underlying Index (or the underlying index related to a successor Underlying ETF) is discontinued or ceases to be published and (i) the applicable index sponsor or another entity does not publish a successor or substitute underlying index that the calculation agent determines, in its sole discretion, to be comparable to the Underlying Index (a “successor underlying index”) or (ii) the Underlying ETF’s investment advisor does not announce that the Underlying ETF will track the successor underlying index; or  
the Underlying ETF (or a successor Underlying ETF) in any way is modified (including, but not limited to, a material change in the investment policies, objectives or methodology of the Underlying ETF, or a material change to the Underlying Index) so that the Underlying ETF does not, in the opinion of the calculation agent, fairly represent the price per share of the Underlying ETF (or a successor Underlying ETF) had those changes or modifications not been made;

then, from and after that time, the calculation agent will make those calculations and adjustments that, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a Closing Market Price of the Underlying ETF (or a successor Underlying ETF) as if those changes or modifications had not been made. The calculation agent also may determine that no adjustment is required. If the calculation agent determines that no such calculation or adjustment will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the maturity date of the notes to be accelerated as described below.

The calculation agent will be solely responsible for the method of calculating the Closing Market Price of each Underlying ETF (or any successor Underlying ETF) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error.

Notwithstanding these alternative arrangements, any modification or discontinuance of an Underlying ETF or an Underlying Index may adversely affect trading in the notes.

If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the notes to be accelerated to the fifth business day (the “**date of acceleration**”) following the date of that determination and the amount payable to you will be calculated as though the date of acceleration were the stated maturity date of the notes and as if the final observation date were five trading days prior to the date of acceleration. In addition, the notes will not bear a default interest rate.

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## THE Underlyings

### The Underlying Stocks

We have derived the following information from publicly available documents. None of us, the Guarantor, MLPF&S or any of our other affiliates has independently verified the accuracy or completeness of the following information.

Because each Underlying Stock is registered under the Securities Exchange Act of 1934, the company issuing each Underlying Stock (each, an “Underlying Company” and, together, the “Underlying Companies”) is required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC by the Underlying Companies can be located at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549 or through the SEC’s web site at <http://www.sec.gov> by reference to the applicable CIK number set forth below.

This document relates only to the notes and does not relate to any Underlying Stock or to any other securities of the Underlying Companies. None of us, the Guarantor, MLPF&S or any of our other affiliates has participated or will participate in the preparation of the Underlying Companies’ publicly available documents. None of us, the Guarantor, MLPF&S or any of our other affiliates has made any due diligence inquiry with respect to the Underlying Companies in connection with the offering of the notes. None of us, the Guarantor, MLPF&S or any of our other affiliates makes any representation that the publicly available documents or any other publicly available information regarding the Underlying Companies are accurate or complete. Furthermore, there can be no assurance that all events occurring prior to the date of this document, including events that would affect the accuracy or completeness of these publicly available documents that would affect the trading price of the Underlying Stocks, have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure or failure to disclose material future events concerning an Underlying Company could affect the value of the applicable Underlying Stock and therefore could affect your return on the notes. The selection of the Underlying Stocks is not a recommendation to buy or sell the Underlying Stocks.

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**Caterpillar Inc.**

Caterpillar Inc. is a corporation which designs, engineers, manufactures, markets and sells machinery, engines, financial products and insurance to customers via a worldwide dealer network. This Underlying Stock trades on the New York Stock Exchange (the “NYSE”) under the symbol “CAT.” The company’s CIK number is 0000018230.

*The following table shows the quarterly high and low Closing Market Prices of the shares of this Underlying Stock on its primary exchange from the first quarter of 2008 through February 8, 2019. 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. These historical trading prices may have been adjusted to reflect certain corporate actions, such as stock splits and reverse stock splits.*

	<u>High (\$)</u>	<u>Low (\$)</u>
2008		
First Quarter	78.29	62.47
Second Quarter	85.28	73.75
Third Quarter	74.98	59.6
Fourth Quarter	56.95	32.78
2009		
First Quarter	46.91	22.17
Second Quarter	40.00	28.99
Third Quarter	54.34	30.29
Fourth Quarter	60.40	48.83
2010		
First Quarter	64.13	50.78
Second Quarter	71.65	55.83
Third Quarter	79.99	59.18
Fourth Quarter	94.63	77.27
2011		
First Quarter	111.53	92.75
Second Quarter	115.41	95.44
Third Quarter	111.63	73.84
Fourth Quarter	97.88	70.55
2012		
First Quarter	116.20	93.98
Second Quarter	109.21	82.25
Third Quarter	93.94	79.64
Fourth Quarter	90.79	81.10
2013		
First Quarter	99.49	86.64
Second Quarter	90.31	80.43
Third Quarter	88.17	81.85
Fourth Quarter	91.15	82.12
2014		
First Quarter	99.39	86.17
Second Quarter	109.38	99.81
Third Quarter	111.40	99.03
Fourth Quarter	106.45	89.34
2015		

First Quarter	91.88	78.45
Second Quarter	89.33	79.64
Third Quarter	84.46	63.79
Fourth Quarter	74.75	64.39

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2016

First Quarter	76.54	57.91
Second Quarter	80.39	69.43
Third Quarter	88.77	74.38
Fourth Quarter	97.33	81.11

2017

First Quarter	99.02	91.39
Second Quarter	107.6	92.27
Third Quarter	125.23	106.51
Fourth Quarter	158.42	124.72

2018

First Quarter	170.89	144.29
Second Quarter	158.92	134.61
Third Quarter	156.38	132.02
Fourth Quarter	158.22	112.34

2019

First Quarter (through February 8, 2019)	136.86	121.51
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**NVIDIA Corporation**

NVIDIA Corporation designs graphics processing units for the gaming and professional markets, as well as system on a chip units for the mobile computing and automotive market. This Underlying Stock trades on the Nasdaq under the symbol “NVDA.” The company’s CIK number is 0001045810.

*The following table shows the quarterly high and low Closing Market Prices of the shares of this Underlying Stock on its primary exchange from the first quarter of 2008 through February 8, 2019. 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. These historical trading prices may have been adjusted to reflect certain corporate actions, such as stock splits and reverse stock splits.*

	<u>High (\$)</u>	<u>Low (\$)</u>
2008		
First Quarter	33.01	17.66
Second Quarter	24.85	17.91
Third Quarter	18.75	9.30
Fourth Quarter	10.41	5.90
2009		
First Quarter	10.56	7.21
Second Quarter	12.30	8.40
Third Quarter	16.47	10.09
Fourth Quarter	18.68	11.96
2010		
First Quarter	18.88	15.39
Second Quarter	18.01	10.21
Third Quarter	12.26	8.88
Fourth Quarter	15.40	10.70
2011		
First Quarter	25.68	15.77
Second Quarter	20.50	15.41
Third Quarter	16.14	11.73
Fourth Quarter	15.82	11.81
2012		
First Quarter	16.45	13.52
Second Quarter	15.33	11.73
Third Quarter	14.81	12.37
Fourth Quarter	13.62	11.38
2013		
First Quarter	13.15	11.98
Second Quarter	14.92	12.126
Third Quarter	16.00	14.09
Fourth Quarter	16.22	14.55
2014		
First Quarter	18.91	15.36
Second Quarter	19.61	17.96
Third Quarter	20.03	17.46
Fourth Quarter	21.14	16.79
2015		

First Quarter	23.47	19.14
Second Quarter	22.76	20.11
Third Quarter	24.65	19.31
Fourth Quarter	33.75	24.17

2016  
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First Quarter	35.76	25.22
Second Quarter	48.49	34.76
Third Quarter	68.52	46.66
Fourth Quarter	117.32	65.35
2017		
First Quarter	119.13	97.67
Second Quarter	159.94	95.49
Third Quarter	187.55	139.33
Fourth Quarter	216.96	179.00
2018		
First Quarter	250.48	199.35
Second Quarter	266.91	214.25
Third Quarter	283.70	236.84
Fourth Quarter	289.36	127.08
2018		
First Quarter (through February 8 2019)	160.15	127.99

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## **The Underlying ETFs**

### **The Energy Select Sector SPDR® Fund**

The shares of the XLE are issued by Select Sector SPDR® Trust, a registered investment company. The XLE seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Energy Select Sector Index. The XLE measures the performance of the energy sector of the U.S. equity market. The XLE is composed of equity securities of companies in the oil, gas and consumable fuel, energy equipment and services industries. The Underlying trades on the NYSE Arca under the ticker symbol “XLE.”

#### *Investment Approach*

The XLE utilizes a “passive” or “indexing” investment approach in attempting to track the performance of its underlying index. The XLE will invest in substantially all of the securities which comprise its underlying index. The XLE will normally invest at least 95% of its total assets in common stocks that comprise its underlying index.

#### *Investment Objective and Strategy*

The XLE seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Energy Select Sector Index, (the “Underlying Index”). The investment manager of the XLE uses a replication strategy to try to achieve the XLE’s investment objective, which means that the XLE generally invests in substantially all of the securities represented in its Underlying Index in approximately the same proportions as its Underlying Index. In certain situations or market conditions, the XLE may temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the XLE’s investment objective and is in the best interest of the XLE. For example, if the XLE is unable to invest directly in a component security or if a derivative investment may provide higher liquidity than other types of investments, it may make larger than normal investments in derivatives to maintain exposure to the index that it tracks. Consequently, under such circumstances, the XLE may invest in a different mix of investments than it would under normal circumstances. The XLE is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities. This differs from an actively managed Underlying, which typically seeks to outperform a benchmark index.

Notwithstanding the XLE’s investment objective, the return on your notes will not reflect any dividends paid on shares of the XLE, on the securities purchased by the XLE or on the securities that comprise the Underlying Index for XLE.

#### *Replication Strategy*

The XLE uses a replication strategy to attempt to track the performance of its Underlying Index. This strategy involves investing in substantially all of the securities represented in the Underlying Index in approximately the same proportions as the Underlying Index. Under normal market conditions, the XLE generally invests at least 95% of its total assets in the securities comprising the Underlying Index. The XLE will provide shareholders with at least 60 days notice prior to any material change in its investment policies.

### **The Financial Select Sector SPDR® Fund**

The shares of the XLF are issued by Select Sector SPDR® Trust, a registered investment company. This Underlying seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Financial Select Sector Index (the “Underlying Index”). The XLF measures the performance of the financial sector of

the U.S. equity market. The XLF Underlying is composed of equity securities of companies in the diversified financial services; insurance; banks; capital markets; mortgage real estate investment trusts (“REITs”); consumer finance; and thrifts and mortgage finance industries. The Underlying trades on the NYSE Arca under the ticker symbol “XLF.”

### **Investment Approach**

The XLF utilizes a “passive” or “indexing” investment approach in attempting to track the performance of the Underlying Index. The XLF will invest in substantially all of the securities which comprise the Underlying Index. The XLF will normally invest at least 95% of its total assets in common stocks that comprise the Underlying Index.

### **Investment Objective and Strategy**

The XLF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses of the Financial Select Sector Index. The investment manager of

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the XLF uses a replication strategy to try to achieve the XLF's investment objective, which means that the XLF generally invests in substantially all of the securities represented in its Underlying Index in approximately the same proportions as its Underlying Index. In certain situations or market conditions, the XLF may temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with its investment objective and is in the best interest of the XLF. For example, if the XLF is unable to invest directly in a component security or if a derivative investment may provide higher liquidity than other types of investments, it may make larger than normal investments in derivatives to maintain exposure to its Underlying Index. Consequently, under such circumstances, the XLF may invest in a different mix of investments than it would under normal circumstances. The XLF is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities. This differs from an actively managed Underlying, which typically seeks to outperform a benchmark index.

Notwithstanding the XLF's investment objective, the return on your notes will not reflect any dividends paid on shares of the XLF, on the securities purchased by the XLF or on the securities that comprise its Underlying Index.

### ***Replication Strategy***

The XLF uses a replication strategy to attempt to track the performance of its Underlying Index. This strategy involves investing in substantially all of the securities represented in the Underlying Index in approximately the same proportions as the Underlying Index. Under normal market conditions, the XLF generally invests at least 95% of its total assets in the securities comprising its Underlying Index. The XLF will provide shareholders with at least 60 days notice prior to any material change in its investment policies.

### ***The Select Sector Indices***

The Underlying Index of each of the Underlying ETFs is part of the Select Sector Indices. The Select Sector Indices are sub-indices of the S&P 500® Index. Each stock in the S&P 500® Index is allocated to at least one Select Sector Index, and the combined companies of the eleven Select Sector Indices represent all of the companies in the S&P 500® Index. The industry indices are sub-categories within each Select Sector Index and represent a specific industry segment of the overall Select Sector Index. The eleven Select Sector Indices seek to represent the eleven S&P 500® Index sectors. The S&P 500® Index sectors, with the approximate percentage of the market capitalization of the S&P 500® Index included in each sector as of January 31, 2019 indicated in parentheses: Information Technology (19.9%); Health Care (15.1%); Financials (13.5%); Communication Services (10.3%); Consumer Discretionary (10.1%); Industrials (9.5%); Consumer Staples (7.2%); Energy (5.5%); Utilities (3.2%); Real Estate (3.0%) and Materials (2.7%). The index compilation agent for these indices (the "Index Compilation Agent") determines the composition of the Select Sector Indices based on S&P's sector classification methodology. (Sector designations are determined by the index sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.) As of the close of business on September 21, 2018, SPDJI and MSCI, Inc. updated the Global Industry Classification Sector ("GICS") structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the

Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The GICS structure changes were effective for the S&P 500<sup>®</sup> Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

Each Select Sector Index was developed and is maintained in accordance with the following criteria:

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Each of the component stocks in a Select Sector Index (the “Component Stocks”) is a constituent company of the S&P 500® Index.

The eleven Select Sector Indices together will include all of the companies represented in the S&P 500® Index and each of the stocks in the S&P 500® Index will be allocated to at least one of the Select Sector Indices.

The Index Compilation Agent assigns each constituent stock of the S&P 500® Index to a Select Sector Index. The Index Compilation Agent assigns a company’s stock to a particular Select Sector Index based on S&P Dow Jones Indices’s sector classification methodology as set forth in its Global Industry Classification Standard.

Each Select Sector Index is calculated by S&P Dow Jones Indices using a modified “market capitalization” methodology. This design ensures that each of the component stocks within a Select Sector Index is represented in a proportion consistent with its percentage with respect to the total market capitalization of that Select Sector Index.

For reweighting purposes, each Select Sector Index is rebalanced quarterly after the close of business on the second to last calculation day of March, June, September and December using the following procedures: (1) The rebalancing reference date is two business days prior to the last calculation day of each quarter; and (2) With prices reflected on the rebalancing reference date, and membership, shares outstanding, additional weight factor (capping factor) and investable weight factors (as described in the section “Computation of the S&P 500 Index®” below) as of the rebalancing effective date, each company is weighted using the modified market capitalization methodology. Modifications are made as defined below.

(i) The indices are first evaluated to ensure none of the indices breach the maximum allowable limits defined in rules (ii) and (v) below. If any of the allowable limits are breached, the component stocks are reweighted based on their float-adjusted market capitalization weights.

(ii) If any component stock has a weight greater than 24%, that component stock has its float-adjusted market capitalization weight capped at 23%. The 23% weight cap creates a 2% buffer to ensure that no component stock exceeds 25% as of the quarter-end diversification requirement date.

(iii) All excess weight is equally redistributed to all uncapped component stocks within the relevant Select Sector Index.

(iv) After this redistribution, if the float-adjusted market capitalization weight of any other component stock(s) then breaches 23%, the process is repeated iteratively until no component stock breaches the 23% weight cap.

(v) The sum of the component stocks with weight greater than 4.8% cannot exceed 50% of the total index weight. These caps are set to allow for a buffer below the 5% limit.

(vi) If the rule in step (v) is breached, all the component stocks are ranked in descending order of their float-adjusted market capitalization weights and the first component stock that causes the 50% limit to be breached has its weight reduced to 4.6%.

(vii) This excess weight is equally redistributed to all component stocks with weights below 4.6%. This process is repeated iteratively until step (v) is satisfied.

(viii) Index share amounts are assigned to each component stock to arrive at the weights calculated above. Since index shares are assigned based on prices one business day prior to rebalancing, the actual weight of each component stock at the rebalancing differs somewhat from these weights due to market movements.



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(ix) If necessary, the reweighting process may take place more than once prior to the close on the last business day of March, June, September or December to ensure conformity with all diversification requirements.

Each Select Sector Index is calculated using the same methodology utilized by S&P Dow Jones Indices in calculating the S&P 500® Index, using a base-weighted aggregate methodology. The daily calculation of each Select Sector Index is computed by dividing the total market value of the companies in the Select Sector Index by a number called the index divisor.

The Index Compilation Agent at any time may determine that a Component Stock which has been assigned to one Select Sector Index has undergone such a transformation in the composition of its business, and should be removed from that Select Sector Index and assigned to a different Select Sector Index. In the event that the Index Compilation Agent notifies S&P Dow Jones Indices that a Component Stock's Select Sector Index assignment should be changed, S&P Dow Jones Indices will disseminate notice of the change following its standard procedure for announcing index changes and will implement the change in the affected Select Sector Indices on a date no less than one week after the initial dissemination of information on the sector change to the maximum extent practicable. It is not anticipated that Component Stocks will change sectors frequently.

Component Stocks removed from and added to the S&P 500® Index will be deleted from and added to the appropriate Select Sector Index on the same schedule used by S&P Dow Jones Indices for additions and deletions from the S&P 500® Index insofar as practicable.

### **The S&P 500® Index**

The S&P 500® Index includes a representative sample of 500 companies in leading industries of the U.S. economy. The S&P 500® Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the S&P 500® Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

Effective March 10, 2017, company additions to the S&P 500® Index must have an unadjusted company market capitalization of \$6.1 billion or more (an increase from the previous requirement of an unadjusted company market capitalization of \$5.3 billion or more).

The index sponsor calculates the S&P 500® Index by reference to the prices of the constituent stocks of the S&P 500® Index without taking account of the value of dividends paid on those stocks. As a result, the return on the notes will not reflect the return you would realize if you actually owned the index constituent stocks and received the dividends paid on those stocks. Additional information is available on the following websites: [us.spindices.com/indices/equity/sp-500](http://us.spindices.com/indices/equity/sp-500) and [spdj.com/](http://spdj.com/). We are not incorporating by reference the websites or any material they include in this pricing supplement.

### **Computation of the S&P 500® Index**

While the index sponsor currently employs the following methodology to calculate the S&P 500® Index, no assurance can be given that the index sponsor will not modify or change this methodology in a manner that may affect the Redemption Amount.

Historically, the market value of any component stock of the S&P 500® Index was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, the index sponsor began shifting the S&P 500® Index halfway from a market capitalization weighted formula to a float-adjusted

formula, before moving the S&P 500® Index to full float adjustment on September 16, 2005. The index sponsor's criteria for selecting stocks for the S&P 500® Index did not change with the shift to float adjustment. However, the adjustment affects each company's weight in the S&P 500® Index.

Under float adjustment, the share counts used in calculating the S&P 500® Index reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," were removed from the float for purposes of calculating the S&P 500 Index. Generally, these "control holders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depository banks,

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pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares held in a trust to allow investors in countries outside the country of domicile, such as depositary shares and Canadian exchangeable shares are normally part of the float unless those shares form a control block.

For each stock, an investable weight factor (“IWF”) is calculated by dividing the available float shares by the total shares outstanding. Available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company’s officers and directors hold 3% of the company’s shares, and no other control group holds 5% of the company’s shares, the index sponsor would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company’s officers and directors hold 3% of the company’s shares and another control group holds 20% of the company’s shares, the index sponsor would assign an IWF of 0.77, reflecting the fact that 23% of the company’s outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the S&P 500® Index. Constituents of the S&P 500® Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the S&P 500® Index. If a constituent company of the S&P 500® Index reorganizes into a multiple share class line structure, that company will remain in the S&P 500® Index at the discretion of the S&P Index Committee in order to minimize turnover.

The S&P 500® Index is calculated using a base-weighted aggregate methodology. The level of the S&P 500® Index reflects the total market value of all component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the level easier to work with and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941- 43 = 10. In practice, the daily calculation of the S&P 500® Index is computed by dividing the total market value of the component stocks by the “index divisor.” By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the S&P 500® Index, it serves as a link to the original base period level of the S&P 500® Index. The index divisor keeps the S&P 500® Index comparable over time and is the manipulation point for all adjustments to the S&P 500® Index, which is index maintenance.

## **Index Maintenance**

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the S&P 500® Index, and do not require index divisor adjustments.

To prevent the level of the S&P 500® Index from changing due to corporate actions, corporate actions which affect the total market value of the S&P 500® Index require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the S&P 500® Index remains constant and does not reflect the corporate actions of individual companies in the S&P 500® Index. Index divisor adjustments are made after the close of trading and after the calculation of the index closing level.

Changes in a company’s shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At the index sponsor’s discretion, *de minimis* merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

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*The following graph sets forth the daily historical performance of the XLE in the period from January 1, 2008 through February 8, 2019. This historical data on the XLE is not necessarily indicative of its future performance or what the value of the notes may be. Any historical upward or downward trend in the price of the XLE during any period set forth below is not an indication that the price of the XLE is more or less likely to increase or decrease at any time over the term of the notes. The horizontal line in the graph represents its hypothetical Threshold Value of \$40.91 (rounded to two decimal places), assuming its Starting Value of \$62.94, which was the closing price of the XLE on February 8, 2019 (the actual Starting Value and Threshold Value (65% of its Starting Value) of the XLE will be determined on the pricing date).*

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*The following graph sets forth the daily historical performance of the XLF in the period from January 1, 2008 through February 8, 2019. This historical data on the XLF is not necessarily indicative of its future performance or what the value of the notes may be. Any historical upward or downward trend in the price of the XLF during any period set forth below is not an indication that the price of the XLF is more or less likely to increase or decrease at any time over the term of the notes. The horizontal line in the graph represents its hypothetical Threshold Value of \$16.69 (rounded to two decimal places), assuming its Starting Value of \$25.67, which was the closing price of the XLF on February 8, 2019 (the actual Starting Value and Threshold Value (65% of its Starting Value) of the XLF will be determined on the pricing date).*

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## **SupplementAL Plan of Distribution; Role of MLPF&S and Conflicts of Interest**

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

The current business of MLPF&S is being reorganized into two affiliated broker-dealers: MLPF&S and a new broker-dealer, BofAML Securities, Inc. ("BofAMLS"). BofAMLS will be the new legal entity for the institutional services that are now provided by MLPF&S. MLPF&S will be assigning its rights and obligations as selling agent for the notes under our distribution agreement to BofAMLS effective on the "Transfer Date". Accordingly, if the pricing date of the notes occurs on or after the Transfer Date, BofAMLS will be responsible for the pricing of the notes. If the settlement date of the notes occurs on or after the Transfer Date, BofAMLS will, subject to the terms and conditions of the distribution agreement, purchase the notes from us as principal on the settlement date and BofAMLS will sell the notes to other broker-dealers that will participate in the offering as discussed in the prior paragraph.

MLPF&S and any of our other broker-dealer affiliates, may use this pricing supplement, and the accompanying product supplement, prospectus supplement and prospectus for offers and sales in secondary market transactions and market-making transactions in the notes. However, they are not obligated to engage in such secondary market transactions and/or market-making transactions. The selling agent may act as principal or agent in these transactions, and any such sales will be made at prices related to prevailing market conditions at the time of the sale.

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 Underlying Stocks and the remaining term of the notes. However, none of us, the Guarantor, MLPF&S or any of our other affiliates is obligated to purchase your notes at any price or at any time, and we cannot assure you that any party will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

Any price that MLPF&S may pay to repurchase the notes will depend upon then prevailing market conditions, the creditworthiness of us and the Guarantor, and transaction costs. At certain times, this price may be higher than or lower than the initial estimated value of the notes.

No Prospectus (as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive") will be prepared in connection with these notes. Accordingly, these notes may not be offered to the public in any member state of the European Economic Area ("EEA"), and any purchaser of these notes who subsequently sells any of these notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, and a "retail investor" means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (b) a customer, within the meaning of Insurance Distribution Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling



the notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **MLPF&S Reorganization**

As discussed above under “Supplemental Plan of Distribution; Role of MLPF&S and Conflicts Of Interest”, the current business of MLPF&S is being reorganized into two affiliated broker-dealers. Effective on the Transfer Date, BofAMLS will be the new legal entity for the institutional services that are now provided by MLPF&S. As such, beginning on the Transfer Date, the institutional services currently being

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provided by MLPF&S, including acting as selling agent for the notes, acting as calculation agent for the notes, acting as principal or agent in secondary market-making transactions for the notes, estimating the value of the notes using pricing models, and entering into hedging arrangements with respect to the notes, are expected to be provided by BofAMLS. Accordingly, references to MLPF&S in this preliminary pricing supplement as such references relate to MLPF&S's institutional services, such as those described above, should be read as references to BofAMLS to the extent these services are to be performed on or after the Transfer Date.

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## STRUCTURING THE NOTES

The notes are our debt securities, the return on which is linked to the performance of the Underlyings. The related guarantees are BAC's obligations. As is the case for all of our and BAC's respective debt securities, including our market-linked notes, the economic terms of the notes reflect our and BAC's 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 and BAC, BAC typically borrows the funds under these types of notes at a rate, which we refer to in this pricing supplement as BAC's internal funding rate, that is more favorable to BAC than the rate that it might pay for a conventional fixed or floating rate debt security. 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, typically results in the initial estimated value of the notes on the pricing date being less than their public offering price.

In order to meet our payment obligations on the notes, 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 our other 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 and BAC's creditworthiness, interest rate movements, the volatility of the Underlyings, the tenor of the notes and 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 hedging related charges, reflecting the costs associated with, and our affiliates' profit earned from, these hedging arrangements. Since hedging entails risk and may be influenced by unpredictable market forces, actual profits or losses from these hedging transactions may be more or less than any expected amounts.

For further information, see "Risk Factors" beginning on page PS-9 above and "Supplemental Use of Proceeds" on page PS-16 of product supplement STOCK-1.

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## U.S. FEDERAL INCOME TAX SUMMARY

The following summary of the material U.S. federal income tax considerations of the acquisition, ownership, and disposition of the notes supplements, and to the extent inconsistent supersedes, the discussions under “U.S. Federal Income Tax Considerations” in the accompanying prospectus and under “U.S. Federal Income Tax Considerations” in the accompanying prospectus supplement and is not exhaustive of all possible tax considerations. In addition, any reference to “Morrison & Foerster LLP” in the aforementioned tax discussions in the accompanying prospectus and prospectus supplement should be read as a reference to “Sidley Austin LLP.” This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), regulations promulgated under the Code by the U.S. Treasury Department (“Treasury”) (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the IRS, and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This summary does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder.

Although the notes are issued by us, they will be treated as if they were issued by Bank of America Corporation for U.S. federal income tax purposes. Accordingly throughout this tax discussion, references to “we,” “our” or “us” are generally to Bank of America Corporation unless the context requires otherwise.

This summary is directed solely to U.S. Holders and Non-U.S. Holders that, except as otherwise specifically noted, will purchase the notes upon original issuance and will hold the notes as capital assets within the meaning of Section 1221 of the Code, which generally means property held for investment and that are not excluded from the discussion under “U.S. Federal Income Tax Considerations” in the accompanying prospectus.

*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.*

### General

Although there is no statutory, judicial, or administrative authority directly addressing the characterization of the notes, we intend to treat the notes for all tax purposes as contingent income-bearing single financial contracts with respect to the Underlyings and under the terms of the notes, we and every investor in the notes agree, in the absence of an administrative determination or judicial ruling to the contrary, to treat the notes in accordance with such characterization. In the opinion of our counsel, Sidley Austin LLP, it is reasonable to treat the notes as contingent income-bearing single financial contracts with respect to the Underlyings. However, Sidley Austin LLP has advised us that it is unable to conclude that it is more likely than not that this treatment will be upheld. This discussion assumes that the notes constitute contingent income-bearing single financial contracts with respect to the Underlyings for U.S. federal income tax purposes. If the notes did not constitute contingent income-bearing single financial contracts, the tax consequences described below would be materially different.

*This characterization of the notes is not binding on the IRS or the courts. No statutory, judicial, or administrative authority directly addresses the characterization of the notes or any similar instruments for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to their proper characterization and treatment. Due to the absence of authorities on point, significant aspects of the U.S. federal income tax consequences of an investment in the notes are not certain, and no assurance can be given that the IRS or any court will agree with the characterization and tax treatment described in this pricing supplement. Accordingly, you are urged to consult your tax advisor regarding all aspects of the U.S. federal income tax consequences of an investment in the notes, including*

*possible alternative characterizations.*

Unless otherwise stated, the following discussion is based on the characterization described above. The discussion in this section assumes that there is a significant possibility of a significant loss of principal on an investment in the notes.

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## U.S. Holders

Although the U.S. federal income tax treatment of any Contingent Coupon Payment on the notes is uncertain, we intend to take the position, and the following discussion assumes, that any Contingent Coupon Payment constitutes taxable ordinary income to a U.S. Holder at the time received or accrued in accordance with the U.S. Holder's regular method of accounting. By purchasing the notes you agree, in the absence of an administrative determination or judicial ruling to the contrary, to treat any Contingent Coupon Payment as described in the preceding sentence.

Upon receipt of a cash payment at maturity or upon a sale, exchange or redemption of the notes prior to maturity, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized (other than amounts representing any Contingent Coupon Payment, which would be taxed as described above) and the U.S. Holder's tax basis in the notes. A U.S. Holder's tax basis in the notes will equal the amount paid by that holder to acquire them. Subject to the discussion below concerning the possible application of the "constructive ownership" rules of Section 1260 of the Code, this capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held the notes for more than one year. The deductibility of capital losses is subject to limitations.

*Possible Application of Section 1260 of the Code.* Since the Underlying ETFs are the type of financial asset described under Section 1260 of the Code (including, among others, any equity interest in pass-through entities such as exchange traded funds, regulated investment companies, real estate investment trusts, partnerships, and passive foreign investment companies, each a "Section 1260 Financial Asset"), while the matter is not entirely clear, there may exist a risk that an investment in the notes will be treated, in whole or in part, as a "constructive ownership transaction" to which Section 1260 of the Code applies. If Section 1260 of the Code applies, all or a portion of any long-term capital gain recognized by a U.S. Holder in respect of the notes will be recharacterized as ordinary income (the "Excess Gain"). In addition, an interest charge will also apply to any deemed underpayment of tax in respect of any Excess Gain to the extent such gain would have resulted in gross income inclusion for the U.S. Holder in taxable years prior to the taxable year of the sale, exchange, redemption, or settlement (assuming such income accrued at a constant rate equal to the applicable federal rate as of the date of sale, exchange, redemption or settlement).

If an investment in the notes is treated as a constructive ownership transaction, it is not clear to what extent any long-term capital gain of a U.S. Holder in respect of the notes will be recharacterized as ordinary income. It is possible, for example, that the amount of the Excess Gain (if any) that would be recharacterized as ordinary income in respect of the notes will equal the excess of (i) any long-term capital gain recognized by the U.S. Holder in respect of the notes and attributable to Section 1260 Financial Assets, over (ii) the "net underlying long-term capital gain" (as defined in Section 1260 of the Code) such U.S. Holder would have had if such U.S. Holder had acquired an amount of the corresponding Section 1260 Financial Assets at fair market value on the original issue date for an amount equal to the portion of the issue price of the notes attributable to the corresponding Section 1260 Financial Assets and sold such amount of Section 1260 Financial Assets at maturity or upon sale, exchange, or redemption of the notes at fair market value. Unless otherwise established by clear and convincing evidence, the net underlying long-term capital gain is treated as zero and therefore it is possible that all long-term capital gain recognized by a U.S. Holder in respect of the notes will be recharacterized as ordinary income if Section 1260 of the Code applies to an investment in the notes. U.S. Holders should consult their tax advisors regarding the potential application of Section 1260 of the Code to an investment in the notes.

As described below, the IRS, as indicated in Notice 2008-2 (the "Notice"), is considering whether Section 1260 of the Code generally applies or should apply to the notes, including in situations where the Underlyings are not the type of

financial asset described under Section 1260 of the Code.

*Alternative Tax Treatments.* Due to the absence of authorities that directly address the proper tax treatment of the notes, prospective investors are urged to consult their tax advisors regarding all possible alternative tax treatments of an investment in the notes. In particular, the IRS could seek to subject the notes to the Treasury regulations governing contingent payment debt instruments. If the IRS were successful in that regard, the timing and character of income on the notes would be affected significantly. Among other things, a U.S. Holder would be required to accrue original issue discount every year at a “comparable yield” determined at the time of issuance. In addition, any gain realized by a U.S. Holder at maturity or upon a sale, exchange, or redemption of the notes generally would be treated as ordinary income, and any loss realized at maturity or upon a sale, exchange, or redemption of the notes generally

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would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount, and as capital loss thereafter.

In addition, it is possible that the notes could be treated as a unit consisting of a deposit and a put option written by the note holder, in which case the timing and character of income on the notes would be affected significantly.

The Notice sought comments from the public on the taxation of financial instruments currently taxed as "prepaid forward contracts." This Notice addresses instruments such as the notes. According to the Notice, the IRS and Treasury are considering whether a holder of an instrument such as the notes should be required to accrue ordinary income on a current basis, regardless of whether any payments are made prior to maturity. It is not possible to determine what guidance the IRS and Treasury will ultimately issue, if any. Any such future guidance may affect the amount, timing and character of income, gain, or loss in respect of the notes, possibly with retroactive effect.

The IRS and Treasury are also considering additional issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, whether Section 1260 of the Code, concerning certain "constructive ownership transactions," generally applies or should generally apply to such instruments, and whether any of these determinations depend on the nature of the underlying asset.

In addition, proposed Treasury regulations require the accrual of income on a current basis for contingent payments made under certain notional principal contracts. The preamble to the regulations states that the "wait and see" method of accounting does not properly reflect the economic accrual of income on those contracts, and requires current accrual of income for some contracts already in existence. While the proposed regulations do not apply to prepaid forward contracts, the preamble to the proposed regulations expresses the view that similar timing issues exist in the case of prepaid forward contracts. If the IRS or Treasury publishes future guidance requiring current economic accrual for contingent payments on prepaid forward contracts, it is possible that you could be required to accrue income over the term of the notes.

Because of the absence of authority regarding the appropriate tax characterization of the notes, it is also possible that the IRS could seek to characterize the notes in a manner that results in tax consequences that are different from those described above. For example, the IRS could possibly assert that any gain or loss that a holder may recognize at maturity or upon the sale, exchange or redemption of the notes should be treated as ordinary gain or loss.

### **Non-U.S. Holders**

Because the U.S. federal income tax treatment of the notes (including any Contingent Coupon Payment) is uncertain, we will withhold U.S. federal income tax at a 30% rate (or at a lower rate under an applicable income tax treaty) on the entire amount of any Contingent Coupon Payment made unless such payments are effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. (in which case, to avoid withholding, the Non-U.S. Holder will be required to provide a Form W-8ECI). We will not pay any additional amounts in respect of such withholding. To claim benefits under an income tax treaty, a Non-U.S. Holder must obtain a taxpayer identification number and certify as to its eligibility under the appropriate treaty's limitations on benefits article, if applicable. In addition, special rules may apply to claims for treaty benefits made by Non-U.S. Holders that are entities rather than individuals. The availability of a lower rate of withholding under an applicable income tax treaty will depend on whether such rate applies to the characterization of the payments under U.S. federal income tax laws. A Non-U.S. Holder that is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.



Except as discussed below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax for amounts paid in respect of the notes (not including, for the avoidance of doubt, any amounts representing accrued Contingent Coupon Payments which would be subject to the rules discussed in the previous paragraph) upon the sale, exchange or redemption of the notes or their settlement at maturity, provided that the Non-U.S. Holder complies with applicable certification requirements and that the payment is not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business. Notwithstanding the foregoing, gain from the sale, exchange or redemption of

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the notes or their settlement at maturity may be subject to U.S. federal income tax if that Non-U.S. Holder is a non-resident alien individual and is present in the U.S. for 183 days or more during the taxable year of the sale, exchange, redemption or settlement and certain other conditions are satisfied.

If a Non-U.S. Holder of the notes is engaged in the conduct of a trade or business within the U.S. and if any Contingent Coupon Payment and gain realized on the settlement at maturity or upon sale, exchange or redemption of the notes, is effectively connected with the conduct of such trade or business (and, if certain tax treaties apply, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S.), the Non-U.S. Holder, although exempt from U.S. federal withholding tax, generally will be subject to U.S. federal income tax on such Contingent Coupon Payment and gain on a net income basis in the same manner as if it were a U.S. Holder. Such Non-U.S. Holders should read the material under the heading “—U.S. Holders,” for a description of the U.S. federal income tax consequences of acquiring, owning, and disposing of the notes. In addition, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a branch profits tax equal to 30% (or such lower rate provided by any applicable tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the U.S., subject to certain adjustments.

A “dividend equivalent” payment is treated as a dividend from sources within the United States and such payments generally would be subject to a 30% U.S. withholding tax if paid to a Non-U.S. Holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, IRS guidance provides that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2021. Based on our determination that the notes are not delta-one instruments, Non-U.S. Holders should not be subject to withholding on dividend equivalent payments, if any, under the notes. However, it is possible that the notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Underlyings or the notes, and following such occurrence the notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. Holders that enter, or have entered, into other transactions in respect of the Underlyings or the notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

As discussed above, alternative characterizations of the notes for U.S. federal income tax purposes are possible. Should an alternative characterization, by reason of change or clarification of the law, by regulation or otherwise, cause payments as to the notes to become subject to withholding tax in addition to the withholding tax described above, tax will be withheld at the applicable statutory rate. Prospective Non-U.S. Holders should consult their own tax advisors regarding the tax consequences of such alternative characterizations.

*U.S. Federal Estate Tax.* Under current law, while the matter is not entirely clear, individual Non-U.S. Holders, and entities whose property is potentially includible in those individuals’ gross estates for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty benefit, a note is likely to be treated as U.S. situs property, subject to U.S. federal estate tax. These individuals and entities should consult their own tax advisors regarding the U.S. federal estate tax consequences of investing in a note.

## **Backup Withholding and Information Reporting**

Please see the discussion under “U.S. Federal Income Tax Considerations — Taxation of Debt Securities — Backup Withholding and Information Reporting” in the accompanying prospectus for a description of the applicability of the backup withholding and information reporting rules to payments made on the notes.

**Foreign Account Tax Compliance Act (“FATCA”)**

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The discussion in the accompanying prospectus under “U.S. Federal Income Tax Considerations – Foreign Account Tax Compliance Act” is hereby modified to reflect regulations proposed by the Treasury Department indicating its intent to eliminate the requirements under FATCA of withholding on gross proceeds from the sale, exchange, maturity or other disposition of relevant financial instruments. The Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

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