

BANK OF AMERICA CORP /DE/
Form 424B2
October 20, 2014

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-180488

The information in this preliminary prospectus supplement is not complete and may be changed. We may not sell the depositary shares until we deliver a final prospectus supplement. This preliminary prospectus supplement and the attached prospectus do not constitute an offer to sell these depositary shares or a solicitation of an offer to buy these depositary shares in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated October 20, 2014

Depositary Shares, Each Representing a 1/25th Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series Z

Bank of America Corporation is offering _____ depositary shares, each representing a 1/25th interest in a share of our perpetual Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series Z, \$0.01 par value, with a liquidation preference of \$25,000 per share (equivalent to \$1,000 per depositary share) (the Preferred Stock). Each depositary share entitles the holder, through the depository, to a proportional fractional interest in all rights and preferences of the Preferred Stock represented by the depositary share.

We may at our option redeem the Preferred Stock at any time on or after October _____, 2024, in whole or in part, at a redemption price equal to \$25,000 per share (equivalent to \$1,000 per depositary share), plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. We also may redeem the Preferred Stock upon certain events involving capital treatment as described in this prospectus supplement. Redeeming the Preferred Stock will cause the corresponding depositary shares to be redeemed.

Holders of the Preferred Stock will be entitled to receive, only when, as, and if declared by our board of directors or a duly authorized committee of our board, and to the extent we have funds legally available for the payment of dividends, cash dividends at a rate equal to (1) _____ % per annum (equivalent to \$ _____ per depositary share per annum) for each semi-annual dividend period from the original issue date of the Preferred Stock to, but excluding, October _____, 2024, and (2) three-month LIBOR plus a spread of _____ % per annum for each quarterly dividend period beginning October _____, 2024. When, as, and if declared by our board of directors or a duly authorized committee of our board, we will pay the semi-annual dividend payments, in arrears, on April _____ and October _____ of each year beginning April _____, 2015, and quarterly dividend payments, in arrears, on January _____, April _____, July _____, and October _____ of each year beginning on January _____, 2025. Dividends on the Preferred Stock will not be cumulative.

We do not intend to apply to list the depositary shares or the Preferred Stock on any securities exchange.

Investing in the depositary shares involves risks. See Risk Factors beginning on page S-8.

The depositary shares are unsecured and are not savings accounts, deposits, or other obligations of a bank. The depositary shares are not guaranteed by Bank of America, N.A. or any other bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 424B2

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the attached prospectus. Any representation to the contrary is a criminal offense.

	Per Depository Share	Total
Public offering price(1)	\$	\$
Underwriting commissions	\$	\$
Proceeds to Bank of America Corporation (before expenses)(1)	\$	\$

(1) Plus accrued cash dividends, if any, that may be declared from October , 2014 to the date of delivery. The underwriters expect to deliver the depositary shares in book-entry only form through the facilities of The Depository Trust Company on or about October , 2014.

Sole Book-Runner

BofA Merrill Lynch

Prospectus Supplement to Prospectus dated March 30, 2012

October , 2014

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About this Prospectus Supplement</u>	S-3
<u>Summary</u>	S-4
<u>Risk Factors</u>	S-8
<u>Description of the Preferred Stock</u>	S-13
<u>General</u>	S-13
<u>Dividends</u>	S-13
<u>Liquidation Rights</u>	S-16
<u>Optional Redemption</u>	S-17
<u>Voting Rights</u>	S-18
<u>Preemptive and Conversion Rights</u>	S-20
<u>Outstanding Preferred Stock</u>	S-20
<u>Authorized Classes of Preferred Stock</u>	S-21
<u>Additional Classes or Series of Stock</u>	S-45
<u>Depository, Transfer Agent, and Registrar</u>	S-45
<u>Calculation Agent</u>	S-45
<u>Description of the Depository Shares</u>	S-46
<u>General</u>	S-46
<u>Dividends and Other Distributions</u>	S-46
<u>Redemption of Depository Shares</u>	S-47
<u>Voting the Preferred Stock</u>	S-47
<u>Form and Notices</u>	S-47
<u>Registration and Settlement</u>	S-48
<u>Book-Entry System</u>	S-48
<u>Same Day Settlement</u>	S-48
<u>Payment of Dividends</u>	S-48
<u>Notices</u>	S-49
<u>U.S. Federal Income Tax Considerations</u>	S-50
<u>ERISA Considerations</u>	S-51
<u>Underwriting (Conflicts of Interest)</u>	S-52
<u>Selling Restrictions</u>	S-53
<u>Legal Matters</u>	S-61

Prospectus

	Page
<u>About this Prospectus</u>	3
<u>Prospectus Summary</u>	4
<u>Risk Factors</u>	8
<u>Currency Risks</u>	8
<u>Other Risks</u>	10
<u>Bank of America Corporation</u>	11
<u>Use of Proceeds</u>	11
<u>Description of Debt Securities</u>	12
<u>General</u>	12
<u>The Indentures</u>	12
<u>Form and Denomination of Debt Securities</u>	13
<u>Different Series of Debt Securities</u>	14
<u>Fixed-Rate Notes</u>	15
<u>Floating-Rate Notes</u>	15
<u>Indexed Notes</u>	23
<u>Floating-Rate/Fixed-Rate/Indexed Notes</u>	24
<u>Original Issue Discount Notes</u>	24
<u>Payment of Principal, Interest, and Other Amounts Due</u>	24
<u>No Sinking Fund</u>	27
<u>Redemption</u>	27
<u>Repayment</u>	27
<u>Repurchase</u>	27
<u>Conversion</u>	28
<u>Exchange, Registration, and Transfer</u>	28
<u>Subordination</u>	28
<u>Sale or Issuance of Capital Stock of Banks</u>	29
<u>Limitation on Mergers and Sales of Assets</u>	30
<u>Waiver of Covenants</u>	30

<u>Modification of the Indentures</u>	30
<u>Meetings and Action by Securityholders</u>	31
<u>Events of Default and Rights of Acceleration</u>	31
<u>Collection of Indebtedness</u>	31
<u>Payment of Additional Amounts</u>	32
<u>Redemption for Tax Reasons</u>	35
<u>Defeasance and Covenant Defeasance</u>	35
<u>Notices</u>	36
<u>Concerning the Trustees</u>	37
<u>Governing Law</u>	37
<u>Description of Warrants</u>	37
<u>General</u>	37
<u>Description of Debt Warrants</u>	37
	Page
<u>Description of Universal Warrants</u>	38
<u>Modification</u>	39
<u>Enforceability of Rights of Warrantholders; No Trust Indenture Act Protection</u>	39
<u>Unsecured Obligations</u>	40
<u>Description of Purchase Contracts</u>	40
<u>General</u>	40
<u>Purchase Contract Property</u>	40
<u>Information in Supplement</u>	41
<u>Prepaid Purchase Contracts; Applicability of Indenture</u>	42
<u>Non-Prepaid Purchase Contracts; No Trust Indenture Act Protection</u>	42
<u>Pledge by Holders to Secure Performance</u>	43
<u>Settlement of Purchase Contracts That Are Part of Units</u>	43
<u>Failure of Holder to Perform Obligations</u>	43
<u>Unsecured Obligations</u>	43
<u>Description of Units</u>	44
<u>General</u>	44
<u>Unit Agreements: Prepaid, Non-Prepaid, and Other</u>	45
<u>Modification</u>	45
<u>Enforceability of Rights of Unitholders; No Trust Indenture Act Protection</u>	45
<u>Unsecured Obligations</u>	46
<u>Description of Preferred Stock</u>	46
<u>General</u>	46
<u>The Preferred Stock</u>	48
<u>Description of Depositary Shares</u>	49
<u>General</u>	49
<u>Terms of the Depositary Shares</u>	50
<u>Withdrawal of Preferred Stock</u>	50
<u>Dividends and Other Distributions</u>	50
<u>Redemption of Depositary Shares</u>	51
<u>Voting the Deposited Preferred Stock</u>	51
<u>Amendment and Termination of the Deposit Agreement</u>	51
<u>Charges of Depositary</u>	52
<u>Miscellaneous</u>	52
<u>Resignation and Removal of Depositary</u>	52
<u>Description of Common Stock</u>	52
<u>General</u>	52
<u>Voting and Other Rights</u>	53
<u>Dividends</u>	53
<u>Registration and Settlement</u>	54
<u>Book-Entry Only Issuance</u>	54
<u>Certificates in Registered Form</u>	54
<u>Street Name Owners</u>	55
<u>Legal Holders</u>	55
<u>Special Considerations for Indirect Owners</u>	55
<u>Depositories for Global Securities</u>	56
<u>Special Considerations for Global Securities</u>	60
<u>Registration, Transfer, and Payment of Certificated Securities</u>	61
<u>U.S. Federal Income Tax Considerations</u>	62
<u>Taxation of Debt Securities</u>	63
<u>Taxation of Common Stock, Preferred Stock, and Depositary Shares</u>	78
<u>Taxation of Warrants</u>	84
<u>Taxation of Purchase Contracts</u>	84
<u>Taxation of Units</u>	84
<u>Reportable Transactions</u>	84
<u>Foreign Account Tax Compliance Act</u>	85
<u>EU Directive on the Taxation of Savings Income</u>	86

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 424B2

<u>Plan of Distribution (Conflicts of Interest)</u>	87
<u>Distribution Through Underwriters</u>	87
<u>Distribution Through Dealers</u>	88
<u>Distribution Through Agents</u>	88
<u>Direct Sales</u>	88
<u>General Information</u>	88
<u>Market-Making Transactions by Affiliates</u>	89
<u>Conflicts of Interest</u>	89
<u>ERISA Considerations</u>	91
<u>Where You Can Find More Information</u>	93
<u>Forward-Looking Statements</u>	94
<u>Legal Matters</u>	94
<u>Experts</u>	95

S-2

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement describes the specific terms of the Preferred Stock and the related depositary shares, and supplements the description of our preferred stock and depositary shares included in the attached prospectus. In considering an investment in the depositary shares, you should rely only on the information included or incorporated by reference in this prospectus supplement and the attached 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. If information in this prospectus supplement is inconsistent with the attached prospectus, the information in this prospectus supplement supersedes the information in the attached prospectus. The delivery of this prospectus supplement, at any time, does not imply that there has been no change in our affairs since the date of this prospectus supplement or that the information in this prospectus supplement or the attached prospectus is correct as of any time after that date.

This prospectus supplement and the attached prospectus do not constitute an offer to sell or the solicitation of an offer to buy the depositary shares in any jurisdiction in which that offer or solicitation is unlawful. The distribution of this prospectus supplement and the attached prospectus and the offering of the depositary shares in some jurisdictions may be restricted by law. If you have received this prospectus supplement and the attached prospectus, you should find out about and observe these restrictions. See Underwriting.

This prospectus supplement has been prepared on the basis that any offer of the depositary shares in any Member State of the European Economic Area (each, a Relevant Member State) which has implemented the Prospectus Directive (2003/71/EC) and amendments thereto (the Prospectus Directive) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the depositary shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of the depositary shares which are the subject of the offering contemplated in this prospectus supplement and the attached prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither we nor the underwriters have authorized, and neither we nor they authorize, the making of any offer of the depositary shares in circumstances in which an obligation arises for us or the underwriters to publish or supplement a prospectus for such offer.

Unless otherwise indicated or the context requires otherwise, all references in this prospectus supplement to Bank of America, the Corporation, we, us, and our are to Bank of America Corporation. Capitalized terms used, but not defined, in this prospectus supplement are defined in the attached prospectus.

Persons outside the United States who come into possession of this prospectus supplement and the attached prospectus must inform themselves about and observe any restrictions relating to the offering of the depositary shares and the distribution of this prospectus supplement and the attached prospectus outside of the United States.

SUMMARY

The following information about the depositary shares and the Preferred Stock summarizes, and should be read in conjunction with, the information contained in this prospectus supplement and in the attached prospectus.

Securities Offered

We are offering _____ depositary shares representing interests in our Preferred Stock, with each share of Preferred Stock having a liquidation preference of \$25,000 per share (equivalent to \$1,000 per depositary share). Each depositary share represents a 1/25th interest in a share of the Preferred Stock. Each depositary share entitles the holder to a proportional fractional interest in the Preferred Stock represented by that depositary share, including dividend, voting, redemption, and liquidation rights.

We may elect from time to time to issue additional depositary shares representing interests in the Preferred Stock, without notice to, or consent from, the existing holders of Preferred Stock, and all those additional depositary shares would be deemed to form a single series with the Preferred Stock, described by this prospectus supplement and the attached prospectus.

Dividends

We will pay cash dividends on the Preferred Stock only when, as, and if declared by our board of directors or a duly authorized committee of our board, and to the extent that we have funds legally available for the payment of such dividends, from the date of issuance to, but excluding, October 1, 2024, at a rate of _____ % per annum (equivalent to \$ _____ per depositary share per annum), payable semi-annually, in arrears. Thereafter, we will pay cash dividends on the Preferred Stock when, as, and if declared by our board of directors or a duly authorized board committee at a floating rate equal to three-month LIBOR plus a spread of _____ % per annum, payable quarterly, in arrears (each such rate, a dividend rate _____).

Dividends on the Preferred Stock will not be cumulative. Accordingly, if for any reason our board of directors or a duly authorized committee of our board does not declare a dividend on the Preferred Stock for a dividend period prior to the related dividend payment date, that dividend will not cumulate and will cease to accrue, and we will have no obligation to pay a dividend for that dividend period on the applicable dividend payment date or at any time in the future, whether or not our board of directors or a duly authorized committee of our board declares a dividend on the Preferred Stock or any other series of our preferred stock or common stock for any future dividend period. A dividend period is the period from, and including, a dividend payment date (as defined below) to, but excluding, the next dividend payment date, except that the initial dividend period will begin on and include the original issue date of the depositary shares and the Preferred Stock.

So long as any share of Preferred Stock remains outstanding, (1) no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any junior stock (as defined below under Description of the Preferred Stock Dividends) (other than a dividend payable solely in shares of junior stock), (2) no shares of junior stock will be repurchased, redeemed, or otherwise acquired for consideration by us, directly or indirectly (other than as a result of a reclassification of junior stock for or into other junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock) nor will any monies be paid to or made

available for a sinking fund for the redemption of any such securities by us, and (3) no shares of parity stock (as defined below under Description of the Preferred Stock Dividends) will be repurchased, redeemed, or otherwise acquired for consideration by us otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Preferred Stock and such parity stock except by conversion into or exchange for shares of junior stock, during a dividend period, unless, in each case, the full dividends for the immediately preceding dividend period on all outstanding shares of the Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside. The foregoing limitations do not apply to purchases or acquisitions of our junior stock pursuant to any employee or director incentive or benefit plan or arrangement (including any of our employment, severance, or consulting agreements) of ours or of any of our subsidiaries adopted before or after the date of this prospectus supplement.

Except as provided below, for so long as any share of Preferred Stock remains outstanding, we will not declare, pay, or set aside for payment, dividends on any parity stock unless we have paid in full, or set aside payment in full, all dividends for the immediately preceding dividend period for outstanding shares of Preferred Stock. To the extent that we declare dividends on the Preferred Stock and on any parity stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of shares of Preferred Stock and the holders of any parity stock. For purposes of calculating the pro rata allocation of partial dividend payments, we will allocate dividend payments based on the ratio between the dividend payments due on shares of Preferred Stock and the aggregate of the current and accrued dividends due on any parity stock.

Subject to the conditions described above, and not otherwise, dividends (payable in cash, stock, or otherwise), as may be determined by the board of directors or a duly authorized committee of our board, may be declared and paid on our common stock and any other securities junior to the Preferred Stock from time to time out of any funds legally available for such payment, and the holders of the Preferred Stock shall not be entitled to participate in those dividends.

See Description of the Preferred Stock Dividends beginning on page S-13 for more information about the payment of dividends.

Dividend Payment Dates

Cash dividends on the Preferred Stock will be payable when, as, and if declared by our board of directors or a duly authorized committee of our board, and to the extent that we have funds legally available for the payment of such dividends, semi-annually on April and October of each year, beginning on April , 2015 to October , 2024, and, thereafter, quarterly, in arrears, on January , April , July , and October of each year, beginning on January , 2025 (each a dividend payment date). If any date on which dividends otherwise would be payable is not a Business Day (as defined below under Description of the Preferred Stock Dividends), then the dividend payment date will be the next succeeding day that is a Business Day, unless for the Fixed Rate Period (as defined below under Description of the Preferred Stock Dividends), that day falls in the next calendar year, or, for the Floating Rate Period (as defined below under Description of the Preferred Stock Dividends), that day falls in the next calendar month, then in each case the dividend payment date will be the immediately preceding Business Day.

Optional Redemption

The Preferred Stock is perpetual and has no maturity date. We may redeem the Preferred Stock, in whole or in part, at any time on or after October , 2024, at a redemption price equal

to \$25,000 per share (equivalent to \$1,000 per depositary share), plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. In addition, at any time within 90 days after a capital treatment event, as defined herein, we may provide notice to holders of the Preferred Stock that we will redeem the Preferred Stock and subsequently redeem, out of funds legally available therefor, the Preferred Stock, in whole but not in part, at a redemption price equal to \$25,000 per share (equivalent to \$1,000 per depositary share), plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. Redemption of the Preferred Stock is subject to our receipt of any required prior approval of the Board of Governors of the Federal Reserve System, or the Federal Reserve Board, or other appropriate federal banking agency. Our redemption of the Preferred Stock will cause the redemption of the corresponding depositary shares. Neither the holders of the Preferred Stock nor the holders of the related depositary shares will have the right to require redemption.

Liquidation Rights

In the event of our voluntary or involuntary liquidation, dissolution, or winding up, the holders of the Preferred Stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of our common stock or any of our other stock ranking junior to the Preferred Stock as to such distribution, a liquidating distribution of \$25,000 per share (equivalent to \$1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of undeclared dividends. Distributions will be made only to the extent of our assets remaining available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Preferred Stock and pro rata as to the Preferred Stock and any other shares of our stock ranking equally as to such distribution.

Voting Rights

The holders of depositary shares of the Preferred Stock do not have voting rights, except as specifically required by Delaware law and except as provided below under Description of the Preferred Stock Voting Rights and Description of the Depositary Shares Voting the Preferred Stock in this prospectus supplement.

Ranking

The Preferred Stock will rank, as to payment of dividends and distribution of assets upon our liquidation, dissolution, or winding up, equally with our 7% Cumulative Redeemable Preferred Stock, Series B (the Series B Preferred Stock), 6.204% Non-Cumulative Preferred Stock, Series D (the Series D Preferred Stock), Floating Rate Non-Cumulative Preferred Stock, Series E (the Series E Preferred Stock), Floating Rate Non-Cumulative Preferred Stock, Series F (the Series F Preferred Stock), Adjustable Rate Non-Cumulative Preferred Stock, Series G (the Series G Preferred Stock), 6.625% Non-Cumulative Preferred Stock, Series I (the Series I Preferred Stock), Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K (the Series K Preferred Stock), 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L (the Series L Preferred Stock), Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M (the Series M Preferred Stock), 6% Non-Cumulative Perpetual Preferred Stock, Series T (the Series T Preferred Stock), Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series U (the Series U Preferred Stock), Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series V (the Series V Preferred Stock), 6.625% Non-Cumulative Preferred Stock, Series W (the Series W Preferred Stock), Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series X (the Series X Preferred Stock), Floating Rate Non-Cumulative Preferred Stock, Series 1 (the Series 1 Preferred Stock), Floating Rate Non-Cumulative Preferred Stock, Series 2 (the Series

2 Preferred Stock), 6.375% Non-Cumulative Preferred Stock, Series 3 (the Series 3 Preferred Stock), Floating Rate Non-Cumulative Preferred Stock, Series 4 (the Series 4 Preferred Stock), and Floating Rate Non-Cumulative Preferred Stock, Series 5 (the Series 5 Preferred Stock), and senior to our common stock.

Preemptive and Conversion Rights

The holders of the depositary shares do not have any preemptive or conversion rights.

Depository, Transfer Agent, and Registrar

Computershare Trust Company, N.A. will serve as depository, transfer agent, and registrar for the Preferred Stock and transfer agent and registrar for the depositary shares.

Calculation Agent

The Bank of New York Mellon Trust Company, N.A. will be the calculation agent for the Preferred Stock during the Floating Rate Period (as defined below).

Conflicts of Interest

Merrill Lynch, Pierce, Fenner & Smith Incorporated, the sole book-runner for this offering, is our affiliate. As such, Merrill Lynch, Pierce Fenner & Smith Incorporated has a conflict of interest in this offering within the meaning of Financial Industry Regulatory Authority (FINRA) Rule 5121. Consequently, this offering is being conducted in compliance with the provisions of FINRA Rule 5121. FINRA Rule 5121 requires that a qualified independent underwriter participate in the preparation of this prospectus supplement and exercise the usual standards of due diligence with respect thereto. Goldman, Sachs & Co. has agreed to act as the qualified independent underwriter for this offering. Merrill Lynch, Pierce, Fenner & Smith Incorporated is not permitted to sell depositary shares in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder. For more information, see Underwriting (Conflicts of Interest).

RISK FACTORS

Your investment in the depositary shares involves risks. This prospectus supplement does not describe all of those risks.

In consultation with your own financial and legal advisors, you should consider carefully the following risks before deciding whether an investment in the depositary shares is suitable for you. The depositary shares are not an appropriate investment for you if you are not knowledgeable about significant features of the depositary shares, the Preferred Stock, or financial matters in general. You should not purchase depositary shares unless you understand and know that you can bear these investment risks.

You should review carefully the information in this prospectus supplement and the attached prospectus about the Preferred Stock, depositary shares, and other securities. For more information regarding risks that may materially affect our business and results, please refer to the information under the caption "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference herein.

You are making an investment decision about the depositary shares as well as our Preferred Stock.

As described in this prospectus supplement, we are issuing fractional interests in shares of our Preferred Stock. Those fractional interests take the form of depositary shares. The depositary will rely solely on the dividend payments on the Preferred Stock it receives from us to fund all dividend payments on the depositary shares. You should review carefully the information in this prospectus supplement and the attached prospectus regarding our depositary shares and Preferred Stock.

The Preferred Stock is an equity security and is subordinate to our existing and future indebtedness.

The shares of Preferred Stock are our equity interests and do not constitute indebtedness. This means that the depositary shares which represent proportional fractional interests in the shares of Preferred Stock will rank junior to all of our indebtedness and to other non-equity claims on us and our assets available to satisfy claims on us, including claims in our liquidation. Our existing and future indebtedness may restrict payment of dividends on the Preferred Stock. In addition, holders of the depositary shares representing the Preferred Stock may be fully subordinated to interests held by the U.S. Government in the event that we enter into a receivership, insolvency, liquidation or similar proceeding.

Additionally, unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of preferred stock like the Preferred Stock, (1) dividends are payable only when, as and if declared by our board of directors or a duly authorized committee of the board and (2) as a corporation, we are subject to restrictions on dividend payments and redemption payments out of legally available funds. Further, the Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to below under "Risk Factors." Holders of the Preferred Stock will have limited voting rights.

Our ability to pay dividends depends upon the results of operations of our subsidiaries.

We are a holding company and conduct substantially all of our operations through subsidiaries. Our ability to declare and pay cash dividends is primarily dependent on the receipt

of dividends and other distributions from our subsidiaries. Various legal limitations restrict the extent to which our subsidiaries may pay dividends or other funds or otherwise engage in transactions with us or some of our other subsidiaries. Also, our right to participate in any distribution of assets of any of our subsidiaries upon such subsidiary's liquidation or otherwise, and thus your ability as a holder of the depositary shares to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, the depositary shares effectively will be subordinated to all existing and future liabilities and obligations of our subsidiaries.

Our ability to pay dividends on the Preferred Stock may be limited by extensive and changing regulatory considerations.

We and our broker-dealer, bank and other subsidiaries are subject to extensive laws, regulations and rules, both in the U.S. and internationally, that may limit directly or indirectly the payment of dividends on the Preferred Stock. Furthermore, many of the new rules and regulations are in proposed form and subject to periods of significant comment and further revisions. As a result, there is considerable uncertainty about what the final versions of these proposed rules and regulations will be or the impact they may have on us and our subsidiaries. While we closely monitor various regulatory developments and intend to manage our assets and liabilities and our operations to comply with new laws, regulations and rules at the time they become effective, there is no assurance that we will be compliant with all such laws, regulations and rules at such times and a failure to be so compliant could adversely affect our ability to pay dividends on the Preferred Stock.

The Preferred Stock may be junior in rights and preferences to our future preferred stock.

The Preferred Stock may be junior to preferred stock we issue in the future, which by its terms is expressly senior to the Preferred Stock. The terms of any of our future preferred stock expressly senior to the Preferred Stock may restrict dividend payments on the Preferred Stock. Unless full dividends for all of our outstanding preferred stock senior to the Preferred Stock have been declared and paid or set aside for payment, no dividends will be declared or paid and no distribution will be made on any shares of the Preferred Stock, and no shares of the Preferred Stock may be repurchased, redeemed, or otherwise acquired by us, directly or indirectly, for consideration. This could result in dividends on the Preferred Stock not being paid when due to you.

Cash dividends on the Preferred Stock are discretionary and non-cumulative.

Cash dividends on the Preferred Stock are discretionary and non-cumulative. Consequently, if our board of directors or a duly authorized committee of our board does not authorize and declare a dividend for any dividend period prior to the related dividend payment date, holders of the Preferred Stock would not be entitled to receive a dividend for that dividend period, and the unpaid dividend will cease to accrue and be payable. We will have no obligation to pay dividends accrued for a dividend period after the dividend payment date for that period if our board of directors or a duly authorized committee of the board has not declared a dividend before the related dividend payment date, whether or not dividends on the Preferred Stock or any other series of our preferred stock or our common stock are declared for any future dividend period. In addition, under the Federal Reserve Board's risk-based capital rules related to additional Tier 1 capital instruments, dividends on the Preferred Stock may only be paid out of our net income and retained earnings.

We may be able to redeem the Preferred Stock prior to October 1, 2024.

By its terms, the Preferred Stock may be redeemed by us prior to October 1, 2024 upon the occurrence of certain events involving the capital treatment of the Preferred Stock. In particular, upon our good faith determination that an event has occurred that would constitute a capital treatment event, we may, at our option, redeem in whole, but not in part, the shares of Preferred Stock, subject to any required prior approval of the Federal Reserve Board or other appropriate federal banking agency. See Description of the Preferred Stock Optional Redemption.

Although the terms of the Preferred Stock have been established to satisfy the criteria for additional Tier 1 capital instruments consistent with Basel 3 as set forth in the joint final rulemaking issued in July 2013 by the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, it is possible that the Preferred Stock may not satisfy the criteria set forth in future rulemaking or interpretations. As a result, a capital treatment event could occur whereby we would have the right, subject to any required prior approval of the Federal Reserve Board or other appropriate federal banking agency, to redeem the Preferred Stock in accordance with its terms prior to October 1, 2024 at a redemption price equal to \$25,000 per share (equivalent to \$1,000 per depositary share), plus any accrued and unpaid cash dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared cash dividends.

Investors should not expect us to redeem the Preferred Stock on the date it becomes redeemable or on any particular date after it becomes redeemable.

The Preferred Stock is a perpetual equity security. This means that it has no maturity or mandatory redemption date and is not redeemable at the option of investors, including the holders of the depositary shares offered by this prospectus supplement. The Preferred Stock may be redeemed by us at our option, either in whole or in part, at any time on or after October 1, 2024 or, in whole prior to that date, under certain circumstances after the occurrence of a capital treatment event. Any decision we may make at any time to redeem the Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders' equity, and general market conditions at that time.

Our right to redeem the Preferred Stock is subject to limitations. Under the Federal Reserve Board's current risk-based capital rules applicable to bank holding companies, any redemption of the Preferred Stock is subject to prior approval of the Federal Reserve Board. We cannot assure you that the Federal Reserve Board will approve any redemption of the Preferred Stock. There also can be no assurance that, if we requested to redeem the Preferred Stock without issuing securities that qualify as common equity Tier 1 capital or additional Tier 1 capital instruments, the Federal Reserve Board will authorize the redemption. In such case, under such current guidelines, we must demonstrate that we will continue to hold capital commensurate with our risk to the satisfaction of the Federal Reserve Board. We currently understand that the factors that the Federal Reserve Board will consider in evaluating a requested redemption, or a request that we be permitted to redeem the Preferred Stock without replacing it with common equity Tier 1 capital or additional Tier 1 capital instruments, may include an evaluation of the overall level and quality of our then applicable capital components, considered in light of our then applicable risk exposures, earnings and growth strategy, and other supervisory considerations, although the Federal Reserve Board may change these factors at any time. The factors may also include, among other things, the capital plans and stress tests submitted by the bank holding company, the bank holding company's ability to meet and exceed minimum regulatory capital ratios under stressed scenarios, its expected sources and uses of capital over the planning horizon (generally a

period of two years) under baseline and stressed scenarios, and any potential impact of changes to its business plan and activities on its capital adequacy and liquidity, although the Federal Reserve Board may change these factors at any time.

If the Preferred Stock is redeemed, the corresponding redemption of the depositary shares would be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the depositary shares in a similar security.

If we are deferring payments on our outstanding junior subordinated notes or are in default under the indentures governing those securities, we will be prohibited from making distributions on or redeeming the Preferred Stock.

The terms of our outstanding junior subordinated notes prohibit us from declaring or paying any dividends or distributions on our preferred stock, including the Preferred Stock, or redeeming, purchasing, acquiring, or making a liquidation payment on the Preferred Stock, if we are aware of any event that would be an event of default under the indenture governing those junior subordinated notes or at any time when we have deferred payment of interest on those junior subordinated notes.

An active trading market for the Preferred Stock and the related depositary shares does not exist and may not develop.

The Preferred Stock and the related depositary shares are new issues of securities with no established trading market. We do not intend to list the Preferred Stock or the depositary shares on any securities exchange. We cannot predict how the depositary shares will trade in the secondary market or whether that market will be liquid or illiquid. The number of potential buyers of the depositary shares in any secondary market may be limited. Although the underwriters may purchase and sell their depositary shares in the secondary market from time to time, the underwriters will not be obligated to do so and may discontinue making a market for the depositary shares at any time without giving us notice. We cannot assure you that a secondary market for the depositary shares will develop, or that if one develops, it will be maintained. If an active, liquid market does not develop for the depositary shares, the market price and liquidity of the depositary shares may adversely be affected.

Holders of the Preferred Stock will have limited voting rights.

Holders of the Preferred Stock have no voting rights with respect to matters that generally require the approval of voting stockholders. Holders of the Preferred Stock will have voting rights only as specifically required by Delaware law and as described below under [Description of the Preferred Stock](#) [Voting Rights](#). Holders of depositary shares must act through the depository to exercise any voting rights of the Preferred Stock.

Holders of depositary shares may be unable to use the dividends received deduction and may not be eligible for the preferential tax rates applicable to [qualified dividend income](#).

Distributions paid to corporate U.S. Holders of the depositary shares out of cash dividends on the Preferred Stock may be eligible for the dividends received deduction, and distributions paid to non-corporate U.S. Holders of the depositary shares out of those dividends may be subject to tax at the preferential tax rates applicable to [qualified dividend income](#), if we have current or

accumulated earnings and profits, as determined for U.S. federal income tax purposes. Although we presently have accumulated earnings and profits, we may not have sufficient current or accumulated earnings and profits during future fiscal years for the distributions on the Preferred Stock to qualify as dividends for U.S. federal income tax purposes. If the distributions fail to qualify as dividends, U.S. Holders would be unable to use the dividends received deduction and may not be eligible for the preferential tax rates applicable to qualified dividend income. If any distributions on the Preferred Stock with respect to any fiscal year are not eligible for the dividends received deduction or preferential tax rates applicable to qualified dividend income because of insufficient current or accumulated earnings and profits, the market value of the depositary shares may decline.

S-12

DESCRIPTION OF THE PREFERRED STOCK

You should read the following description of the Preferred Stock along with the Description of Preferred Stock beginning on page 46 of the attached prospectus. This description of the Preferred Stock is qualified by the Certificate of Designations relating to the Preferred Stock (Certificate of Designations), which will be filed in a Current Report on Form 8-K, and where this description is inconsistent with the description of the Preferred Stock in the Certificate of Designations, the Certificate of Designations will control.

General

Shares of the Preferred Stock represent a single series of our authorized preferred stock. We are offering _____ depositary shares, representing _____ shares of the Preferred Stock, by this prospectus supplement and the attached prospectus. Holders of the Preferred Stock have no preemptive rights. Shares of the Preferred Stock, upon issuance against full payment of the purchase price for the depositary shares, will be fully paid and nonassessable. The depository will be the sole holder of shares of the Preferred Stock. The holders of depositary shares will be required to exercise their proportional rights in the Preferred Stock through the depository, as described in Description of the Depositary Shares on page S-46.

On the date of original issuance, the Preferred Stock will rank equally with our Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock, as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up. The Preferred Stock, together with any other series of our preferred stock, will rank senior to our common stock, and any of our other stock that is expressly made junior to our preferred stock, as to payment of dividends and distribution of assets upon our liquidation, dissolution, or winding up. We may from time to time, without notice to or consent from the holders of the Preferred Stock, create and issue additional shares of preferred stock ranking equally with the Preferred Stock as to dividends and distribution of assets upon our liquidation, dissolution, or winding up.

The Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of our stock or other securities and will not be subject to any sinking fund or our other obligation to redeem or repurchase the Preferred Stock. The Preferred Stock is not secured, is not guaranteed by us or any of our affiliates and is not subject to any other arrangement that legally or economically enhances the ranking of the Preferred Stock.

Dividends

Dividends on shares of the Preferred Stock will not be mandatory. Holders of the Preferred Stock will be entitled to receive, only when, as, and if declared by our board of directors or a duly authorized committee of our board, out of funds legally available under Delaware law for payment, non-cumulative cash dividends based on the liquidation preference of \$25,000 per share of Preferred Stock, and no more, at a rate equal to (1) _____ % per annum (equivalent to \$ _____ per depositary share per annum), for each semi-annual dividend period from the issue date of the Preferred Stock to, but excluding, October _____, 2024 (the Fixed Rate Period), and (2) thereafter, three-month LIBOR plus a spread of _____ % per annum, for each quarterly dividend period beginning October _____, 2024 (the Floating Rate Period).

When, as, and if declared by our board of directors or a duly authorized committee of our board, during the Fixed Rate Period, we will pay cash dividends on the Preferred Stock semi-annually, in arrears, on April and October of each year, beginning on April , 2015. When, as and if declared by our board of directors or a duly authorized committee of our board, during the Floating Rate Period, we will pay cash dividends on the Preferred Stock quarterly, in arrears, on January , April , July , and October of each year, beginning on January , 2025. We will pay cash dividends to the holders of record of shares of the Preferred Stock as they appear on our stock register on each record date, which shall be the first day of the calendar month in which such dividend payment date falls or such other record date fixed by our board of directors (or a duly authorized committee of the board) that is not more than 60 nor less than 10 days prior to such dividend payment date. If any date on which dividends otherwise would be payable is not a Business Day, then the dividend payment date will be the next succeeding day that is a Business Day, unless, for the Fixed Rate Period, that day falls in the next calendar year, or, for the Floating Rate Period, that day falls in the next calendar month, then in each case the dividend payment date will be the immediately preceding Business Day. A Business Day for the Fixed Rate Period means any weekday in New York, New York or Charlotte, North Carolina that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed. A Business Day for the Floating Rate Period means any weekday in New York, New York or Charlotte, North Carolina that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day (as defined below).

Dividends on the Preferred Stock will not be cumulative. If our board of directors or a duly authorized committee of our board does not declare a dividend on the Preferred Stock for any dividend period prior to the related dividend payment date, that dividend will not cumulate and will cease to accrue, and we will have no obligation to pay a dividend for that dividend period on the related dividend payment date or at any future time, whether or not dividends on the Preferred Stock or any other series of our preferred stock or common stock are declared for any future dividend period. A dividend period means the period from, and including, each dividend payment date to, but excluding, the next succeeding dividend payment date, except for the initial dividend period, which will be the period from, and including, October , 2014 to, but excluding, the next succeeding dividend payment date.

Dividends on the Preferred Stock will accrue from the original issue date at the then-applicable dividend rate on the liquidation preference amount of \$25,000 per share (equivalent to \$1,000 per depository share). If we issue additional shares of the Preferred Stock, dividends on those additional shares will accrue from the original issue date of those additional shares at the then-applicable dividend rate.

We will calculate dividends on the Preferred Stock for the Fixed Rate Period on the basis of a 360-day year of twelve 30-day months. We will calculate dividends on the Preferred Stock for the Floating Rate Period on the basis of the actual number of days in a dividend period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Preferred Stock will cease to accrue after the redemption date, as described below under Optional Redemption, unless we default in the payment of the redemption price of the shares of the Preferred Stock called for redemption.

The dividend rate for each dividend period in the Floating Rate Period will be determined by the calculation agent using three-month LIBOR as in effect on the second London banking day prior to the beginning of the dividend period, which date is the dividend determination date for the dividend period. The calculation agent then will add three-month LIBOR as determined on the dividend determination date and the applicable spread. Once the dividend rate for the

Preferred Stock is determined, the calculation agent will deliver that information to us and the transfer agent. Absent manifest error, the calculation agent's determination of the dividend rate for a dividend period for the Preferred Stock will be final. A London banking day is any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

The term three-month LIBOR means the London interbank offered rate for deposits in U.S. dollars for a three month period, as that rate appears on Reuters screen page LIBOR01 at approximately 11:00 a.m., London time, on the relevant dividend determination date.

If no offered rate appears on Reuters screen page LIBOR01 on the relevant dividend determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with us, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least \$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, the calculation agent in consultation with us will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the dividend determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable dividend period in an amount of at least \$1,000,000. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, three-month LIBOR for the next dividend period will be equal to three-month LIBOR in effect for the then-current dividend period or in the case of the first dividend period in the Floating Rate Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period.

So long as any share of Preferred Stock remains outstanding, (1) no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any junior stock (other than a dividend payable solely in shares of junior stock), (2) no shares of junior stock will be repurchased, redeemed, or otherwise acquired for consideration by us, directly or indirectly (other than as a result of a reclassification of junior stock for or into other junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by us, and (3) no shares of parity stock will be repurchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Preferred Stock and such parity stock except by conversion into or exchange for junior stock, during a dividend period, unless, in each case, the full dividends for the immediately preceding dividend period on all outstanding shares of the Preferred Stock have been declared and paid in full or declared and a sum sufficient for the payment of those dividends has been set aside. The foregoing limitations do not apply to purchases or acquisitions of our junior stock pursuant to any employee or director incentive or benefit plan or arrangement (including any of our employment, severance, or consulting agreements) of ours or of any of our subsidiaries adopted before or after the date of this prospectus supplement.

Except as provided below, for so long as any share of Preferred Stock remains outstanding, we will not declare, pay, or set aside for payment dividends on any parity stock unless we have paid in full, or set aside payment in full, in respect of all dividends for the immediately preceding dividend period for outstanding shares of Preferred Stock. To the extent that we declare

dividends on the Preferred Stock and on any parity stock but cannot make full payment of such declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Preferred Stock and the holders of any parity stock then outstanding. For purposes of calculating the pro rata allocation of partial dividend payments, we will allocate dividend payments based on the ratio between the then current dividend payments due on the shares of Preferred Stock and the aggregate of the current and accrued dividends due on any outstanding parity stock. No interest will be payable in respect of any dividend payment on Preferred Stock that may be in arrears.

As used in this prospectus supplement, *junior stock* means our common stock and any other class or series of our capital stock over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on our liquidation, dissolution or winding up, and *parity stock* means any other class or series of our capital stock that ranks on a par with the Preferred Stock in the payment of dividends and in the distribution of assets on our liquidation, dissolution or winding up. Parity stock includes our Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock described under *Description of the Preferred Stock Authorized Classes of Preferred Stock* beginning on page S-21, and any other class or series of our stock hereafter authorized that ranks on a par with the Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

Subject to the conditions described above, and not otherwise, dividends (payable in cash, stock, or otherwise), as may be determined by our board of directors or a duly authorized committee of our board, may be declared and paid on our common stock and any junior stock from time to time out of any funds legally available for such payment, and the holders of the Preferred Stock will not be entitled to participate in those dividends.

Liquidation Rights

Upon our voluntary or involuntary liquidation, dissolution, or winding up, the holders of the Preferred Stock are entitled to receive, out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of our common stock or any of our other shares of stock ranking junior to the Preferred Stock as to distributions upon our liquidation, dissolution, or winding up, a liquidating distribution in the amount of \$25,000 per share (equivalent to \$1,000 per depository share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. After payment of this liquidating distribution, the holders of the Preferred Stock will not be entitled to any further participation in any distribution of our assets other than what is expressly provided for herein.

Our consolidation or merger with one or more other entities will not be deemed to be a voluntary or involuntary liquidation, dissolution, or winding up.

Because we are a holding company, our rights and the rights of our creditors and our stockholders, including the holders of the Preferred Stock, to participate in the distribution of assets of any of our subsidiaries upon that subsidiary's liquidation or recapitalization will be subject to the prior claims of that subsidiary's creditors, except to the extent that we are a creditor with recognized claims against the subsidiary. In addition, holders of the Preferred Stock may be fully subordinated to interests held by the U.S. Government in the event we enter into a receivership, insolvency, liquidation or similar proceeding.

If our assets are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of the Preferred Stock and all holders of any parity stock, the amounts paid to the holders of Preferred Stock and to the holders of all parity stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Preferred Stock and all such parity stock.

If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Preferred Stock and all holders of any parity stock, the holders of junior stock shall be entitled to receive all of our remaining assets according to their respective rights and preferences.

Optional Redemption

The Preferred Stock is not subject to any mandatory redemption, sinking fund, or other similar provisions. However, we may redeem shares of the Preferred Stock at any time on or after October 1, 2024, in whole or in part, at a redemption price equal to \$25,000 per share (equivalent to \$1,000 per depositary share) (except as otherwise provided below), plus any accrued and unpaid cash dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. Dividends will cease to accrue on shares redeemed after the redemption date. Under the Federal Reserve Board's risk-based capital rules applicable to bank holding companies, any redemption of the Preferred Stock is subject to prior approval of the Federal Reserve Board.

At any time within 90 days after a capital treatment event, and at the option of our board of directors or any duly authorized committee of our board of directors, we may provide notice to holders of the Preferred Stock that we will redeem the Preferred Stock in accordance with the procedures described below, and subsequently redeem, out of funds legally available therefor, the Preferred Stock in whole, but not in part, at a redemption price equal to \$25,000 per share (equivalent to \$1,000 per depositary share) (except as otherwise provided below), plus any accrued and unpaid dividends on the shares of the Preferred Stock for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. Subject to irrevocably setting aside or depositing funds necessary for redemption, dividends will cease to accrue on the redemption date. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such record date relating to the dividend payment date as provided herein. For purposes of the above, capital treatment event means the good faith determination by us that, as a result of any:

amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any shares of the Preferred Stock;

proposed changes in those laws or regulations that is announced or becomes effective after the initial issuance of any shares of the Preferred Stock; or

official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced or becomes effective after the initial issuance of any shares of Preferred Stock, there is more than an insubstantial risk that we will not be entitled to treat an amount equal to the full liquidation preference of all shares of Preferred Stock then outstanding as additional Tier

1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the Federal Reserve Board or other appropriate federal banking agency, as then in effect and applicable, for as long as any share of Preferred Stock is outstanding.

Redemption of the Preferred Stock is subject to our receipt of any required prior approvals from the Federal Reserve Board or other appropriate federal banking agency.

If we redeem shares of the Preferred Stock, we will provide notice by first class, postage prepaid, mail to the holders of record of the shares of Preferred Stock to be redeemed. That notice will be mailed not less than 30 days and not more than 60 days prior to the date fixed for the redemption. Each notice of redemption will include a statement setting forth:

- (i) the redemption date;
- (ii) the number of shares of the Preferred Stock to be redeemed and, if less than all the shares held by the holder are to be redeemed, the number of shares of the Preferred Stock to be redeemed from the holder;
- (iii) the redemption price;
- (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and
- (v) that cash dividends on the shares to be redeemed will cease to accrue on the redemption date.

Notwithstanding the foregoing, if the Preferred Stock is held in book-entry form through The Depository Trust Company, or DTC, we may give such notice in any manner permitted or required by DTC. Neither the holders of the Preferred Stock nor the holders of the related depository shares have the right to require redemption of the Preferred Stock.

In the case of any redemption of only part of the shares of the Preferred Stock at the time outstanding, the shares of the Preferred Stock to be redeemed will be selected either pro rata from the holders of record of the Preferred Stock in proportion to the number of Preferred Stock held by such holders or by lot.

Voting Rights

The holders of the Preferred Stock do not have voting rights other than those described below, except as specifically required by Delaware law.

Whenever dividends payable on the Preferred Stock or any other class or series of preferred stock ranking equally with the Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those described in this paragraph have been conferred and are exercisable, have not been declared and paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three or more semi-annual or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods (a Nonpayment), the holders of outstanding shares of the Preferred Stock voting as a class with holders of shares of any other series of our preferred stock ranking equally with the Preferred Stock as to payment of dividends, and upon which like voting rights have been conferred and are exercisable (voting parity stock), will be entitled to vote for the election of two additional directors of our board of directors on the terms set forth below (and to fill any vacancies in the terms of such

directorships) (the Preferred Stock Directors). Holders of all series of our preferred stock that are granted these voting rights and that rank equally with the Preferred Stock will vote as a single class. In the event that the holders of the shares of the Preferred Stock are entitled to vote as described in this paragraph, our board of directors will be increased by two directors, and the holders of the Preferred Stock will have the right, as members of that class, as outlined above, to elect two directors at the next annual meeting of our stockholders, provided that the election of any Preferred Stock Directors shall not cause us to violate the corporate governance requirements of the New York Stock Exchange (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors, and provided further that at no time shall our board of directors include more than two Preferred Stock Directors.

When we have paid full dividends for the equivalent of at least two semi-annual or four quarterly dividend periods, as applicable, following a Nonpayment on the Preferred Stock and any other series of our preferred stock ranking equally with the Preferred Stock, the voting rights described above will terminate, except as expressly provided by law. The voting rights described above are subject to re-vesting upon each and every subsequent Nonpayment.

Upon termination of the right of the holders of the Preferred Stock to vote for Preferred Stock Directors as described above, the term of office of all Preferred Stock Directors then in office elected by only those holders will terminate immediately. Whenever the term of office of the Preferred Stock Directors ends and the related voting rights have expired, the number of directors automatically will be decreased to the number of directors as otherwise would prevail.

So long as any shares of Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of holders of at least $66\frac{2}{3}\%$ in voting power of the Preferred Stock and any voting parity stock, voting together as a class, authorize, create or issue any capital stock ranking senior to the Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding-up, or reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. So long as any shares of the Preferred Stock remain outstanding, we will not, without the affirmative vote of the holders of at least $66\frac{2}{3}\%$ in voting power of the Preferred Stock, amend, alter or repeal any provision of the Certificate of Designations or our certificate of incorporation, including by merger, consolidation or otherwise, so as to adversely affect the powers, preferences or special rights of the Preferred Stock.

Notwithstanding the foregoing, none of the following will be deemed to adversely affect the powers, preferences or special rights of the Preferred Stock:

any increase in the amount of authorized common stock or authorized preferred stock, or any increase or decrease in the number of shares of any series of preferred stock, or the authorization, creation and issuance of other classes or series of capital stock, in each case ranking on parity with or junior to the Preferred Stock as to dividends or distribution of assets upon liquidation, dissolution or winding-up;

a merger or consolidation of us with or into another entity in which the shares of the Preferred Stock remain outstanding; and

a merger or consolidation of us with or into another entity in which the shares of the Preferred Stock are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have powers, preferences and special rights that are not materially less favorable than the Preferred Stock.

Preemptive and Conversion Rights

The holders of the Preferred Stock do not have any preemptive or conversion rights.

Outstanding Preferred Stock

Under our Certificate of Incorporation, we have authority to issue up to 100,000,000 shares of preferred stock, \$0.01 par value per share. We may issue preferred stock in one or more series, each with the preferences, designations, limitations, conversion rights, and other rights as we may determine.

In addition to the Preferred Stock, we have authorized the following series of our preferred stock:

35,045 shares of Series B Preferred Stock, 7,571 shares of which were issued and outstanding at October 17, 2014;

34,500 shares of Series D Preferred Stock, 26,174 shares of which were issued and outstanding at October 17, 2014;

85,100 shares of Series E Preferred Stock, 12,691 shares of which were issued and outstanding at October 17, 2014;

7,001 shares of Series F Preferred Stock, 1,410 shares of which were issued and outstanding at October 17, 2014;

8,501 shares of Series G Preferred Stock, 4,926 shares of which were issued and outstanding at October 17, 2014;

25,300 shares of Series I Preferred Stock, 14,584 shares of which were issued and outstanding at October 17, 2014;

240,000 shares of Series K Preferred Stock, 61,773 shares of which were issued and outstanding as of October 17, 2014;

6,900,000 shares of Series L Preferred Stock, 3,080,182 shares of which were issued and outstanding as of October 17, 2014;

160,000 shares of Series M Preferred Stock, 52,399 shares of which were issued and outstanding as of October 17, 2014;

50,000 shares of Series T Preferred Stock, 50,000 shares of which were issued and outstanding as of October 17, 2014;

40,000 shares of Series U Preferred Stock, 40,000 shares of which were issued and outstanding as of October 17, 2014;

60,000 shares of Series V Preferred Stock, 60,000 shares of which were issued and outstanding as of October 17, 2014;

46,000 shares of Series W Preferred Stock, 44,000 shares of which were issued and outstanding as of October 17, 2014;

80,000 shares of Series X Preferred Stock, 80,000 shares of which were issued and outstanding as of October 17, 2014;

S-20

21,000 shares of Series 1 Preferred Stock, 3,275 shares of which were issued and outstanding as of October 17, 2014;

37,000 shares of Series 2 Preferred Stock, 9,967 shares of which were issued and outstanding as of October 17, 2014;

27,000 shares of Series 3 Preferred Stock, 21,773 shares of which were issued and outstanding as of October 17, 2014;

20,000 shares of Series 4 Preferred Stock, 7,010 shares of which were issued and outstanding as of October 17, 2014; and

50,000 shares of Series 5 Preferred Stock, 14,056 shares of which were issued and outstanding as of October 17, 2014.

As of the date of this prospectus supplement, the aggregate liquidation preference of all of our outstanding preferred stock, excluding the Preferred Stock is \$20,187,241,000.

Authorized Classes of Preferred Stock

The following summary of our Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock is qualified in its entirety by reference to the description of these securities contained in our Certificate of Incorporation and the respective certificate of designations for each series.

Series B Preferred Stock

Preferential Rights. The Series B Preferred Stock ranks senior to the common stock and ranks equally with the Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on liquidation. Shares of the Series B Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. We may issue stock with preferences senior or equal to the Series B Preferred Stock without the consent of holders of Series B Preferred Stock.

Dividends. Holders of shares of Series B Preferred Stock are entitled to receive, when and as declared by our board of directors, cumulative cash dividends at an annual dividend rate per share of 7.00% of the stated value per share of Series B Preferred Stock. The stated value per share of the Series B Preferred Stock is \$100. Dividends are payable quarterly. We cannot declare or pay cash dividends on any shares of common stock unless full cumulative dividends on the Series B Preferred Stock have been paid or declared and funds sufficient for the payment have been set apart.

Voting Rights. Each share of Series B Preferred Stock has equal voting rights, share for share, with each share of common stock.

Distributions. In the event of our voluntary or involuntary dissolution, liquidation, or winding up, the holders of Series B Preferred Stock are entitled to receive, after payment of the

full liquidation preference on shares of any class of preferred stock ranking senior to Series B Preferred Stock, but before any distribution on shares of common stock, liquidating distributions in the amount of the liquidation preference of \$100 per share plus accumulated dividends.

Redemption. Shares of Series B Preferred Stock are redeemable, in whole or in part, at the option of the holders, at the redemption price of \$100 per share plus accumulated dividends, provided that (1) full cumulative dividends have been paid, or declared, and funds sufficient for payment set apart, upon any class or series of preferred stock ranking senior to the Series B Preferred Stock; and (2) we are not then in default or in arrears on any sinking fund or analogous fund or call for tenders obligation or agreement for the purchase of any class or series of preferred stock ranking senior to Series B Preferred Stock.

Series D Preferred Stock

Preferential Rights. The Series D Preferred Stock ranks senior to our common stock and ranks equally with the Preferred Stock, Series B Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series D Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series D Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series D Preferred Stock without the consent of the holders of the Series D Preferred Stock.

Dividends. Holders of the Series D Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, at an annual dividend rate per share of 6.204% on the liquidation preference of \$25,000 per share. Dividends on the Series D Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series D Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series D Preferred Stock unless full dividends on all outstanding shares of Series D Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series D Preferred Stock for any period unless full dividends on all outstanding shares of Series D Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series D Preferred Stock and on any capital stock ranking equally with the Series D Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series D Preferred Stock and the holders of any capital stock ranking equally with the Series D Preferred Stock.

Voting Rights. Holders of Series D Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series D Preferred Stock. If any quarterly dividend payable on the Series D Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series D Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series D Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the

holders of Series D Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series D Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series D Preferred Stock are entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series D Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series D Preferred Stock are not subject to a sinking fund.

Redemption. We may redeem the Series D Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series D Preferred Stock, at the redemption price equal to \$25,000 per share, plus any declared and unpaid dividends.

Series E Preferred Stock

Preferential Rights. The Series E Preferred Stock ranks senior to our common stock and ranks equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series E Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series E Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series E Preferred Stock without the consent of the holders of the Series E Preferred Stock.

Dividends. Holders of the Series E Preferred Stock are entitled to receive cash dividends when, as, and if declared by our board of directors or a duly authorized committee of our board, on the liquidation preference of \$25,000 per share at an annual rate per share equal to the greater of (a) three-month LIBOR plus a spread of 0.35%, and (b) 4.00%. Dividends on the Series E Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series E Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series E Preferred Stock unless full dividends on all outstanding shares of Series E Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series E Preferred Stock for any period unless full dividends on all outstanding shares of Series E Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series E Preferred Stock and on any capital stock ranking equally with the Series E Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series E Preferred Stock and the holders of any capital stock ranking equally with the Series E Preferred Stock.

Voting Rights. Holders of Series E Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to

the Series E Preferred Stock. If any quarterly dividend payable on the Series E Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series E Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series E Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series E Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series E Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series E Preferred Stock are entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series E Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series E Preferred Stock are not subject to a sinking fund.

Redemption. We may redeem the Series E Preferred Stock in whole or in part, at our option, on any dividend payment date for the Series E Preferred Stock, at the redemption price equal to \$25,000 per share, plus any declared and unpaid dividends.

Series F Preferred Stock

Preferential Rights. The Series F Preferred Stock ranks senior to our common stock and ranks equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. The Series F Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series F Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series F Preferred Stock without the consent of the holders of the Series F Preferred Stock.

Dividends. Holders of the Series F Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board out of funds legally available for payment, on the liquidation preference of \$100,000 per share of Series F Preferred Stock. Dividends on each share of Series F Preferred Stock will accrue on the liquidation preference of \$100,000 per share at a rate per year equal to the greater of (a) three-month LIBOR plus a spread of 0.40%, and (b) 4.00%. Dividends on the Series F Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series F preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series F Preferred Stock unless full dividends on all outstanding shares of Series F Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series F Preferred Stock unless full dividends on all outstanding shares of Series F Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof

set aside. If we declare dividends on the Series F Preferred Stock and on any capital stock ranking equally with the Series F Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series F Preferred Stock and the holders of any capital stock ranking equally with the Series F Preferred Stock.

Voting Rights. Holders of Series F Preferred Stock do not have voting rights, except as specifically required by Delaware law.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series F Preferred Stock are entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series F Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series F Preferred Stock are not subject to a sinking fund.

Redemption. We may redeem the Series F Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series F Preferred Stock at the redemption price equal to \$100,000 per share, plus dividends that have been declared but not paid plus any accrued and unpaid dividends for the then-current dividend period to the redemption date.

Series G Preferred Stock

Preferential Rights. The Series G Preferred Stock ranks senior to our common stock and ranks equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. The Series G Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series G Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series G Preferred Stock without the consent of the holders of the Series G Preferred Stock.

Dividends. Holders of the Series G Preferred Stock are entitled to receive cash dividends when, as, and if declared by our board of directors or a duly authorized committee thereof out of funds legally available for payment, on the liquidation preference of \$100,000 per share of Series G Preferred Stock, payable quarterly in arrears. Dividends on each share of Series G Preferred Stock will accrue on the liquidation preference of \$100,000 per share at a rate per year equal to the greater of (a) three-month LIBOR plus a spread of 0.40%, and (b) 4.00%. Dividends on the Series G Preferred Stock are non-cumulative. As long as shares of Series G Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series G Preferred Stock unless full dividends on all outstanding shares of Series G Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series G Preferred Stock unless full dividends on all outstanding shares of Series G Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof

set aside. If we declare dividends on the Series G Preferred Stock and on any capital stock ranking equally with the Series G Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series G Preferred Stock and the holders of any capital stock ranking equally with the Series G Preferred Stock.

Voting Rights. Holders of Series G Preferred Stock do not have voting rights, except as specifically required by Delaware law.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series G Preferred Stock are entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of capital stock ranking junior to the Series G Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series G Preferred Stock are not subject to a sinking fund.

Redemption. We may redeem the Series G Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series G Preferred Stock at the redemption price equal to \$100,000 per share, plus dividends that have been declared but not paid plus any accrued and unpaid dividends for the then-current dividend period to the redemption date.

Series I Preferred Stock

Preferential Rights. The Series I Preferred Stock ranks senior to our common stock and ranks equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series I Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series I Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series I Preferred Stock without the consent of the holders of the Series I Preferred Stock.

Dividends. Holders of the Series I Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, at an annual dividend rate per share of 6.625% on the liquidation preference of \$25,000 per share. Dividends on the Series I Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series I Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series I Preferred Stock unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series I Preferred Stock for any period unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series I Preferred Stock and on any capital stock ranking equally with the Series I Preferred Stock

but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series I Preferred Stock and the holders of any capital stock ranking equally with the Series I Preferred Stock.

Voting Rights. Holders of Series I Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series I Preferred Stock. If any quarterly dividend payable on the Series I Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series I Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series I Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series I Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series I Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series I Preferred Stock are entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series I Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series I Preferred Stock are not subject to a sinking fund.

Redemption. We may redeem the Series I Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series I Preferred Stock on or after October 1, 2017, at the redemption price equal to \$25,000 per share, plus any declared and unpaid dividends.

Series K Preferred Stock

Preferential Rights. The Series K Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series K Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series K Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series K Preferred Stock without the consent of the holders of the Series K Preferred Stock.

Dividends. Holders of the Series K Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, for each semi-annual dividend period from the issue date to, but excluding, January 30, 2018, at a rate of 8.00% per annum on the liquidation preference of \$25,000 per share, payable semi-annually in arrears, and, for each quarterly dividend period from January 30, 2018 through the redemption date of the Series K Preferred Stock, at a floating rate equal to three-month LIBOR plus a spread of 3.63% per annum on the liquidation preference of \$25,000 per share, payable quarterly in arrears. Dividends on the Series K Preferred Stock are non-cumulative. As long as shares of Series K Preferred Stock remain outstanding, we cannot declare or pay cash dividends

on any shares of our common stock or other capital stock ranking junior to the Series K Preferred Stock unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series K Preferred Stock for any period unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series K Preferred Stock and on any capital stock ranking equally with the Series K Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series K Preferred Stock and the holders of any capital stock ranking equally with the Series K Preferred Stock.

Voting Rights. Holders of Series K Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series K Preferred Stock. If any dividend payable on the Series K Preferred Stock is in arrears for three or more semi-annual dividend periods or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods, the holders of the Series K Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series K Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series K Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series K Preferred Stock for at least two semi-annual or four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series K Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series K Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series K Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series K Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series K Preferred Stock on or after January 30, 2018, at the redemption price equal to \$25,000 per share, plus any declared and unpaid dividends.

Series L Preferred Stock

Preferential Rights. The Series L Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Holders of the Series L Preferred Stock do not have any preemptive rights. We may issue stock with preferences superior or equal to the Series L Preferred Stock without the consent of the holders of the Series L Preferred Stock.

Dividends. Holders of the Series L Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, at

an annual dividend rate per share of 7.25% on the liquidation preference of \$1,000 per share. Dividends on the Series L Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series L Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series L Preferred Stock unless full dividends on all outstanding shares of Series L Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series L Preferred Stock for any period unless full dividends on all outstanding shares of Series L Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series L Preferred Stock and on any capital stock ranking equally with the Series L Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series L Preferred Stock and the holders of any capital stock ranking equally with the Series L Preferred Stock.

Conversion Right. Each share of the Series L Preferred Stock may be converted at any time, at the option of the holder, into 20 shares of our common stock (which reflects an initial conversion price of \$50.00 per share of common stock) plus cash in lieu of fractional shares, subject to anti-dilution adjustments.

Conversion at Our Option. On or after January 30, 2013, we may, at our option, at any time or from time to time, cause some or all of the Series L Preferred Stock to be converted into shares of our common stock at the then-applicable conversion rate if, for 20 trading days during any period of 30 consecutive trading days, the closing price of our common stock exceeds 130% of the then-applicable conversion price of the Series L Preferred Stock.

Conversion Upon Certain Acquisitions. If a make-whole acquisition occurs, holders of Series L Preferred Stock may cause this Series L Preferred Stock held by such holder to be converted into shares of our common stock, and we will, under certain circumstances, increase the conversion rate in respect of such conversions of the Series L Preferred Stock that occur during the period beginning on the effective date of the make-whole acquisition and ending on the date that is 30 days after the effective date by a number of additional shares of common stock. The amount of the make-whole adjustment, if any, will be based upon the price per share of our common stock and the effective date of the make-whole acquisition. Subject to certain exceptions, a make-whole acquisition occurs in the event of (1) the acquisition by a person or group of more than 50% of the voting power of our common stock, or (2) our consolidation or merger where we are not the surviving entity.

Conversion Upon Fundamental Change. In lieu of receiving the make-whole shares described above, if the reference price (as defined below) in connection with a make-whole acquisition is less than the applicable conversion price (a fundamental change), a holder may elect to convert each share of the Series L Preferred Stock during the period beginning on the effective date of the fundamental change and ending on the date that is 30 days after the effective date of such fundamental change at an adjusted conversion price equal to the greater of (1) the reference price, which is the price per share of our common stock paid in the event of a fundamental change, and (2) \$19.95, which is 50% of the closing price of our common stock on January 24, 2008, the date of the initial offering of the Series L Preferred Stock, subject to adjustment (the base price). If the reference price is less than the base price, holders of the Series L Preferred Stock will receive a maximum of 50.1253 shares of our common stock per share of Series L Preferred Stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Series L Preferred Stock.

Anti-Dilution Adjustments. The conversion rate may be adjusted in the event of, among other things, (1) stock dividend distributions, (2) subdivisions, splits, and combinations of our

common stock, (3) issuance of stock purchase rights, (4) debt or asset distributions, (5) increases in cash dividends, and (6) tender or exchange offers for our common stock.

Voting Rights. Holders of Series L Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series L Preferred Stock. If any quarterly dividend payable on the Series L Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series L Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series L Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series L Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series L Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Liquidation Rights. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series L Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series L Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$1,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series L Preferred Stock will not be subject to a sinking fund.

Redemption. We do not have any rights to redeem the Series L Preferred Stock.

Series M Preferred Stock

Preferential Rights. The Series M Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Shares of the Series M Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. Holders of the Series M Preferred Stock do not have any preemptive rights. Bank of America may issue stock with preferences senior or equal to the Series M Preferred Stock without the consent of the holders of the Series M Preferred Stock.

Dividends. Holders of the Series M Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, for each semi-annual dividend period from the issue date through May 15, 2018, at an annual rate of 8.125% on the liquidation preference of \$25,000 per share, payable semi-annually in arrears, and, for each quarterly dividend period from May 15, 2018 through the redemption date of the Series M Preferred Stock, at an annual floating rate equal to three-month LIBOR plus a spread of 3.64% on the liquidation preference of \$25,000 per share, payable quarterly in arrears. Dividends on the Series M Preferred Stock are non-cumulative. As long as shares of Series M Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series M Preferred Stock unless full dividends on all outstanding shares of Series M Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series M

Preferred Stock for any period unless full dividends on all outstanding shares of Series M Preferred Stock for the then-current dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series M Preferred Stock and on any capital stock ranking equally with the Series M Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series M Preferred Stock and the holders of any capital stock ranking equally with the Series M Preferred Stock.

Voting Rights. Holders of Series M Preferred Stock do not have voting rights, except as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series M Preferred Stock. If any dividend payable on the Series M Preferred Stock is in arrears for three or more semi-annual dividend periods or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods, the holders of the Series M Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series M Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series M Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series M Preferred Stock for at least two semi-annual or four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series M Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of capital stock ranking junior to the Series M Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series M Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series M Preferred Stock, in whole or in part, at our option, on any dividend payment date for the Series M Preferred Stock on or after May 15, 2018, at the redemption price equal to \$25,000 per share, plus any declared and unpaid dividends.

Series T Preferred Stock

Preferential Rights. The Series T Preferred Stock ranks senior to the common stock and ranks equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution or winding up. Shares of the Series T Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. We may issue stock with preferences equal to the Series T Preferred Stock without the consent of holders of Series T Preferred Stock.

Dividends. Holders of shares of Series T Preferred Stock are entitled to receive, when, as, and if declared by our board of directors, cash dividends at an annual dividend rate per share of 6.00% of the stated value per share of Series T Preferred Stock. The stated value per share of the Series T Preferred Stock is \$100,000. Dividends are payable quarterly. We cannot declare or pay cash dividends on any shares of common stock for any period unless dividends on all outstanding shares of the Series T Preferred Stock for such period have been paid or are contemporaneously declared and paid in full (or declared and funds sufficient for the payment have been set aside for

the benefit of the holders of shares of Series T Preferred Stock). When dividends are not paid (or declared and set aside for payment) on any applicable dividend payment date in full on the Series T Preferred Stock and on any stock ranking equally with the Series T Preferred Stock, all dividends declared on the Series T Preferred Stock and on any stock ranking equally with the Series T Preferred Stock and payable on such payment date will be declared pro rata.

Voting Rights. Holders of Series T Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. As long as the Series T Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares of Series T Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series T Preferred Stock), and for so long as 10,000 shares of Series T Preferred Stock are outstanding, the affirmative vote of 50.1% of the shares of Series T outstanding, shall be necessary to permit, effect or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series T Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series T Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series T Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series T Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of Bank of America's assets may be made to or set aside for the holders of our capital stock ranking junior to the Series T Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any declared and unpaid dividends, without cumulation of any undeclared dividends, to but excluding the date of liquidation, dissolution or winding up. Shares of Series T Preferred Stock will not be subject to a sinking fund. The Series T Preferred Stock may be fully subordinated to interests held by the U.S. government in the event that Bank of America Corporation enters into a receivership, insolvency, liquidation or similar proceeding.

Redemption. Subject to any required prior approval of the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital adequacy guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of shares of the Series T Preferred Stock, we may redeem the Series T Preferred Stock, at our option, in whole at any time or in part from time to time, but in any case no earlier than May 7, 2019, at the redemption price of \$105,000 per share plus any declared and unpaid dividends thereon, without cumulation for any undeclared dividends, to the redemption date.

Series U Preferred Stock

Preferential Rights. The Series U Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series U Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series U Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series U Preferred Stock without the consent of the holders of the Series U Preferred Stock.

Dividends. Holders of the Series U Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, for each semi-annual dividend period from the issue date to, but excluding, June 1, 2023, at a rate of 5.20% per annum on the liquidation preference of \$25,000 per share, payable semi-annually in arrears, and, for each quarterly dividend period from June 1, 2023 through the redemption date of the Series U Preferred Stock, at a floating rate equal to three-month LIBOR plus a spread of 3.135% per annum on the liquidation preference of \$25,000 per share, payable quarterly in arrears. Dividends on the Series U Preferred Stock are non-cumulative. As long as shares of Series U Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series U Preferred Stock unless full dividends on all outstanding shares of Series U Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series U Preferred Stock for any period unless full dividends on all outstanding shares of Series U Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series U Preferred Stock and on any capital stock ranking equally with the Series U Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series U Preferred Stock and the holders of any capital stock ranking equally with the Series U Preferred Stock.

Voting Rights. Holders of Series U Preferred Stock do not have voting rights, except as described herein and as specifically required by Delaware law. If any dividend payable on the Series U Preferred Stock is in arrears for three or more semi-annual dividend periods or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods, the holders of the Series U Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series U Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series U Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series U Preferred Stock for at least two semi-annual or four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate. As long as the Series U Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the voting power of the Series U Preferred Stock and any voting parity stock shall be necessary to authorize, create or issue any capital stock ranking senior to the Series U Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding-up, or to reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. In addition, so long as any shares of the Series U Preferred Stock remain outstanding, the affirmative vote of the holders of at least 66 2/3% of the voting power of the Series U Preferred Stock shall be necessary to amend, alter or repeal any provision of the certificate of designations for the Series U Preferred Stock or our certificate of incorporation so as to adversely affect the powers, preferences or special rights of the Series U Preferred Stock.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series U Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series U Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series U Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series U Preferred Stock, in whole or in part, at our option, at any time on or after June 1, 2023, at the redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends, for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. In addition, at any time within 90 days after a capital treatment event, as described in the certificate of designations for the Series U Preferred Stock, we may redeem the Series U Preferred Stock, in whole but not in part, at a redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends.

Series V Preferred Stock

Preferential Rights. The Series V Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series V Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series V Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series V Preferred Stock without the consent of the holders of the Series V Preferred Stock.

Dividends. Holders of the Series V Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, for each semi-annual dividend period from the issue date to, but excluding, June 17, 2019, at a rate of 5.125% per annum on the liquidation preference of \$25,000 per share, payable semi-annually in arrears, and, for each quarterly dividend period from June 17, 2019 through the redemption date of the Series V Preferred Stock, at a floating rate equal to three-month LIBOR plus a spread of 3.387% per annum on the liquidation preference of \$25,000 per share, payable quarterly in arrears. Dividends on the Series V Preferred Stock are non-cumulative. As long as shares of Series V Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series V Preferred Stock unless full dividends on all outstanding shares of Series V Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series V Preferred Stock for any period unless full dividends on all outstanding shares of Series V Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series V Preferred Stock and on any capital stock ranking equally with the Series V Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series V Preferred Stock and the holders of any capital stock ranking equally with the Series V Preferred Stock.

Voting Rights. Holders of Series V Preferred Stock do not have voting rights, except as provided herein and as specifically required by Delaware law and in the case of certain dividend arrearages in relation to the Series V Preferred Stock. If any dividend payable on the Series V Preferred Stock is in arrears for three or more semi-annual dividend periods or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods, the holders of the Series V Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series V Preferred Stock as to

payment of dividends and upon which voting rights equivalent to those granted to the holders of Series V Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series V Preferred Stock for at least two semi-annual or four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate. As long as the Series V Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the voting power of the Series V Preferred Stock and any voting parity stock shall be necessary to authorize, create or issue any capital stock ranking senior to the Series V Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding-up, or to reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. In addition, so long as any shares of the Series V Preferred Stock remain outstanding, the affirmative vote of the holders of at least 66 2/3% of the voting power of the Series V Preferred Stock shall be necessary to amend, alter or repeal any provision of the certificate of designations for the Series V Preferred Stock or our certificate of incorporation so as to adversely affect the powers, preferences or special rights of the Series V Preferred Stock.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series V Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series V Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series V Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series V Preferred Stock, in whole or in part, at our option, at any time on or after June 17, 2019, at the redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends, for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. In addition, at any time within 90 days after a capital treatment event, as described in the certificate of designations for the Series V Preferred Stock, we may redeem the Series V Preferred Stock, in whole but not in part, at a redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends.

Series W Preferred Stock

Preferential Rights. The Series W Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series W Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series W Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series W Preferred Stock without the consent of the holders of the Series W Preferred Stock.

Dividends. Holders of the Series W Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board,

at an annual dividend rate per share of 6.625% on the liquidation preference of \$25,000 per share. Dividends on the Series W Preferred Stock are non-cumulative and are payable quarterly in arrears. As long as shares of Series W Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series W Preferred Stock unless full dividends on all outstanding shares of Series W Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series W Preferred Stock for any period unless full dividends on all outstanding shares of Series W Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series W Preferred Stock and on any capital stock ranking equally with the Series W Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series W Preferred Stock and the holders of any capital stock ranking equally with the Series W Preferred Stock.

Voting Rights. Holders of Series W Preferred Stock do not have voting rights, except as described herein and as specifically required by Delaware law. If any dividend payable on the Series W Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series W Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series W Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series W Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series W Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate. As long as the Series W Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the voting power of the Series W Preferred Stock and any voting parity stock shall be necessary to authorize, create or issue any capital stock ranking senior to the Series W Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding-up, or to reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. In addition, so long as any shares of the Series W Preferred Stock remain outstanding, the affirmative vote of the holders of at least 66 2/3% of the voting power of the Series W Preferred Stock shall be necessary to amend, alter or repeal any provision of the certificate of designations for the Series W Preferred Stock or our certificate of incorporation so as to adversely affect the powers, preferences or special rights of the Series W Preferred Stock.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series W Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series W Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series W Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series W Preferred Stock, in whole or in part, at our option, at any time on or after September 9, 2019, at the redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends, for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. In addition, at any time within 90 days after a capital treatment event, as described in the certificate of designations for the Series W Preferred Stock, we may redeem the Series W Preferred Stock, in

whole but not in part, at a redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends.

Series X Preferred Stock

Preferential Rights. The Series X Preferred Stock ranks senior to our common stock and equally with the Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Series X Preferred Stock is not convertible into or exchangeable for any shares of our common stock or any other class of our capital stock. Holders of the Series X Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series X Preferred Stock without the consent of the holders of the Series X Preferred Stock.

Dividends. Holders of the Series X Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee of our board, for each semi-annual dividend period from the issue date to, but excluding, September 5, 2024, at a rate of 6.250% per annum on the liquidation preference of \$25,000 per share, payable semiannually in arrears, and, for each quarterly dividend period from September 5, 2024 through the redemption date of the Series X Preferred Stock, at a floating rate equal to three-month LIBOR plus a spread of 3.705% per annum on the liquidation preference of \$25,000 per share, payable quarterly in arrears. Dividends on the Series X Preferred Stock are non-cumulative. As long as shares of Series X Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of our common stock or other capital stock ranking junior to the Series X Preferred Stock unless full dividends on all outstanding shares of Series X Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. We cannot declare or pay cash dividends on capital stock ranking equally with the Series X Preferred Stock for any period unless full dividends on all outstanding shares of Series X Preferred Stock for the immediately preceding dividend period have been paid in full or declared and a sum sufficient for the payment thereof set aside. If we declare dividends on the Series X Preferred Stock and on any capital stock ranking equally with the Series X Preferred Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a pro rata basis among the holders of the shares of Series X Preferred Stock and the holders of any capital stock ranking equally with the Series X Preferred Stock.

Voting Rights. Holders of Series X Preferred Stock do not have voting rights, except as described herein and as specifically required by Delaware law. If any dividend payable on the Series X Preferred Stock is in arrears for three or more semi-annual dividend periods or six or more quarterly dividend periods, as applicable, whether or not for consecutive dividend periods, the holders of the Series X Preferred Stock will be entitled to vote as a class, together with the holders of all series of our preferred stock ranking equally with the Series X Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series X Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors. When we have paid full dividends on the Series X Preferred Stock for at least two semi-annual or four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate. As long as the Series X Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the

voting power of the Series X Preferred Stock and any voting parity stock shall be necessary to authorize, create or issue any capital stock ranking senior to the Series X Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding-up, or to reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. In addition, so long as any shares of the Series X Preferred Stock remain outstanding, the affirmative vote of the holders of at least 66 2/3% of the voting power of the Series X Preferred Stock shall be necessary to amend, alter or repeal any provision of the certificate of designations for the Series X Preferred Stock or our certificate of incorporation so as to adversely affect the powers, preferences or special rights of the Series X Preferred Stock.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series X Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series X Preferred Stock as to distributions, a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series X Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series X Preferred Stock, in whole or in part, at our option, at any time on or after September 5, 2024, at the redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends, for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends. In addition, at any time within 90 days after a capital treatment event, as described in the certificate of designations for the Series X Preferred Stock, we may redeem the Series X Preferred Stock, in whole but not in part, at a redemption price equal to \$25,000 per share, plus any accrued and unpaid dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends.

Series 1 Preferred Stock

Preferential Rights. The Series 1 Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Shares of the Series 1 Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. Holders of the Series 1 Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series 1 Preferred Stock without the consent of the holders of the Series 1 Preferred Stock.

Dividends. Holders of the Series 1 Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, on the liquidation preference of \$30,000 per share at an annual floating rate per share equal to the greater of (a) three-month LIBOR, plus a spread of 0.75% and (b) 3.00%. Dividends on the Series 1 Preferred Stock are non-cumulative and are payable quarterly, if declared. As long as shares of Series 1 Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series 1 Preferred Stock unless full dividends on all outstanding shares of Series 1 Preferred Stock have been

declared, paid or set aside for payment for the immediately preceding dividend period. We cannot declare or pay cash dividends on capital stock ranking equally with the Series 1 Preferred Stock for any period unless for such dividend period full dividends on all outstanding shares of Series 1 Preferred Stock for the immediately preceding dividend period have been declared, paid or set aside for payment. When dividends are not paid in full upon the shares of the Series 1 Preferred Stock and any capital stock ranking equally with the Series 1 Preferred Stock, all dividends declared upon shares of the Series 1 Preferred Stock and all shares of capital stock ranking equally with the Series 1 Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Series 1 Preferred Stock, and all such other of our stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series 1 Preferred Stock and all such other stock bear to each other.

Voting Rights. Holders of Series 1 Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. Holders of Series 1 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of common stock, voting together with the holders of common stock as one class, and each share of Series 1 Preferred Stock shall be entitled to 150 votes. If any quarterly dividend payable on the Series 1 Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series 1 Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series 1 Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series 1 Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors; each share of Series 1 Preferred Stock shall be entitled to three votes for the election of such Preferred Stock Directors. When we have paid full dividends on the Series 1 Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

As long as the Series 1 Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of Series 1 Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series 1 Preferred Stock), shall be necessary to permit, effect or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series 1 Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series 1 Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series 1 Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series 1 Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of Bank of America capital stock ranking junior to the Series 1 Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series 1 Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series 1 Preferred Stock, in whole or in part, at our option, at the redemption price equal to \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Series 2 Preferred Stock

Preferential Rights. The Series 2 Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 3 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Shares of the Series 2 Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. Holders of the Series 2 Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series 2 Preferred Stock without the consent of the holders of the Series 2 Preferred Stock.

Dividends. Holders of the Series 2 Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, on the liquidation preference of \$30,000 per share at an annual floating rate per share equal to the greater of (a) three-month LIBOR, plus a spread of 0.65% and (b) 3.00%. Dividends on the Series 2 Preferred Stock are non-cumulative and are payable quarterly in arrears, if declared. As long as shares of Series 2 Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series 2 Preferred Stock unless full dividends on all outstanding shares of Series 2 Preferred Stock have been declared, paid or set aside for payment for the immediately preceding dividend period. We cannot declare or pay cash dividends on capital stock ranking equally with the Series 2 Preferred Stock for any period unless for such dividend period full dividends on all outstanding shares of Series 2 Preferred Stock for the immediately preceding dividend period have been declared, paid or set aside for payment. When dividends are not paid in full upon the shares of the Series 2 Preferred Stock and any capital stock ranking equally with the Series 2 Preferred Stock, all dividends declared upon shares of the Series 2 Preferred Stock and all shares of capital stock ranking equally with the Series 2 Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Series 2 Preferred Stock, and all such other stock of ours shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series 2 Preferred Stock and all such other stock bear to each other.

Voting Rights. Holders of Series 2 Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. Holders of Series 2 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of common stock, voting together with the holders of common stock as one class, and each share of Series 2 Preferred Stock shall be entitled to 150 votes. If any quarterly dividend payable on the Series 2 Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series 2 Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series 2 Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series 2 Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors; each share of Series 2 Preferred Stock shall be entitled to three votes for the election of such Preferred Stock Directors. When we have paid full dividends on the Series 2 Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

As long as the Series 2 Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of Series 2 Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series 2

Preferred Stock), shall be necessary to permit, effect, or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series 2 Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series 2 Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series 2 Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series 2 Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series 2 Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series 2 Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series 2 Preferred Stock, in whole or in part, at our option, at the redemption price equal to \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Series 3 Preferred Stock

Preferential Rights. The Series 3 Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 4 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Shares of the Series 3 Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. Holders of the Series 3 Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series 3 Preferred Stock without the consent of the holders of the Series 3 Preferred Stock.

Dividends. Holders of the Series 3 Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, at an annual dividend rate per share of 6.375% on the liquidation preference of \$30,000 per share. Dividends on the Series 3 Preferred Stock are non-cumulative and are payable quarterly in arrears, if declared. As long as shares of Series 3 Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series 3 Preferred Stock unless full dividends on all outstanding shares of Series 3 Preferred Stock have been declared, paid or set aside for payment for the immediately preceding dividend period. We cannot declare or pay cash dividends on capital stock ranking equally with the Series 3 Preferred Stock for any period unless for such dividend period full dividends on all outstanding shares of Series 3 Preferred Stock for the immediately preceding dividend period have been declared, paid or set aside for payment. When dividends are not paid in full upon the shares of the Series 3 Preferred Stock and any capital stock ranking equally with the Series 3 Preferred Stock, all dividends declared upon shares of the Series 3 Preferred Stock and all shares of capital stock ranking equally with the Series 3 Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Series 3 Preferred Stock, and all such

other of our stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series 3 Preferred Stock and all such other stock bear to each other.

Voting Rights. Holders of Series 3 Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. Holders of Series 3 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of common stock, voting together with the holders of common stock as one class, and each share of Series 3 Preferred Stock shall be entitled to 150 votes. If any quarterly dividend payable on the Series 3 Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series 3 Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series 3 Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series 3 Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors; each share of Series 3 Preferred Stock shall be entitled to three votes for the election of such Preferred Stock Directors. When we have paid full dividends on the Series 3 Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

As long as the Series 3 Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of Series 3 Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series 3 Preferred Stock), shall be necessary to permit, effect, or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series 3 Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series 3 Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series 3 Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series 3 Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series 3 Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series 3 Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series 3 Preferred Stock, in whole or in part, at our option, at the redemption price equal to \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Series 4 Preferred Stock

Preferential Rights. The Series 4 Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, and Series 5 Preferred Stock as to dividends and distributions on Bank of America's liquidation, dissolution, or winding up. Shares of the Series 4 Preferred Stock are not convertible into or exchangeable for any shares of

common stock or any other class of our capital stock. Holders of the Series 4 Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series 4 Preferred Stock without the consent of the holders of the Series 4 Preferred Stock.

Dividends. Holders of the Series 4 Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, on the liquidation preference of \$30,000 per share at an annual floating rate per share equal to the greater of (a) three-month LIBOR, plus a spread of 0.75% and (b) 4.00%. Dividends on the Series 4 Preferred Stock are non-cumulative and are payable quarterly in arrears, if declared. As long as shares of Series 4 Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series 4 Preferred Stock unless full dividends on all outstanding shares of Series 4 Preferred Stock have been declared, paid or set aside for payment for the immediately preceding dividend period. We cannot declare or pay cash dividends on capital stock ranking equally with the Series 4 Preferred Stock for any period unless for such dividend period full dividends on all outstanding shares of Series 4 Preferred Stock for the immediately preceding dividend period have been declared, paid or set aside for payment. When dividends are not paid in full upon the shares of the Series 4 Preferred Stock and any capital stock ranking equally with the Series 4 Preferred Stock, all dividends declared upon shares of the Series 4 Preferred Stock and all shares of capital stock ranking equally with the Series 4 Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Series 4 Preferred Stock, and all such other of our stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series 4 Preferred Stock and all such other stock bear to each other.

Voting Rights. Holders of Series 4 Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. Holders of Series 4 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of common stock, voting together with the holders of common stock as one class, and each share of Series 4 Preferred Stock shall be entitled to 150 votes. If any quarterly dividend payable on the Series 4 Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series 4 Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series 4 Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series 4 Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors; each share of Series 4 Preferred Stock shall be entitled to three votes for the election of such Preferred Stock Directors. When we have paid full dividends on the Series 4 Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

As long as the Series 4 Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of Series 4 Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series 4 Preferred Stock), shall be necessary to permit, effect, or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series 4 Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series 4 Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series 4 Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series 4 Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets

may be made to or set aside for the holders of our capital stock ranking junior to the Series 4 Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series 4 Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series 4 Preferred Stock, in whole or in part, at our option, at the redemption price equal to \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Series 5 Preferred Stock

Preferential Rights. The Series 5 Preferred Stock ranks senior to common stock and equally with the Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series I Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series T Preferred Stock, Series U Preferred Stock, Series V Preferred Stock, Series W Preferred Stock, Series X Preferred Stock, Series 1 Preferred Stock, Series 2 Preferred Stock, Series 3 Preferred Stock, and Series 4 Preferred Stock as to dividends and distributions on our liquidation, dissolution, or winding up. Shares of the Series 5 Preferred Stock are not convertible into or exchangeable for any shares of common stock or any other class of our capital stock. Holders of the Series 5 Preferred Stock do not have any preemptive rights. We may issue stock with preferences equal to the Series 5 Preferred Stock without the consent of the holders of the Series 5 Preferred Stock.

Dividends. Holders of the Series 5 Preferred Stock are entitled to receive cash dividends, when, as, and if declared by our board of directors or a duly authorized committee thereof, on the liquidation preference of \$30,000 per share at an annual floating rate per share equal to the greater of (a) three-month LIBOR, plus a spread of 0.50% and (b) 4.00%. Dividends on the Series 5 Preferred Stock are non-cumulative and are payable quarterly in arrears, if declared. As long as shares of Series 5 Preferred Stock remain outstanding, we cannot declare or pay cash dividends on any shares of common stock or other capital stock ranking junior to the Series 5 Preferred Stock unless full dividends on all outstanding shares of Series 5 Preferred Stock have been declared, paid or set aside for payment for the immediately preceding dividend period. We cannot declare or pay cash dividends on capital stock ranking equally with the Series 5 Preferred Stock for any period unless for such dividend period full dividends on all outstanding shares of Series 5 Preferred Stock for the immediately preceding dividend period have been declared, paid or set aside for payment. When dividends are not paid in full upon the shares of the Series 5 Preferred Stock and any capital stock ranking equally with the Series 5 Preferred Stock, all dividends declared upon shares of the Series 5 Preferred Stock and all shares of capital stock ranking equally with the Series 5 Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Series 5 Preferred Stock, and all such other of our stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series 5 Preferred Stock and all such other stock bear to each other.

Voting Rights. Holders of Series 5 Preferred Stock do not have voting rights, except as provided herein and as specifically required by law. Holders of Series 5 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of common stock, voting together with the holders of common stock as one class, and each share of Series 5 Preferred Stock shall be entitled to 150 votes. If any quarterly dividend payable on the Series 5 Preferred Stock is in arrears for six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of the Series 5 Preferred Stock will be entitled to vote as a class, together with the holders of all series of preferred stock ranking equally with the Series 5 Preferred Stock.

as to payment of dividends and upon which voting rights equivalent to those granted to the holders of Series 5 Preferred Stock have been conferred and are exercisable, for the election of two Preferred Stock Directors; each share of Series 5 Preferred Stock shall be entitled to three votes for the election of such Preferred Stock Directors. When we have paid full dividends on the Series 5 Preferred Stock for at least four quarterly dividend periods following a dividend arrearage described above, these voting rights will terminate.

As long as the Series 5 Preferred Stock remains outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of Series 5 Preferred Stock, outstanding at the time (voting as a class with all other series of preferred stock ranking equally with the Series 5 Preferred Stock), shall be necessary to permit, effect, or validate (i) the authorization, creation, or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Series 5 Preferred Stock or (ii) the amendment, alteration, or repeal, whether by merger, consolidation, or otherwise, of any of the provisions of the Certificate of Incorporation or of the resolutions set forth in a certificate of designations for the Series 5 Preferred Stock, which would adversely affect any right, preference, or privilege or voting power of the Series 5 Preferred Stock, or of the holders thereof.

Distributions. In the event of our voluntary or involuntary liquidation, dissolution, or winding up, holders of Series 5 Preferred Stock will be entitled to receive out of assets legally available for distribution to stockholders, before any distribution or payment out of our assets may be made to or set aside for the holders of our capital stock ranking junior to the Series 5 Preferred Stock, a liquidating distribution in the amount of the liquidation preference of \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Shares of Series 5 Preferred Stock will not be subject to a sinking fund.

Redemption. We may redeem the Series 5 Preferred Stock, in whole or in part, at our option, at the redemption price equal to \$30,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Additional Classes or Series of Stock

We will have the right to create and issue additional classes or series of stock ranking equally with or junior to the Preferred Stock as to dividends and distribution of assets upon our liquidation, dissolution, or winding up without the consent of the holders of the Preferred Stock, or the holders of the related depositary shares.

Depository, Transfer Agent, and Registrar

Computershare Trust Company, N.A. will be the depository, transfer agent, and registrar for the Preferred Stock.

Calculation Agent

The Bank of New York Mellon Trust Company, N.A. will be the calculation agent for the Preferred Stock during the Floating Rate Period.

DESCRIPTION OF THE DEPOSITARY SHARES

The following description summarizes specific terms and provisions of the depositary shares relating to our Preferred Stock. You should read this description of the material terms of the depositary shares along with the terms that apply generally to all our preferred stock issued in the form of depositary shares under "Description of Depositary Shares" in the attached prospectus.

General

We are issuing proportional fractional interests in the Preferred Stock in the form of depositary shares. Each depositary share represents a 1/25th interest in a share of the Preferred Stock, and will be evidenced by depositary receipts, as described under "Registration and Settlement - Book-Entry System" on page S-48. We will deposit the underlying shares of the Preferred Stock with a depository pursuant to a deposit agreement among us, Computershare Inc. and its wholly-owned subsidiary Computershare Trust Company, N.A., collectively acting as depository, and the holders from time to time of the depositary receipts. Subject to the terms of the deposit agreement, the depositary shares will be entitled to all the rights and preferences of the Preferred Stock, as applicable, in proportion to the applicable fraction of a share of Preferred Stock those depositary shares represent.

In this prospectus supplement, references to "holders" of depositary shares mean those who have depositary shares registered in their own names on the books maintained by the depository and not indirect holders who own beneficial interests in depositary shares registered in the street name of, or issued in book-entry form through, DTC. You should review the special considerations that apply to indirect holders described in "Registration and Settlement - Book-Entry System" on page S-48.

Dividends and Other Distributions

Each dividend on a depositary share will be in an amount equal to 1/25th of the dividend declared on the related share of the Preferred Stock.

The depository will distribute all dividends and other cash distributions received on the Preferred Stock to the holders of record of the depositary receipts in proportion to the number of depositary shares held by each holder. In the event of a distribution other than in cash, the depository will distribute property received by it to the holders of record of the depositary receipts in proportion to the number of depositary shares held by each holder, unless the depository determines that this distribution is not feasible, in which case the depository may, with our approval, adopt a method of distribution that it deems practicable, including the sale of the property and distribution of the net proceeds of that sale to the holders of the depositary receipts.

If the calculation of a dividend or other cash distribution results in an amount that is a fraction of a cent and that fraction is equal to or greater than \$0.005, the depository will round that amount up to the next highest whole cent and will request that we pay the resulting additional amount to the depository for the relevant dividend or other cash distribution. If the fractional amount is less than \$0.005, the depository will disregard that fractional amount.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Preferred Stock.

The amount paid as dividends or otherwise distributable by the depository with respect to the depositary shares or the underlying Preferred Stock will be reduced by any amounts required

to be withheld by us or the depository on account of taxes or other governmental charges. The depository may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any depository shares or the shares of the Preferred Stock until such taxes or other governmental charges are paid.

Redemption of Depository Shares

If we redeem the Preferred Stock, in whole or in part, as described above under **Description of the Preferred Stock Optional Redemption**, depository shares also will be redeemed with the proceeds received by the depository from the redemption of the Preferred Stock held by the depository. The redemption price per depository share will be 1/25th of the redemption price per share payable with respect to the Preferred Stock, plus any accrued and unpaid dividends on the shares of the Preferred Stock called for redemption for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared dividends.

If we redeem shares of the Preferred Stock held by the depository, the depository will redeem, as of the same redemption date, the number of depository shares representing those shares of the Preferred Stock so redeemed. If we redeem less than all of the outstanding depository shares, the depository shares to be redeemed will be selected either pro rata or by lot. In any case, the depository will redeem depository shares only in increments of 25 depository shares and multiples thereof. The depository will provide notice of redemption to record holders of the depository receipts not less than 30 and not more than 60 days prior to the date fixed for redemption of the Preferred Stock and the related depository shares.

Voting the Preferred Stock

Because each depository share represents a 1/25th interest in a share of the Preferred Stock, holders of depository receipts will be entitled to 1/25th of a vote per depository share under those limited circumstances in which holders of the Preferred Stock are entitled to a vote, as described above in **Description of the Preferred Stock Voting Rights**.

When the depository receives notice of any meeting at which the holders of the Preferred Stock are entitled to vote, the depository will mail the information contained in the notice to the record holders of the depository shares relating to the Preferred Stock. Each record holder of the depository shares on the record date, which will be the same date as the record date for the Preferred Stock, may instruct the depository to vote the amount of the Preferred Stock represented by the holder's depository shares. To the extent possible, the depository will vote the amount of the Preferred Stock represented by depository shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depository determines are necessary to enable the depository to vote as instructed. If the depository does not receive specific instructions from the holders of any depository shares representing the Preferred Stock, it will vote all depository shares held by it proportionately with instructions received.

Form and Notices

The Preferred Stock will be issued in registered form to the depository, and the depository shares will be issued in book-entry only form through DTC, as described below in **Registration and Settlement Book-Entry System** and in **Registration and Settlement Book-Entry Only Issuance** on page 54 of the attached prospectus. The depository will forward to the holders of depository shares all reports, notices, and communications from us that are delivered to the depository and that we are required to furnish to the holders of the Preferred Stock.

REGISTRATION AND SETTLEMENT

Book-Entry System

The depositary shares will be issued in book-entry only form through the facilities of The Depository Trust Company, or DTC. This means that we will not issue actual depositary receipts to each holder of depositary shares, except in limited circumstances. Instead, the depositary shares will be in the form of a single global depositary receipt deposited with and held in the name of DTC, or its nominee. In order to own a beneficial interest in a depositary receipt, you must be an organization that participates in DTC or have an account with an organization that participates in DTC, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear), and Clearstream Banking, société anonyme (Clearstream). For more information about Euroclear and Clearstream, see Registration and Settlement Depositories for Global Securities in the attached prospectus beginning on page 56.

Except as described in the attached prospectus, owners of beneficial interests in the global depositary receipt will not be entitled to have depositary shares registered in their names, will not receive or be entitled to receive physical delivery of the depositary shares in definitive form, and will not be considered the owners or holders of depositary shares under our amended and restated certificate of incorporation or the deposit agreement, including for purposes of receiving any reports or notices delivered by us. Accordingly, each person owning a beneficial interest in the depositary receipts must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its beneficial interest, in order to exercise any rights of a holder of depositary shares.

If we discontinue the book-entry only form system of registration, we will replace the global depositary receipt with depositary receipts in certificated form registered in the names of the beneficial owners. Once depositary receipts in certificated form are issued, the underlying shares of the Preferred Stock may be withdrawn from the depositary arrangement upon surrender of depositary receipts at the corporate trust office of the depository and upon payment of the taxes, charges, and fees provided for in the deposit agreements. Subject to the deposit agreement, the holders of depositary receipts will receive the appropriate number of shares of Preferred Stock and any money or property represented by the depositary shares.

Only whole shares of the Preferred Stock may be withdrawn. If a holder holds an amount other than a whole multiple of 25 depositary shares, the depository will deliver, along with the withdrawn shares of the Preferred Stock, a new depositary receipt evidencing the excess number of depositary shares. Holders of withdrawn shares of the Preferred Stock will not be entitled to redeposit those shares or to receive depositary shares.

Same Day Settlement

As long as the depositary shares are represented by a global depositary receipt registered in the name of DTC, or its nominee, the depositary shares will trade in the DTC Same-Day Funds Settlement System. DTC requires secondary market trading activity in the depositary shares to settle in immediately available funds. This requirement may affect trading activity in the depositary shares.

Payment of Dividends

We will pay dividends, if any, on the Preferred Stock represented by depositary shares in book-entry form to the depository. In turn, the depository will deliver the dividends to DTC in accordance with the arrangements then in place between the depository and DTC. Generally,

DTC will be responsible for crediting the dividend payments it receives from the depository to the accounts of DTC participants, and each participant will be responsible for disbursing the dividend payment for which it is credited to the holders that it represents. As long as the depository shares are represented by a global depository receipt, we will make all dividend payments in immediately available funds.

In the event depository receipts are issued in certificated form, dividends generally will be paid by check mailed to the holders of the depository receipts on the applicable record date at the address appearing on the security register.

Notices

Any notices required to be delivered to you will be given by the depository to DTC for communication to its participants.

If the depository receipts are issued in certificated form, notices to you also will be given by mail to the addresses of the holders as they appear on the security register.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

For a brief description of the U.S. federal income tax considerations applicable to an investment in the Preferred Stock and the related depository shares, see "U.S. Federal Income Tax Considerations" and "U.S. Federal Income Tax Considerations - Taxation of Common Stock, Preferred Stock, and Depository Shares" beginning on page 62 and page 78, respectively, of the attached prospectus.

The American Taxpayer Relief Act of 2012 provides that qualified dividend income is generally subject to tax at the maximum rate of 20% applicable to net long-term capital gains, provided that certain holding period and other requirements are met.

Pursuant to final and temporary Treasury regulations, withholding and reporting requirements under the Foreign Account Tax Compliance Act generally apply to payments on the Preferred Stock made after June 30, 2014.

S-50

ERISA CONSIDERATIONS

For a brief description of the considerations for employee benefit and other plans investing in the Preferred Stock through the depositary shares offered by this prospectus supplement and the attached prospectus, including a discussion of considerations if the securities are deemed to be plan assets for purposes of the Employee Retirement Income Security Act of 1974, as amended (commonly referred to as ERISA), and Section 4975 of the Internal Revenue Code, see ERISA Considerations beginning on page 91 of the attached prospectus. As discussed in more detail in that section, purchasers or holders of the depositary shares or any interest in those securities will be deemed to have made certain representations regarding their status under ERISA and should carefully consider these representations before electing to acquire the depositary shares.

Fiduciaries of, or other persons acting on behalf of an employee benefit or other plan, considering purchasing the depositary shares should consult with their counsel regarding these matters before making any investment decision.

We expect that an investment in the Preferred Stock through the depositary shares will constitute an equity interest for purposes of the regulation adopted by the U.S. Department of Labor to address whether the underlying assets of an entity are considered plan assets (29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA) (the Plan Assets Regulation), but we do not anticipate that these securities will satisfy the publicly-offered securities exception described in the attached prospectus. However, the acquisition of an equity interest in an operating company by a plan (as such term is defined under ERISA Considerations in the attached prospectus) is the subject of a separate exception described in the Plan Assets Regulation and discussed in the attached prospectus. For this purpose, an operating company is considered to be an entity that is primarily engaged, either directly or indirectly, in the production or sale of a product or service other than the investment of capital. We expect that we will be considered to be an operating company and, as a result, we expect that the acquisition of Preferred Stock through depositary shares by a plan will satisfy the exception referenced above such that the assets of the plan will include only its interest in the Preferred Stock and depositary shares but not an undivided interest in each of our underlying assets, although no assurance can be given in this regard. As discussed in the attached prospectus, other considerations implicated by ERISA (such as its prohibited transaction requirements) may impact the suitability of an investment in the Preferred Stock through the depositary shares by plans, and the fiduciaries of such plans should consult with their counsel regarding these matters before making any investment decision.

UNDERWRITING (CONFLICTS OF INTEREST)

We have entered into an underwriting agreement dated October , 2014 with the underwriters named below. In the underwriting agreement, we agreed to sell to each of the underwriters, and each of the underwriters agreed to purchase from us, the number of depositary shares, each representing a 1/25th interest in a share of the Preferred Stock, shown opposite its name below, at the applicable public offering price on the cover page of this prospectus supplement.

Underwriter	Number of Depositary Shares
Merrill Lynch, Pierce, Fenner & Smith	
Incorporated	
Goldman, Sachs & Co.	

Total

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase depositary shares, are several and not joint. Those obligations also are subject to the satisfaction of conditions described in the underwriting agreement. The underwriters have agreed to purchase all of the depositary shares if any of them are purchased. In the event of a default by any underwriter, the underwriting agreement provides that, in certain circumstances, non-defaulting underwriters may increase their purchase commitments, or the underwriting agreement may be terminated.

The underwriters initially propose to offer the depositary shares, in part, directly to the public at the public offering price set forth on the cover page of this prospectus supplement. The underwriters may sell the depositary shares to certain dealers at a price that represents a concession not in excess of \$ per depositary share. Any underwriter may allow, and dealers may reallow, a concession not in excess of \$ per depositary share to certain other dealers. After the initial offering of the depositary shares, the offering price and these concessions may change.

Our offering expenses, not including underwriting commissions, are estimated to be \$.

Prior to this offering, there has been no public market for the depositary shares. We do not currently intend to list the Preferred Stock or the depositary shares on any securities exchange. The underwriters have advised us that they presently intend to make a market in the depositary shares. However, the underwriters are not obligated to do so and may discontinue making a market in the depositary shares at any time without notice.

In connection with the offering of the depositary shares, the underwriters may engage in stabilizing transactions, and syndicate covering transactions in accordance with Regulation M under the Securities Exchange Act of 1934, as amended (the Exchange Act). The underwriters may enter bids for, and purchase, depositary shares in the open market in order to stabilize the price of the depositary shares. Syndicate covering transactions involve purchases of the depositary shares in the open market after the distribution has been completed in order to cover short positions. In addition, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the depositary shares in the offering if the syndicate repurchases previously distributed depositary shares in transactions to cover syndicate

short positions, in stabilization transactions, or otherwise. These activities may cause the price of the depositary shares to be higher than it would otherwise be. Those activities, if commenced, may be discontinued at any time.

Merrill Lynch, Pierce, Fenner & Smith Incorporated is our affiliate. As such, Merrill Lynch, Pierce, Fenner & Smith Incorporated has a conflict of interest in this offering within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of FINRA Rule 5121. FINRA Rule 5121 requires that a qualified independent underwriter participate in the preparation of this prospectus supplement and exercise the usual standards of due diligence with respect thereto. Goldman, Sachs & Co. has agreed to act as the qualified independent underwriter, or QIU, for the offering and will not receive any additional fees for serving as a QIU in connection with this offering. We will indemnify Goldman, Sachs & Co. against liabilities incurred in connection with acting as the QIU, including liabilities under the Securities Act of 1933, as amended (the Securities Act). Merrill Lynch, Pierce, Fenner & Smith Incorporated is not permitted to sell depositary shares in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

We expect that delivery of the depositary shares will be made against payment on or about October 1, 2014, which is the 1st Business Day following the date of this prospectus supplement.

Under the terms of the underwriting agreement, we have agreed to indemnify the underwriters and certain other persons against certain liabilities, including liabilities under the Securities Act, or to contribute in respect of those liabilities.

Merrill Lynch, Pierce, Fenner & Smith Incorporated is a broker-dealer and one of our subsidiaries and our affiliate. Following the initial distribution of depositary shares, our affiliates, including Merrill Lynch, Pierce, Fenner & Smith Incorporated, may buy and sell the depositary shares in secondary market transactions as part of their business as broker-dealers. Any sale will be at negotiated prices relating to prevailing prices at the time of sale. This prospectus supplement and attached prospectus may be used by one or more of our affiliates in connection with offers and sales related to secondary market transactions in the depositary shares to the extent permitted by applicable law. Our affiliates may act as principal or agent in such transactions.

Each of the underwriters or their affiliates provides or has provided investment or commercial banking services to us from time to time in the ordinary course of business.

Selling Restrictions

The underwriters have represented and agreed that they have not and will not offer, sell, or deliver the depositary shares, directly or indirectly, or distribute this prospectus supplement or the attached prospectus or any other offering material relating to the depositary shares, in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations and that will not impose any obligations on us except as set forth in the underwriting agreement.

Australia

This prospectus supplement and the attached prospectus have not been, and no prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) (the Corporations

Act)) in relation to the depositary shares has been, or will be, lodged with the Australian Securities and Investments Commission. Each underwriter has represented and agreed that it:

- (a) has not made or invited, and will not make or invite, an offer of the depositary shares for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary, or definitive information memorandum, prospectus or other offering material or advertisement relating to the depositary shares in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates);
- (ii) the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (iii) the offer or invitation does not constitute an offer to a retail client as defined for the purposes of section 761G of the Corporations Act;

(iv) such action complies with:

(A) Banking (Exemption) Order No. 82 as if it applied to us mutatis mutandis (and which, as at the date of this prospectus supplement, requires all offers and transfers to be for a consideration of at least A\$500,000); and

(B) any other applicable laws, regulations or directives in Australia; and

(v) such action does not require any document to be lodged with the Australian Securities and Investments Commission.

We are not authorized under the Banking Act 1959 of the Commonwealth of Australia (the Australian Banking Act) to carry on banking business and are not subject to prudential supervision by the Australian Prudential Regulation Authority. The depositary shares are not Deposit Liabilities under the Australian Banking Act.

Austria

The depositary shares may only be offered in the Republic of Austria in accordance with the Austrian Capital Market Act and any other laws and regulations applicable in the Republic of Austria governing the issue, offer and sale of securities in the Republic of Austria. The depositary shares are not registered or otherwise authorized for public offer under the Austrian Capital Market Act or any other applicable laws and regulations in Austria. The recipients of this prospectus supplement, the accompanying prospectus and any other selling materials in respect to the depositary shares are qualified investors within the meaning of the Austrian Capital Market Act and are targeted exclusively on the basis of a private placement. Accordingly, the depositary shares may not be, and are not being, issued, offered or advertised publicly or offered similarly under either the Austrian Capital Market Act or any other relevant securities

legislation in Austria. We are a U.S. bank holding company and a financial holding company. We are not a bank under the Austrian Banking Act (*Bankwesengesetz*) and are not EU passported to perform banking business in Austria.

Canada

The depositary shares may be sold in Canada solely to purchasers purchasing as principal that are both accredited investors as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* and permitted clients as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

European Economic Area

In relation to each Relevant Member State which has implemented the Prospectus Directive, each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the depositary shares which are the subject of the offering contemplated by this prospectus supplement and the attached prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such depositary shares to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant underwriter nominated by us for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the depositary shares referred to above shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of depositary shares to the public in relation to any depositary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the depositary shares to be offered so as to enable an investor to decide to purchase or subscribe the depositary shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

France

Neither this prospectus supplement nor the attached prospectus have been prepared in connection with a public offering of securities (*titres financiers*) in France and no prospectus has been submitted for approval (*visa*) to the *Autorité des marchés financiers*.

Each of the underwriters has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, depositary shares to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed this prospectus supplement, the attached prospectus or any other offering material relating to the depositary shares to the public in France, and such offers, sales and distributions have been and will be made in France only to (i) providers of the investment service of portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, acting for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. The direct or indirect resale of depositary shares to the public in France may be made only as provided by, and in accordance with, articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

Hong Kong

Each underwriter has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong), by means of any document, any depositary shares other than (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the CO) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation, or document relating to the depositary shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the depositary shares that are or are intended to be disposed of (i) only to persons outside Hong Kong or (ii) only to professional investors as defined in the SFO and any rules made under the SFO.

Israel

This offer is intended solely for investors listed in the First Supplement of the Israeli Securities Law of 1968, as amended. A prospectus has not been prepared or filed, and will not be prepared or filed, in Israel relating to the depositary shares offered hereunder. The depositary shares cannot be resold in Israel other than to investors listed in the First Supplement of the Israeli Securities Law of 1968, as amended.

Subject to any applicable law, the depositary shares offered hereunder may not be offered or sold to more than 35 offerees, in the aggregate, who are resident in the State of Israel, and are not listed in the First Supplement of the Israeli Securities Law of 1968. No action will be taken in Israel that would permit an offering of the depositary shares or the distribution of any offering document or any other material to the public in Israel. In particular, no offering document or other material has been reviewed or approved by the Israel Securities Authority. Any material provided to an offeree in Israel may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been provided directly by us or any underwriter.

Japan

The depositary shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the FIEL). Each underwriter has represented and agreed that it has not offered or sold and will not offer or sell any depositary shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations, and ministerial guidelines of Japan.

If the offer is made by way of Qualified Institutional Investors Private Placement as set out in Article 2, Paragraph 3, Item 2(i) or Article 2, Paragraph 4, Item 2(i) of the FIEL (the QII Private Placement), the depositary shares are being offered to qualified institutional investors (the QIIs) as defined in Article 10 of the Cabinet Office Ordinance Concerning the Definition of Terms provided in Article 2 of the FIEL and the investor of any depositary shares is prohibited from transferring such depositary shares in Japan to any person in any way other than to QIIs. As the offering of the depositary shares satisfies the requirements provided in Article 2, Paragraph 3, Item 2(i) or Article 2, Paragraph 4, Item 2(i) of the FIEL, no securities registration statement has been or will be filed under Article 4, Paragraph 1 of the FIEL.

Except in the case the offering is made by way of QII Private Placement the depositary shares are being offered only to a small number of potential investors (i.e., less than 50 offerees, except QIIs who are offered the depositary shares pursuant to the QII Private Placement), and the investor of any depositary shares (other than the above-mentioned QII investors) is prohibited from transferring such depositary shares to another person in any way other than as a whole to one transferee. As the offering of the depositary shares satisfies the requirements provided in Article 2, Paragraph 3, Item 2(ha) or Article 2, Paragraph 4, Item 2(ha) of the FIEL, no securities registration statement has been or will be filed under Article 4, Paragraph 1 of the FIEL.

Singapore

This prospectus supplement and the attached prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the attached prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the depositary shares may not be circulated or distributed, nor may the depositary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the depositary shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the depositary shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

South Korea

The depositary shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "FSCMA"), and the depositary shares have been and will be offered in Korea as a private placement under the FSCMA. None of the depositary shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "FETL"). Furthermore, the purchaser of the depositary shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the depositary shares.

Each underwriter has represented and agreed that it has not offered, sold or delivered the depositary shares, directly or indirectly, or offered or sold the depositary shares to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea and will not offer, sell or deliver the depositary shares, directly or indirectly, or offer or sell the depositary shares to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FSCMA, the FETL and other relevant laws and regulations of Korea.

Sweden

The depositary shares have not been registered for sale with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). In addition, neither this prospectus supplement nor the attached prospectus has been approved by or registered with the Swedish Financial Supervisory Authority pursuant to the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*). Accordingly, the depositary shares may only

be offered in Sweden in circumstances that will not result in a requirement to publish a prospectus pursuant to the Prospectus Directive as implemented through the Swedish Financial Instruments Trading Act.

Switzerland

If the depositary shares are offered or distributed into or in Switzerland, (a) each underwriter has represented and agreed that it will not, directly or indirectly, (i) publicly offer, sell, or advertise the depositary shares into or in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations (CO), or (ii) distribute or otherwise make available the prospectus supplement, the attached prospectus or any other document related to the depositary shares in Switzerland in a way that would constitute a public offering of the depositary shares, and (b) each underwriter has acknowledged and agreed that none of the prospectus supplement, the attached prospectus or any other document related to the depositary shares constitutes a prospectus in the sense of Article 652a or 1156 CO.

The People's Republic of China

This prospectus supplement and attached prospectus have not been filed with or approved by the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) authorities, and is not an offer of securities (whether a public offering or private placement) within the meaning of the Securities Law or other pertinent laws and regulations of the People's Republic of China. This prospectus supplement and attached prospectus shall not be delivered to any party who is not an intended recipient and shall not be distributed to the general public if used within the People's Republic of China, and the depositary shares so offered herein cannot be sold to anyone that is not a qualified purchaser of the People's Republic of China. Each underwriter has represented, warranted and agreed that the depositary shares are not being offered and sold and may not be offered or sold, directly or indirectly, in the People's Republic of China, except under circumstances that will result in compliance with applicable laws and regulations.

United Kingdom

This prospectus supplement and the attached prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This prospectus supplement and attached prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

United Arab Emirates

This prospectus supplement and the attached prospectus have not been approved or licensed by the Central Bank of the United Arab Emirates (the UAE), Securities and Commodities Authority of the UAE (the SCA), the Dubai Financial Services Authority (the DFSA) or any

other relevant licensing authority in the UAE. The offer of the depositary shares does not constitute a public offer of securities in the UAE in accordance with relevant laws of the UAE, in particular, the Commercial Companies Law, Federal law No. 8 of 1984 (as amended), SCA Resolution No.(37) of 2012 or otherwise. Accordingly, the depositary shares may not be offered to the public in the UAE (including the Dubai International Financial Centre).

This prospectus supplement and the attached prospectus are strictly private and confidential and are being issued to a limited number of institutional and individual investors:

- (a) who qualify as sophisticated investors;
- (b) upon their request and confirmation that they understand that the depositary shares have not been approved or licensed by or registered with the UAE Central Bank, the SCA, DFSA or any other relevant licensing authorities or governmental agencies in the UAE; and
- (c) must not be provided to any other person other than the original recipient, and may not be reproduced or used for any other purpose. Each underwriter has represented and agreed that it has not and will not offer, sell, transfer or deliver the depositary shares to the public in the UAE.

LEGAL MATTERS

The validity of the Preferred Stock and the related depositary shares will be passed upon for us by McGuireWoods LLP, Charlotte, North Carolina, and for the underwriters by Morrison & Foerster LLP, New York, New York. McGuireWoods LLP regularly performs legal services for Bank of America. Some members of McGuireWoods LLP performing those legal services own shares of the Corporation's common stock.

S-61

PROSPECTUS

Debt Securities, Warrants, Units, Purchase Contracts,

Preferred Stock, Depositary Shares, and Common Stock

We from time to time may offer to sell debt securities, warrants, purchase contracts, preferred stock, depositary shares representing fractional interests in preferred stock, and common stock, as well as units comprised of two or more of these securities or securities of third parties. The debt securities, warrants, purchase contracts, and preferred stock may be convertible into or exercisable or exchangeable for our common or preferred stock or for debt or equity securities of one or more other entities. Our common stock is listed on the New York Stock Exchange under the symbol BAC. In addition, our common stock is listed on the London Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange.

This prospectus describes the general terms of these securities and the general manner in which we will offer the securities. When we sell a particular series of securities, we will prepare one or more supplements to this prospectus describing the offering and the specific terms of that series of securities. You should read this prospectus and any applicable supplement carefully before you invest.

We may use this prospectus in the initial sale of these securities. In addition, Merrill Lynch, Pierce, Fenner & Smith Incorporated, or any of our other affiliates, may use this prospectus in a market-making transaction in any of these securities after their initial sale. Unless you are informed otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

Potential purchasers of our securities should consider the information set forth in the Risk Factors section beginning on page 8.

Our securities are unsecured and are not savings accounts, deposits, or other obligations of a bank, 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 may involve investment risks, including possible loss of principal.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated March 30, 2012

TABLE OF CONTENTS

	Page
<u>About this Prospectus</u>	3
<u>Prospectus Summary</u>	4
<u>Risk Factors</u>	8
<u>Currency Risks</u>	8
<u>Other Risks</u>	10
<u>Bank of America Corporation</u>	11
<u>Use of Proceeds</u>	11
<u>Description of Debt Securities</u>	12
<u>General</u>	12
<u>The Indentures</u>	12
<u>Form and Denomination of Debt Securities</u>	13
<u>Different Series of Debt Securities</u>	14
<u>Fixed-Rate Notes</u>	15
<u>Floating-Rate Notes</u>	15
<u>Indexed Notes</u>	23
<u>Floating-Rate/Fixed-Rate/Indexed Notes</u>	24
<u>Original Issue Discount Notes</u>	24
<u>Payment of Principal, Interest, and Other Amounts Due</u>	24
<u>No Sinking Fund</u>	27
<u>Redemption</u>	27
<u>Repayment</u>	27
<u>Repurchase</u>	27
<u>Conversion</u>	28
<u>Exchange, Registration, and Transfer</u>	28
<u>Subordination</u>	28
<u>Sale or Issuance of Capital Stock of Banks</u>	29
<u>Limitation on Mergers and Sales of Assets</u>	30
<u>Waiver of Covenants</u>	30
<u>Modification of the Indentures</u>	30
<u>Meetings and Action by Securityholders</u>	31
<u>Events of Default and Rights of Acceleration</u>	31
<u>Collection of Indebtedness</u>	31
<u>Payment of Additional Amounts</u>	32
<u>Redemption for Tax Reasons</u>	35
<u>Defeasance and Covenant Defeasance</u>	35
<u>Notices</u>	36
<u>Concerning the Trustees</u>	37
<u>Governing Law</u>	37
<u>Description of Warrants</u>	37
<u>General</u>	37
<u>Description of Debt Warrants</u>	37
<u>Description of Universal Warrants</u>	38
<u>Modification</u>	39
<u>Enforceability of Rights of Warrantholders; No Trust Indenture Act Protection</u>	39
<u>Unsecured Obligations</u>	40
<u>Description of Purchase Contracts</u>	40
<u>General</u>	40
<u>Purchase Contract Property</u>	40
<u>Information in Supplement</u>	41
<u>Prepaid Purchase Contracts; Applicability of Indenture</u>	42
<u>Non-Prepaid Purchase Contracts; No Trust Indenture Act Protection</u>	42
<u>Pledge by Holders to Secure Performance</u>	43
<u>Settlement of Purchase Contracts That Are Part of Units</u>	43
<u>Failure of Holder to Perform Obligations</u>	43
<u>Unsecured Obligations</u>	43
<u>Description of Units</u>	44
<u>General</u>	44
<u>Unit Agreements: Prepaid, Non-Prepaid, and Other</u>	45
<u>Modification</u>	45
<u>Enforceability of Rights of Unitholders; No Trust Indenture Act Protection</u>	45
<u>Unsecured Obligations</u>	46

<u>Description of Preferred Stock</u>	46
<u>General</u>	46
<u>The Preferred Stock</u>	48
<u>Description of Depositary Shares</u>	49
<u>General</u>	49
<u>Terms of the Depositary Shares</u>	50
<u>Withdrawal of Preferred Stock</u>	50
<u>Dividends and Other Distributions</u>	50
<u>Redemption of Depositary Shares</u>	51
<u>Voting the Deposited Preferred Stock</u>	51
<u>Amendment and Termination of the Deposit Agreement</u>	51
<u>Charges of Depositary</u>	52
<u>Miscellaneous</u>	52
<u>Resignation and Removal of Depositary</u>	52
<u>Description of Common Stock</u>	52
<u>General</u>	52
<u>Voting and Other Rights</u>	53
<u>Dividends</u>	53
<u>Registration and Settlement</u>	54
<u>Book-Entry Only Issuance</u>	54
<u>Certificates in Registered Form</u>	54
<u>Street Name Owners</u>	55
<u>Legal Holders</u>	55
<u>Special Considerations for Indirect Owners</u>	55
<u>Depositories for Global Securities</u>	56
<u>Special Considerations for Global Securities</u>	60
<u>Registration, Transfer, and Payment of Certificated Securities</u>	61
<u>U.S. Federal Income Tax Considerations</u>	62
<u>Taxation of Debt Securities</u>	63
<u>Taxation of Common Stock, Preferred Stock, and Depositary Shares</u>	78
<u>Taxation of Warrants</u>	84
<u>Taxation of Purchase Contracts</u>	84
<u>Taxation of Units</u>	84
<u>Reportable Transactions</u>	84
<u>Foreign Account Tax Compliance Act</u>	85
<u>EU Directive on the Taxation of Savings Income</u>	86
<u>Plan of Distribution (Conflicts of Interest)</u>	87
<u>Distribution Through Underwriters</u>	87
<u>Distribution Through Dealers</u>	88
<u>Distribution Through Agents</u>	88
<u>Direct Sales</u>	88
<u>General Information</u>	88
<u>Market-Making Transactions by Affiliates</u>	89
<u>Conflicts of Interest</u>	89
<u>ERISA Considerations</u>	91
<u>Where You Can Find More Information</u>	93
<u>Forward-Looking Statements</u>	94
<u>Legal Matters</u>	94
<u>Experts</u>	95

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus or the registration statement in one or more offerings.

This prospectus provides you with a general description of securities we may offer. Each time we sell securities, we will provide one or more prospectus supplements, product supplements, pricing supplements (each of which we may refer to as a term sheet), and/or index supplements that describe the particular securities offering and the specific terms of the securities being offered. These documents also may add, update, or change information contained in this prospectus. In this prospectus, when we refer to the applicable supplement or the accompanying supplement, we mean the prospectus supplement or supplements, as well as any applicable pricing, product, or index supplements, that describe the particular securities being offered to you. If there is any inconsistency between the information in this prospectus and the applicable supplement, you should rely on the information in the applicable supplement.

The information in this prospectus is not complete and may be changed. You should rely only on the information provided in or incorporated by reference in this prospectus, the accompanying supplement, or documents to which we otherwise refer you. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the accompanying supplement, as well as information we have filed or will file with the SEC and incorporated by reference in this prospectus, is accurate as of the date of the applicable document or other date referred to in that document. Our business, financial condition, and results of operations may have changed since that date.

Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus to Bank of America, we, us, our, or similar references are to Bank of America Corporation excluding its consolidated subsidiaries.

References in this prospectus to \$ and dollars are to the currency of the United States of America; and references in this prospectus to and euro are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to Article 109g of the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

PROSPECTUS SUMMARY

This summary section highlights selected information from this prospectus. This summary does not contain all the information that you should consider before investing in the securities we may offer using this prospectus. To fully understand the securities we may offer, you should read carefully:

this prospectus, which explains the general terms of the securities we may offer;

the applicable supplement, which explains the specific terms of the particular securities we are offering, and which may update or change the information in this prospectus; and

the documents we refer to in [Where You Can Find More Information](#) below for information about us, including our financial statements.

Bank of America Corporation

Bank of America Corporation is a Delaware corporation, a bank holding company, and a financial holding company. We provide a diversified range of banking and nonbanking financial services and products both domestically and internationally. Our headquarters is located at Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255 and our telephone number is (704) 386-5681.

The Securities We May Offer

We may use this prospectus to offer any of the following securities from time to time:

debt securities;

warrants;

purchase contracts;

preferred stock;

depository shares representing fractional interests in preferred stock;

common stock; and

units, comprised of two or more of any of the securities referred to above, in any combination.

When we use the term [securities](#) in this prospectus, we mean any of the securities we may offer with this prospectus, unless we specifically state otherwise. This prospectus, including this summary, describes the general terms of the securities we may offer. Each time we sell securities, we will provide you with the applicable supplement or supplements that will describe the offering and the specific terms of the securities being offered. A supplement may include a discussion of additional U.S. federal income tax consequences and any additional risk factors or other special considerations applicable to those particular securities.

Debt Securities

Our debt securities may be either senior or subordinated obligations in right of payment. Our senior and subordinated debt securities will be issued under separate indentures, or contracts, that

we have with The Bank of New York Mellon Trust Company, N.A., as successor trustee. The particular terms of each series of debt securities will be described in the applicable supplement.

Warrants

We may offer two types of warrants:

warrants to purchase our debt securities; and

warrants to purchase or sell, or whose cash value is determined by reference to the performance, level, or value of, one or more of the following:

securities of one or more issuers, including our common or preferred stock, other securities described in this prospectus, or the debt or equity securities of third parties;

one or more currencies, currency units, or composite currencies;

one or more commodities;

any other financial, economic, or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described above.

For any warrants we may offer, we will describe in the applicable supplement the underlying property, the expiration date, the exercise price or the manner of determining the exercise price, the amount and kind, or the manner of determining the amount and kind, of property to be delivered by you or us upon exercise, and any other specific terms of the warrants. We will issue warrants under warrant agreements that we will enter into with one or more warrant agents.

Purchase Contracts

We may offer purchase contracts requiring holders to purchase or sell, or whose cash value is determined by reference to the performance, level, or value of, one or more of the following:

securities of one or more issuers, including our common or preferred stock, other securities described in this prospectus, or the debt or equity securities of third parties;

one or more currencies, currency units, or composite currencies;

one or more commodities;

any other financial, economic, or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described above.

For any purchase contracts we may offer, we will describe in the applicable supplement the underlying property, the settlement date, the purchase price, or manner of determining the purchase price and whether it must be paid when the purchase contract is issued or at a later date, the amount and kind, or manner of determining the amount and kind, of property to be delivered at settlement, whether the holder will pledge property to secure the performance of any obligations the holder may have under the purchase contract, and any other specific terms of the purchase contracts.

Units

We may offer units consisting of any combination of two or more debt securities, warrants, purchase contracts, shares of preferred stock, depositary shares, and common stock described in this prospectus as well as securities of third parties. For any units we may offer, we will describe in the applicable supplement the particular securities that comprise each unit, whether or not the particular securities will be separable and, if they will be separable, the terms on which they will be separable, a description of the provisions for the payment, settlement, transfer, or exchange of the units, and any other specific terms of the units. We will issue units under unit agreements that we will enter into with one or more unit agents.

Preferred Stock and Depositary Shares

We may offer our preferred stock in one or more series. For any particular series we may offer, we will describe in the applicable supplement:

the specific designation;

the aggregate number of shares offered;

the dividend rate and periods, or manner of calculating the dividend rate and periods, if any;

the stated value and liquidation preference amount, if any;

the voting rights, if any;

the terms on which the series of preferred stock is convertible into shares of our common stock, preferred stock of another series, or other securities, if any;

the redemption terms, if any; and

any other specific terms of the series.

We also may offer depositary shares, each of which will represent a fractional interest in a share or multiple shares of our preferred stock. We will describe in the applicable supplement any specific terms of the depositary shares. We will issue the depositary shares under deposit agreements that we will enter into with one or more depositories.

Form of Securities

Unless we specify otherwise in the applicable supplement, we will issue the securities, other than shares of our common stock, in book-entry only form through one or more depositories, such as The Depository Trust Company, Euroclear Bank SA/NV, or Clearstream Banking, société anonyme, Luxembourg, as identified in the applicable supplement. We will issue the securities only in registered form, without coupons, although we may issue the securities in bearer form if we so specify in the applicable supplement. The securities issued in book-entry only form will be represented by a global security registered in the name of the specified depository, rather than notes or certificates registered in the name of each individual investor. Unless we specify otherwise in the applicable supplement, each sale of securities in book-entry form will settle in immediately available funds through the specified depository.

A global security may be exchanged for actual notes or certificates registered in the names of the beneficial owners only under the limited circumstances described in this prospectus.

Payment Currencies

All amounts payable in respect of the securities, including the purchase price, will be payable in U.S. dollars, unless we specify otherwise in the applicable supplement.

Listing

We will state in the applicable supplement whether the particular securities that we are offering will be listed or quoted on a securities exchange or quotation system.

Distribution

We may offer the securities under this prospectus:

through underwriters;

through dealers;

through agents; or

directly to purchasers.

The applicable supplement will include any required information about the firms we use and the discounts or commissions we may pay them for their services.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, or any of our other affiliates, may be an underwriter, dealer, or agent for us.

Market-Making by Our Affiliates

Following the initial distribution of an offering of securities, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and other affiliates of ours may offer and sell those securities in the course of their businesses as broker-dealers. Merrill Lynch, Pierce, Fenner & Smith Incorporated and any such other affiliates may act as a principal or agent in these transactions. This prospectus and the applicable supplement or supplements also will be used in connection with these market-making transactions. Sales in any of these market-making transactions will be made at varying prices related to prevailing market prices and other circumstances at the time of sale.

If you purchase securities in a market-making transaction, you will receive information about the purchase price and your trade and settlement dates in a separate confirmation of sale.

RISK FACTORS

This section summarizes some specific risks and investment considerations with respect to an investment in our securities. This summary does not describe all of the risks and investment considerations with respect to an investment in our securities, including risks and considerations relating to a prospective investor's particular circumstances. For information regarding risks and uncertainties that may materially affect our business and results, please refer to the information under the captions Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus. You should also review the risk factors that will be set forth in other documents that we will file after the date of this prospectus, together with the risk factors set forth in any applicable supplement. Prospective investors should consult their own financial, legal, tax, and other professional advisors as to the risks associated with an investment in our securities and the suitability of the investment for the investor.

Currency Risks

We may issue securities denominated in or whose principal and interest is payable in a currency other than U.S. dollars. We refer to these securities as Non-U.S. Dollar-Denominated Securities. If you intend to invest in any Non-U.S. Dollar-Denominated Securities, you should consult your own financial and legal advisors as to the currency risks related to your investment. The Non-U.S. Dollar-Denominated Securities are not an appropriate investment for you if you are not knowledgeable about the significant terms and conditions of the Non-U.S. Dollar-Denominated Securities or financial matters in general. The information in this prospectus is directed primarily to investors who are U.S. residents. Investors who are not U.S. residents should consult their own financial and legal advisors about currency-related risks arising from their investment.

Non-U.S. Dollar-Denominated Securities have significant risks that are not associated with a similar investment in conventional debt securities that are payable solely in U.S. dollars. These risks include possible significant changes in rates of exchange between the U.S. dollar and the specified currency and the imposition or modification of foreign exchange controls or other conditions by either the United States or non-U.S. governments. These risks generally are influenced by factors over which we have no control, such as economic and political events and the supply of and demand for the relevant currencies in the global markets.

Currency Exchange Rates. Exchange rates between the U.S. dollar and other currencies have been highly volatile. This volatility may continue and could spread to other currencies in the future. Fluctuations in currency exchange rates could affect adversely an investment in the Non-U.S. Dollar-Denominated Securities. Depreciation of the specified currency against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent value of payments on the Non-U.S. Dollar-Denominated Securities. That in turn could cause the market value of the Non-U.S. Dollar-Denominated Securities to fall.

Changes in Foreign Currency Exchange Rates. Except as described below or in a supplement, we will not make any adjustment in or change to the terms of the Non-U.S. Dollar-Denominated Securities for changes in the foreign currency exchange rate for the specified currency, including any devaluation, revaluation, or imposition of exchange or other regulatory controls or taxes, or for other developments affecting the specified currency, the U.S. dollar, or any other currency. Consequently, you will bear the risk that your investment may be affected adversely by these types of events.

Government Policy. Foreign currency exchange rates either can float or be fixed by sovereign governments. Governments or governmental bodies, including the European Central

Bank, may intervene in their economies to alter the exchange rate or exchange characteristics of their currencies. For example, a central bank may intervene to devalue or revalue a currency or to replace an existing currency. In addition, a government may impose regulatory controls or taxes to affect the exchange rate of its currency. As a result, the yield or payout of a Non-U.S. Dollar-Denominated Security could be affected significantly and unpredictably by governmental actions. Changes in exchange rates could affect the value of the Non-U.S. Dollar-Denominated Securities as participants in the global currency markets move to buy or sell the specified currency or U.S. dollars in reaction to these developments.

If a governmental authority imposes exchange controls or other conditions, such as taxes on the transfer of the specified currency, there may be limited availability of the specified currency for payment on the Non-U.S. Dollar-Denominated Securities at their maturity or on any other payment date. In addition, the ability of a holder to move currency freely out of the country in which payment in the currency is received or to convert the currency at a freely determined market rate could be limited by governmental actions.

Payments in U.S. Dollars. The terms of any Non-U.S. Dollar-Denominated Securities may provide that we may have the right to make a payment in U.S. dollars instead of the specified currency, if at or about the time when the payment on the Non-U.S. Dollar-Denominated Securities comes due, the specified currency is subject to convertibility, transferability, market disruption, or other conditions affecting its availability because of circumstances beyond our control. These circumstances could include the imposition of exchange controls or our inability to obtain the specified currency because of a disruption in the currency markets for the specified currency. The exchange rate used to make payment in U.S. dollars may be based on limited information and would involve significant discretion on the part of our exchange rate agent. As a result, the value of the payment in U.S. dollars may be less than the value of the payment you would have received in the specified currency if the specified currency had been available. The exchange rate agent will generally not have any liability for its determinations.

Court Judgments. Any Non-U.S. Dollar-Denominated Securities typically will be governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on the Non-U.S. Dollar-Denominated Debt Securities would be required to render the judgment in the specified currency. In turn, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the Non-U.S. Dollar-Denominated Securities, you would bear currency exchange risk until judgment is entered, which could be a long time.

In courts outside of New York, you may not be able to obtain judgment in a specified currency other than U.S. dollars. For example, a judgment for money in an action based on Non-U.S. Dollar-Denominated Securities in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of the specified currency into U.S. dollars will depend on various factors, including which court renders the judgment.

Information About Foreign Currency Exchange Rates. If we issue a Non-U.S. Dollar-Denominated Security, we may include in the applicable supplement information about historical exchange rates for the relevant non-U.S. dollar currency or currencies. Any information about exchange rates that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

Other Risks

Possible Illiquidity of the Secondary Market. We may not list our securities on any securities exchange. We cannot predict how these securities will trade in the secondary market or whether that market will be liquid or illiquid. The number of potential buyers of our securities in any secondary market may be limited. Although any underwriters or agents may purchase and sell our securities in the secondary market from time to time, these underwriters or agents will not be obligated to do so and may discontinue making a market for the securities at any time without giving us notice. We cannot assure you that a secondary market for any of our securities will develop, or that if one develops, it will be maintained.

Redemption. The terms of our securities may permit or require redemption of the securities prior to maturity. That redemption may occur at a time when prevailing interest rates are relatively low. As a result, in the case of debt or similar securities, a holder of the redeemed securities may not be able to invest the redemption proceeds in a new investment that yields a similar return.

Credit Ratings. Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of our securities. However, because the return on our securities generally depends upon factors in addition to our ability to pay our obligations, an improvement in these credit ratings will not reduce the other investment risks, if any, related to our securities.

BANK OF AMERICA CORPORATION

Bank of America Corporation is a Delaware corporation, a bank holding company, and a financial holding company under the Gramm-Leach-Bliley Act. Our principal executive offices are located in the Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255 and our telephone number is (704) 386-5681. Through our banking and various nonbanking subsidiaries throughout the United States and in certain international markets, we provide a diversified range of banking and nonbanking financial services and products through six business segments: *Deposits, Card Services, Consumer Real Estate Services, Global Commercial Banking, Global Banking & Markets* and *Global Wealth & Investment Management*.

USE OF PROCEEDS

Unless we describe a different use in the applicable supplement, we will use the net proceeds from the sale of the securities for general corporate purposes. General corporate purposes include, but are not limited to, the following:

our working capital needs;

the funding of investments in, or extensions of credit to, our subsidiaries;

possible reductions, redemptions or repurchases of our outstanding indebtedness;

possible repayments on outstanding indebtedness;

the possible acquisitions of, or investments in, other financial institutions or other businesses of a type we are permitted to acquire under applicable law; and

other uses in the ordinary course of conducting our business.

Until we designate the use of these net proceeds, we will invest them temporarily. From time to time, we may engage in additional financings as we determine appropriate based on our needs and prevailing market conditions. These additional financings may include the sale of other securities.

DESCRIPTION OF DEBT SECURITIES

General

We may issue senior or subordinated debt securities. Neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets. As a result, by owning a debt security, you are one of our unsecured creditors.

The senior debt securities will constitute part of our senior debt, will be issued under our senior debt indenture described below, and will rank equally with all of our other unsecured and unsubordinated debt.

The subordinated debt securities will constitute part of our subordinated debt, will be issued under our subordinated debt indenture described below, and will be subordinated in right of payment to all of our senior indebtedness, as defined in the subordinated debt indenture. Neither the senior debt indenture nor the subordinated debt indenture limits our ability to incur additional senior indebtedness.

The Indentures

The senior debt securities and the subordinated debt securities each are governed by a document called an indenture, which is a contract between us and the applicable trustee. Senior debt securities will be issued under the Indenture dated as of January 1, 1995 (as supplemented, the Senior Indenture) between us and The Bank of New York Mellon Trust Company, N.A., as successor trustee, and subordinated debt securities will be issued under the Indenture dated as of January 1, 1995 (as supplemented, the Subordinated Indenture) between us and The Bank of New York Mellon Trust Company, N.A., as successor trustee. The indentures are substantially identical, except for:

the covenant described below under Sale or Issuance of Capital Stock of Banks, which is included only in the Senior Indenture;

the provisions relating to subordination described below under Subordination, which are included only in the Subordinated Indenture; and

the events of default described below under Events of Default and Rights of Acceleration, many of which are not included in the Subordinated Indenture.

In this prospectus, when we refer to debt securities, we mean both our senior debt securities and our subordinated debt securities, and when we refer to the indenture or the trustee with respect to any debt securities, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

The trustee under each indenture has two principal functions:

First, the trustee can enforce your rights against us if we default. However, there are limitations on the extent to which the trustee may act on your behalf, which we describe below under Collection of Indebtedness.

Second, the trustee performs administrative duties for us, including the delivery of interest payments and notices. Neither indenture limits the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. The indentures and the debt

securities also do not limit our ability to incur other indebtedness or to issue other securities. This means that we may issue additional debt securities and other securities at any time without your consent and without notifying you. In addition, neither indenture contains provisions protecting holders against a decline in our credit quality resulting from takeovers, recapitalizations, the incurrence of additional indebtedness, or restructuring. If our credit quality declines as a result of an event of this type, or otherwise, any ratings of our debt securities then outstanding may be withdrawn or downgraded.

This section is a summary of the indentures and is subject to and qualified in its entirety by reference to all the provisions of the indentures. We have filed the indentures with the SEC as exhibits to our registration statement, and they are incorporated in this prospectus by reference. See **Where You Can Find More Information** below for information on how to obtain copies of the indentures. Whenever we refer to the defined terms of the indentures in this prospectus or in a supplement without defining them, the terms have the meanings given to them in the indentures. You must look to the indentures for the most complete description of the information summarized in this prospectus.

Form and Denomination of Debt Securities

Unless we specify otherwise in the applicable supplement, we will issue each debt security in global, or book-entry, form. Debt securities in book-entry form will be represented by a global security registered in the name of a depository. Accordingly, the depository will be the holder of all the debt securities represented by the global security. Those who own beneficial interests in a global security will do so through participants in the depository's securities clearing system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depository and its participants. We describe the procedures applicable to book-entry securities below under the heading **Registration and Settlement**.

Generally, all securities represented by the same global security will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security. Your prospectus supplement will not indicate whether your debt securities are represented by a master global security.

Unless we specify otherwise in the applicable supplement, we will issue our debt securities in fully registered form, without coupons. If we issue a debt security in bearer form, we will describe the special considerations applicable to bearer securities in the applicable supplement. Some of the features that we describe in this prospectus may not apply to the bearer securities.

Our debt securities may be denominated, and cash payments with respect to the debt securities may be made, in U.S. dollars or in another currency, or in a composite currency, a basket of currencies, or a currency unit or units. Unless we specify otherwise in the applicable supplement, the debt securities will be denominated, and cash payments with respect to the debt securities will be made, in U.S. dollars, and the debt securities ordinarily will be issued in denominations of \$1,000 and multiples of \$1,000 in excess of \$1,000. We may also issue debt securities that are denominated in units of \$10. If any of the debt securities are denominated, or if principal, any premium, interest, and any other amounts payable on any of the debt securities is payable, in a foreign currency, or in a composite currency, a basket of currencies, or a currency unit or units, the specified currency, as well as any additional investment considerations, risk factors, restrictions, tax consequences, specific terms and other information relating to that issue of debt securities and the specified currency, composite currency, basket of currencies, or currency unit or units, may be described in the applicable supplement. We describe some of those investment considerations relating to securities denominated or payable in a currency other than U.S. dollars above under the heading **Risk Factors**.

Different Series of Debt Securities

We may issue our debt securities from time to time in one or more series with the same or different maturities. We also may reopen a series of our debt securities. This means that we can increase the principal amount of a series of our debt securities by selling additional debt securities with the same terms. We may do so without notice to the existing holders of securities of that series. However, any new securities of this kind may begin to bear interest at a different date.

This section of the prospectus summarizes the material terms of the debt securities that are common to all series. We will describe the financial and other specific terms of the series of debt securities being offered in the applicable supplement. The supplement also may describe any differences from the material terms described in this prospectus. If there are any differences between the applicable supplement and this prospectus, the applicable supplement will control.

The terms of your series of debt securities as described in the applicable supplement may include the following:

the title and type of the debt securities;

the principal amount of the debt securities;

the minimum denominations, if other than \$1,000 and multiples of \$1,000 in excess of \$1,000;

the percentage of the stated principal amount at which the debt securities will be sold and, if applicable, the method of determining the price;

the person to whom interest is payable, if other than the owner of the debt securities;

the maturity date or dates;

the interest rate or rates, which may be fixed or variable, and the method used to calculate that interest;

any index or other reference asset or assets that will be used to determine the amounts of any payments on the debt securities and the manner in which those amounts will be determined;

the interest payment dates, the regular record dates for the interest payment dates, and the date interest will begin to accrue;

the place or places where payments on the debt securities may be made and the place or places where the debt securities may be presented for registration of transfer or exchange;

any date or dates after which the debt securities may be redeemed, repurchased, or repaid in whole or in part at our option or the option of the holder, and the periods, prices, terms, and conditions of that redemption, repurchase, or repayment;

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 424B2

if other than the full principal amount, the portion of the principal amount of the debt securities that will be payable if their maturity is accelerated;

the currency of principal, any premium, interest and any other amounts payable on the debt securities, if other than U.S. dollars;

if the debt securities will be issued in other than book-entry form;

the identification of or method of selecting any calculation agents, exchange rate agents, or any other agents for the debt securities;

any provisions for the discharge of our obligations relating to the debt securities by the deposit of funds or U.S. government obligations;

any provisions relating to the extension or renewal of the maturity date of the debt securities;

whether the debt securities will be listed on any securities exchange; or

any other terms of the debt securities that are permitted under the applicable indenture.

Fixed-Rate Notes

General. We may issue debt securities that bear interest at one or more fixed rates of interest, as specified in the applicable supplement. We refer to these as fixed-rate notes. Unless we specify otherwise in the applicable supplement, each fixed-rate note will bear interest from its original issue date or from the most recent date to which interest on the note has been paid or made available for payment. Interest will accrue on the principal of a fixed-rate note at the fixed annual rate stated in the applicable supplement, until the principal is paid or made available for payment or the note is converted or exchanged.

Unless we specify otherwise in the applicable supplement, we will pay interest on any fixed-rate note quarterly, semi-annually, or annually, as applicable, in arrears, on the days set forth in the applicable supplement (each such day being an interest payment date) and at maturity. Each interest payment due on an interest payment date or the maturity date will include interest accrued from and including the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the original issue date, to but excluding the next interest payment date or the maturity date, as the case may be. Unless we specify otherwise in the applicable supplement, interest on fixed-rate notes will be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. We will make payments on fixed-rate notes as described below under the heading Payment of Principal, Interest, and Other Amounts Due.

Amortizing Notes. We also may issue amortizing notes, which are fixed-rate notes for which combined principal and interest payments are made in installments over the life of the debt security. Payments on amortizing notes are applied first to interest due and then to the reduction of the unpaid principal amount. The supplement for an amortizing note will include a table setting forth repayment information.

Floating-Rate Notes

General. We may issue debt securities that will bear interest at a floating rate of interest determined by reference to one or more interest rate bases, or by reference to one or more interest rate formulae, referred to as the base rate. We refer to these debt securities as floating-rate notes. The base rate may be one or more of the following:

the federal funds rate, in which case the debt security will be a federal funds rate note ;

the London interbank offered rate, in which case the debt security will be a LIBOR note ;

the euro interbank offered rate, in which case the debt security will be a EURIBOR note ;

the prime rate, in which case the debt security will be a prime rate note ;

the treasury rate, in which case the debt security will be a treasury rate note ; or

any other interest rate formula as may be specified in the applicable supplement.

The interest rate for a floating-rate note will be determined by reference to:

the specified base rate based on the index maturity;

plus or minus the spread, if any; and/or

multiplied by the spread multiplier, if any.

For any floating-rate note, the index maturity is the period to maturity of the instrument for which the interest rate basis is calculated and will be specified in the applicable supplement. The spread is the number of basis points we specify on the floating-rate note to be added to or subtracted from the base rate. The spread multiplier is the percentage we may specify on the floating-rate note by which the base rate is multiplied in order to calculate the applicable interest rate.

A floating-rate note also may be subject to:

a maximum interest rate limit, or ceiling, on the interest that may accrue during any interest period;

a minimum interest rate limit, or floor, on the interest that may accrue during any interest period; or

both.

Unless we specify otherwise in the applicable supplement, each floating-rate note will bear interest from its original issue date or from the most recent date to which interest on the note has been paid or made available for payment. Interest will accrue on the principal of a floating-rate note at the annual rate determined according to the interest rate formula stated in the applicable supplement, until the principal is paid or made available for payment. Unless we specify otherwise in the applicable supplement, we will pay interest on any floating-rate note monthly, quarterly, semi-annually, or annually, as applicable, in arrears, on the days set forth in the applicable supplement. Unless we specify otherwise in the applicable supplement, each interest payment due on an interest payment date or the maturity date will include interest accrued from and including the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the original issue date, to but excluding the next interest payment date or the maturity date, as the case may be. We will make payments on floating-rate notes as described below under the heading Payment of Principal, Interest, and Other Amounts Due.

How Interest Is Reset. The interest rate in effect from the date of issue to the first interest reset date for a floating-rate note will be the initial interest rate determined as described in the applicable supplement. The interest rate of each floating-rate note may be reset daily, weekly, monthly, quarterly, semi-annually, or annually, as we specify in the applicable supplement. We refer to the period during which an interest rate is effective as an interest period, and the first day of each interest period as the interest reset date.

The interest determination date for any interest reset date is the day the calculation agent will refer to when determining the new interest rate at which a floating rate will reset. Unless we specify otherwise in the applicable supplement, the interest determination date for an interest reset date will be:

for a federal funds rate note or a prime rate note, the business day immediately preceding the interest reset date;

for a LIBOR note, the second London Banking Day (as defined below) preceding the interest reset date unless the index currency is pounds sterling, in which case the interest determination date will be the interest reset date;

for a EURIBOR note, the second TARGET Settlement Date (as defined below) preceding the interest reset date;

for a treasury rate note, the day of the week in which the interest reset date falls on which Treasury bills (as described below) of the applicable index maturity would normally be auctioned; and

for a floating-rate note with two or more base rates, the interest determination date will be the most recent business day that is at least two business days prior to the applicable interest reset date on which each applicable base rate is determinable.

Treasury bills usually are sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction usually is held on the following Tuesday, except that the auction may be held on the preceding Friday. If, as a result of a legal holiday, an auction is held on the preceding Friday, that preceding Friday will be the interest determination date pertaining to the interest reset date occurring in the next succeeding week. The treasury rate will be determined as of that date, and the applicable interest rate will take effect on the applicable interest reset date.

We will specify the interest reset dates in the applicable supplement. If any interest reset date for any floating-rate note falls on a day that is not a business day for the floating-rate note, the interest reset date for the floating-rate note will be postponed to the next day that is a business day for the floating-rate note. If Treasury bills are sold at an auction that falls on a day that is an interest reset date, that interest reset date will be the next following business day. However, unless we specify otherwise in the applicable supplement, in the case of a LIBOR note or a EURIBOR note, if the next business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day.

Calculation of Interest. Calculations relating to floating-rate notes will be made by the calculation agent, which will be an institution that we appoint as our agent for this purpose. The calculation agent may be one of our affiliates, including Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Commodities, Inc., or Merrill Lynch Capital Services, Inc. and may also be The Bank of New York Mellon Trust Company, N.A. We will identify in the applicable supplement the calculation agent we have appointed for a particular series of debt securities as of its original issue date. We may appoint different calculation agents from time to time after the original issue date of a floating-rate note without your consent and without notifying you of the change. Absent manifest error, all determinations of the calculation agent will be final and binding on you, the trustee and us.

For each floating-rate note, the calculation agent will determine, on the corresponding calculation or interest determination date, the interest rate for the applicable interest period. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period. Unless we specify otherwise in the applicable supplement, the calculation date for

any interest determination date will be the date by which the calculation agent computes the amount of interest owed on a floating-rate note for the related interest period. Unless we specify otherwise in the applicable supplement, the calculation date pertaining to an interest determination date will be the earlier of:

the tenth calendar day after that interest determination date or, if that day is not a business day, the next succeeding business day; or

the business day immediately preceding the applicable interest payment date, the maturity date, or the date of redemption or prepayment, as the case may be.

Accrued interest on a floating-rate note is calculated by multiplying the principal amount of a note by an accrued interest factor. This accrued interest factor is the sum of the interest factors calculated for each day in the period for which accrued interest is being calculated. Unless we specify otherwise in the applicable supplement, the accrued interest factor will be computed and interest will be paid (including payments for partial periods) as follows:

for federal funds rate notes, LIBOR notes, EURIBOR notes, prime rate notes, or any other floating-rate notes other than treasury rate notes, the daily interest factor will be computed by dividing the interest rate in effect on that day by 360; and

for treasury rate notes, the daily interest factor will be computed by dividing the interest rate in effect on that day by 365 or 366, as applicable.

All amounts used in or resulting from any calculation on floating-rate notes will be rounded to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward. Unless we specify otherwise in the applicable supplement, all percentages resulting from any calculation with respect to a floating-rate note will be rounded, if necessary, to the nearest one hundred-thousandth of a percent, with five one-millionths of a percentage point rounded upwards, e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655).

In determining the base rate that applies to a floating-rate note during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the descriptions of the base rates below and/or in the applicable supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer, or agent participating in the distribution of the relevant floating-rate notes and its affiliates, and they may include our affiliates.

At the request of the holder of any floating-rate note, the calculation agent will provide the interest rate then in effect for that floating-rate note and, if already determined, the interest rate that is to take effect on the next interest reset date.

LIBOR Notes. Each LIBOR note will bear interest at the LIBOR base rate, adjusted by any spread or spread multiplier, as specified in the applicable supplement. The LIBOR base rate will be the London interbank offered rate for deposits in U.S. dollars or any index currency, as specified in the applicable supplement.

LIBOR for any interest determination date will be the arithmetic mean of the offered rates for deposits in the relevant index currency having the index maturity described in the applicable supplement, commencing on the related interest reset date, as the rates appear on the Reuters LIBOR screen page designated in the applicable supplement as of 11:00 A.M., London time, on that

interest determination date, if at least two offered rates appear on the designated LIBOR page, except that, if the designated Reuters LIBOR screen page only provides for a single rate, that single rate will be used.

If fewer than two of the rates described above appear on that page or no rate appears on any page on which only one rate normally appears, then the calculation agent will determine LIBOR as follows:

The calculation agent will select four major banks in the London interbank market, after consultation with us. On the interest determination date, those four banks will be requested to provide their offered quotations for deposits in the relevant index currency having an index maturity specified in the applicable supplement commencing on the interest reset date to prime banks in the London interbank market at approximately 11:00 A.M., London time.

If at least two quotations are provided, the calculation agent will determine LIBOR as the arithmetic mean of those quotations.

If fewer than two quotations are provided, the calculation agent will select, after consultation with us, three major banks in New York City. On the interest determination date, those three banks will be requested to provide their offered quotations for loans in the relevant index currency having an index maturity specified in the applicable supplement commencing on the interest reset date to leading European banks at approximately 11:00 A.M., New York time. The calculation agent will determine LIBOR as the average of those quotations.

If fewer than three New York City banks selected by the calculation agent are quoting rates, LIBOR for that interest period will remain LIBOR then in effect on the interest determination date.

EURIBOR Notes. Each EURIBOR note will bear interest at the EURIBOR base rate, adjusted by any spread or spread multiplier, as specified in the applicable supplement.

EURIBOR, for any interest determination date, will mean the rate for deposits in euro as sponsored, calculated, and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the index maturity specified in the applicable supplement, as that rate appears on the display on Reuters, or any successor service, on page EURIBOR01 or any other page as may replace such page, referred to as Reuters Page EURIBOR01, as of 11:00 A.M., Brussels time.

The following procedures will be followed if EURIBOR cannot be determined as described above:

If no offered rate appears on Reuters Page EURIBOR01 on an interest determination date at approximately 11:00 A.M., Brussels time, then the calculation agent, after consultation with us, will select four major banks in the Eurozone interbank market to provide a quotation of the rate at which deposits in euro having the index maturity specified in the applicable supplement are offered to prime banks in the Eurozone interbank market, and in a principal amount not less than the equivalent of 1,000,000, that is representative of a single transaction in euro in that market at that time. If at least two quotations are provided, EURIBOR will be the average of those quotations.

If fewer than two quotations are provided, then the calculation agent, after consultation with us, will select four major banks in the Eurozone interbank market to provide a quotation of the rate offered by them, at approximately 11:00 A.M., Brussels time, on the

interest determination date, for loans in euro to prime banks in the Eurozone interbank market for a period of time equivalent to the index maturity specified in the applicable supplement commencing on that interest reset date and in a principal amount not less than the equivalent of 1,000,000, that is representative of a single transaction in euro in that market at that time. If at least three quotations are provided, EURIBOR will be the average of those quotations.

If three quotations are not provided, EURIBOR for that interest determination date will be equal to EURIBOR for the immediately preceding interest period.

Eurozone means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997).

Treasury Rate Notes. Each treasury rate note will bear interest at the treasury rate, adjusted by any spread or spread multiplier, as specified in the applicable supplement.

The treasury rate for any interest determination date will be the rate set at the auction of direct obligations of the United States, referred to as Treasury bills, having the index maturity described in the applicable supplement, as specified under the caption Investment Rate on Reuters screen page USAUCTION 10 or page USAUCTION 11, or any successor service or page.

The following procedures will be followed if the treasury rate cannot be determined as described above:

If the rate is not displayed on the Reuters pages described above by 3:00 P.M., New York City time, on the related calculation date, the treasury rate will be the rate of Treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Auction High.

If the alternative rate described in the paragraph immediately above is not published by 3:00 P.M., New York City time, on the related calculation date, the treasury rate will be the bond equivalent yield, as defined below, of the auction rate of the applicable Treasury bills as announced by the U.S. Department of the Treasury.

If the alternative rate described in the paragraph immediately above is not announced by the U.S. Department of the Treasury, or if the auction is not held, the treasury rate will be the bond equivalent yield of the rate on the particular interest determination date of the applicable Treasury bills as published in H.15(519) under the caption U.S. Government Securities/Treasury Bills/Secondary Market.

If the alternative rate described in the paragraph immediately above is not published by 3:00 P.M., New York City time, on the related calculation date, the treasury rate will be the rate on the particular interest determination date of the applicable Treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Secondary Market.

If the alternative rate described in the paragraph immediately above is not published by 3:00 P.M., New York City time, on the related calculation date, the treasury rate will be the rate on the particular interest determination date calculated by the calculation agent as the

bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on that interest determination date, of three primary U.S. government securities dealers, selected by the calculation agent, after consultation with us, for the issue of Treasury bills with a remaining maturity closest to the particular index maturity.

If the dealers selected by the calculation agent are not quoting as described in the paragraph immediately above, the treasury rate will be the treasury rate in effect on the particular interest determination date.

The bond equivalent yield will be calculated using the following formula:

$$\text{Bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where *D* refers to the applicable annual rate for Treasury bills quoted on a bank discount basis and expressed as a decimal, *N* refers to 365 or 366, as the case may be, and *M* refers to the actual number of days in the applicable interest period.

H.15(519) means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

H.15 Daily Update means the daily update of H.15(519), available through the website of the Board of Governors of the Federal Reserve System at www.federalreserve.gov/releases/h15/update, or any successor site or publication.

Federal Funds Rate Notes. Each federal funds rate note will bear interest at the federal funds rate, adjusted by any spread or spread multiplier, as specified in the applicable supplement.

If *Federal Funds (Effective) Rate* is specified in the applicable supplement, the federal funds rate for any interest determination date will be the rate on that date for U.S. dollar federal funds, as published in H.15(519) under the heading *Federal Funds (Effective)* and displayed on Reuters, or any successor service, on page FEDFUNDS1 or any other page as may replace the specified page on that service, referred to as *Reuters Page FedFunds1*. If this rate is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the related calculation date, or does not appear on Reuters Page FedFunds1, the federal funds rate will be the rate on that interest determination date as published in H.15 Daily Update, or any other recognized electronic source for the purposes of displaying the applicable rate, under the caption *Federal Funds (Effective) Rate*. If this alternate rate is not published in H.15 Daily Update, or other recognized electronic source for the purpose of displaying the applicable rate, by 3:00 P.M., New York City time, on the related calculation date, then the calculation agent will determine the federal funds rate to be the average of the rates for the last transaction in overnight U.S. dollar federal funds quoted prior to 9:00 A.M., New York City time, on the business day following that interest determination date, by each of three leading brokers of U.S. dollar federal funds transactions in New York City, selected by the calculation agent, after consultation with us. If fewer than three brokers selected by the calculation agent are so quoting, the federal funds rate will be the federal funds rate in effect on that interest determination date.

If *Federal Funds Open Rate* is specified in the applicable supplement, the federal funds rate will be the rate on that interest determination date set forth under the heading *Federal Funds* opposite the caption *Open* and displayed on Reuters, or any successor service, on page 5 or any other page as may replace the specified page on that service, referred to as *Reuters Page 5*, or if that rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the related calculation date, the federal funds rate will be the rate on that date displayed on FFPREBON Index

page on Bloomberg L.P. (Bloomberg), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If the alternate rate described in the preceding sentence is not displayed on FFPREBON Index page on Bloomberg, or any other recognized electronic source for the purpose of displaying the applicable rate, by 3:00 P.M., New York City time, on the related calculation date, then the calculation agent will determine the federal funds rate to be the average of the rates for the last transaction in overnight U.S. dollar federal funds, quoted prior to 9:00 A.M., New York City time, on that interest determination date, by each of three leading brokers of U.S. dollar federal funds transactions in New York City, selected by the calculation agent, after consultation with us. If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate will be the federal funds rate in effect on that interest determination date.

If Federal Funds Target Rate is specified in the applicable supplement, the federal funds rate will be the rate on that interest determination date for U.S. dollar federal funds displayed on the FDTR Index page on Bloomberg. If that rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the calculation date, the federal funds rate for the applicable interest determination date will be the rate for that day appearing on Reuters, or any successor service, on page USFFTARGET= or any other page as may replace the specified page on that service, referred to as Reuters Page USFFTARGET=. If that rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the applicable date, then the calculation agent will determine the federal funds rate to be the average of the rates for the last transaction in overnight U.S. dollar federal funds, quoted prior to 9:00 A.M., New York City time, on that interest determination date, by each of three leading brokers of U.S. dollar federal funds transactions in New York City, selected by the calculation agent, after consultation with us. If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate will be the federal funds rate in effect on that interest determination date.

Prime Rate Notes. Each prime rate note will bear interest at the prime rate, as adjusted by any spread or spread multiplier, as specified in the applicable supplement.

The prime rate for any interest determination date will be the prime rate or base lending rate on that date, as published in H.15(519) prior to 3:00 P.M., New York City time, on the related calculation date, under the heading Bank Prime Loan.

The following procedures will be followed if the prime rate cannot be determined as described above:

If the rate is not published in H.15(519) by 3:00 P.M., New York City time, on the related calculation date, then the prime rate will be the rate as published in H.15 Daily Update, or any other recognized electronic source used for the purpose of displaying the applicable rate, under the caption Bank Prime Loan.

If the alternative rate described above is not published in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related calculation date, then the calculation agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters screen US PRIME 1, as defined below, as that bank's prime rate or base lending rate as in effect as of 11:00 A.M., New York City time, on that interest determination date.

If fewer than four rates appear on the Reuters screen US PRIME 1 for that interest determination date, by 3:00 P.M., New York City time, then the calculation agent will determine the prime rate to be the average of the prime rates or base lending rates furnished in New York City by three substitute banks or trust companies (all organized

under the laws of the United States or any of its states and having total equity capital of at least \$500,000,000) selected by the calculation agent, after consultation with us.

If the banks selected by the calculation agent are not quoting as described above, the prime rate will remain the prime rate then in effect on the interest determination date.

Reuters screen US PRIME 1 means the display designated as page US PRIME 1 on the Reuters Monitor Money Rates Service (or any other page as may replace the US PRIME 1 page on that service for the purpose of displaying prime rates or base lending rates of major U.S. banks).

Indexed Notes

We may issue debt securities that provide that the rate of return, including the principal, premium (if any), interest, or other amounts payable (if any), is determined by reference, either directly or indirectly, to the price or performance of one or more securities, currencies or composite currencies, commodities, interest rates, stock indices, commodity indices or other indices, formulae, or measure, in each case as specified in the applicable supplement. We refer to these as indexed notes.

Holders of indexed notes may receive an amount at maturity that is greater than or less than the face amount of the notes, depending upon the formula used to determine the amount payable and the relative value at maturity of the reference asset or underlying obligation. The value of the applicable index will fluctuate over time.

An indexed note may provide either for cash settlement or for physical settlement by delivery of the indexed note or securities, or other securities of the types listed above. An indexed note also may provide that the form of settlement may be determined at our option or the holder's option. Some indexed notes may be convertible, exercisable, or exchangeable prior to maturity, at our option or the holder's option, for the related securities.

We will specify in the applicable supplement the method for determining the principal, premium (if any), interest, or other amounts payable (if any) in respect of particular indexed notes, as well as certain historical information with respect to the specified index or indexed items, specific risk factors relating to that particular type of indexed note, and tax considerations associated with an investment in the indexed notes.

The applicable supplement for any particular indexed notes also will identify the calculation agent that will calculate the amounts payable with respect to the indexed note. The calculation agent may be one of our affiliates, including Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Commodities, Inc., or Merrill Lynch Capital Services, Inc. We may appoint different calculation agents from time to time after the original issue date of an indexed note without your consent and without notifying you of the change. Absent manifest error, all determinations of the calculation agent will be final and binding on you, the trustee and us. Upon request of the holder of an indexed note, the calculation agent will provide, if applicable, information relating to the current principal, premium (if any), rate of interest, interest payable, or other amounts payable (if any) in connection with the indexed note.

We also may offer indexed amortizing notes, the rate of amortization and final maturity of which are subject to periodic adjustment based upon the degree to which an objective base or index rate such as LIBOR, called a reference rate, coincides with a specified target rate. Indexed amortizing notes may provide for adjustment of the amortization rate either on every interest payment date, or only on interest payment dates that occur after a specified lockout date. Each

indexed amortizing note will include an amortization table, specifying the rate at which the principal of the note is to be amortized following any applicable interest payment date, based upon the difference between the reference rate and the target rate. The specific terms of, and any additional considerations relating to, indexed amortizing notes will be set forth in the applicable supplement.

Floating-Rate/Fixed-Rate/Indexed Notes

We may issue a debt security with elements of each of the fixed-rate, floating-rate and indexed notes described above. For example, a debt security may bear interest at a fixed rate for some periods and at a floating rate in others. Similarly, a debt security may provide for a payment of principal at maturity linked to an index and also may bear interest at a fixed or floating rate. We will describe the determination of interest for any of these debt securities in the applicable supplement.

Original Issue Discount Notes

A fixed-rate note, a floating-rate note, or an indexed note may be an original issue discount note. Original issue discount notes are debt securities that are issued at a price lower than their stated principal amount or lower than their minimum guaranteed repayment amount at maturity. Original issue discount notes may bear no interest (zero coupon rate notes) or may bear interest at a rate that is below market rates at the time of issuance. Upon an acceleration of the maturity of an original issue discount note, the amount of interest payable will be determined in accordance with the terms of the note, as described in the applicable supplement. That amount normally is less than the amount payable at the maturity date. A note issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of maturity. See U.S. Federal Income Tax Considerations Taxation of Debt Securities below for a summary of the U.S. federal income tax consequences of owning an original issue discount note.

Payment of Principal, Interest, and Other Amounts Due

Paying Agents. We may appoint one or more financial institutions to act as our paying agents. Unless we specify otherwise in the applicable supplement, the trustee will act as our sole paying agent, security registrar and transfer agent with respect to the debt securities through the trustee's office. That office is currently located at 101 Barclay Street, New York, New York 10286. In addition, in the case of some of our debt securities, such as debt securities denominated in euro, that office is expected to be 48th Floor, One Canada Square, London, E14 5AL. At any time, we may rescind the designation of a paying agent, appoint a successor paying agent, or approve a change in the office through which any successor paying agent acts in accordance with the applicable indenture. In addition, we may decide to act as our own paying agent with respect to some or all of the debt securities, and the paying agent may resign.

Payments to Holders and Record Dates for Interest. We refer to each date on which interest is payable on a debt security as an interest payment date. Unless we specify otherwise in the applicable supplement, the provisions described in this section will apply to payments on the debt securities.

Interest payments on the debt securities will be made on each interest payment date applicable to, and at the maturity date of, the debt securities. Interest payable at any interest payment date other than the maturity date will be paid to the registered holder of the debt security on the regular record date for that interest payment date, as described below. However, unless we specify otherwise in the applicable supplement, the initial interest payment on a debt security issued

between a regular record date and the interest payment date immediately following the regular record date will be made on the second interest payment date following the original issue date to the holder of record on the regular record date preceding the second interest payment date. The principal and interest payable at maturity will be paid to the holder of the debt security at the time of payment by the paying agent.

Unless we specify otherwise in the applicable supplement, the record date for any interest payment for a debt security in book-entry only form generally will be the business day prior to the payment date. If the debt security is in a form that is other than book-entry only, and unless we specify otherwise in the applicable supplement, the regular record date for an interest payment date will be the last day of the calendar month preceding the interest payment date or the fifteenth day of the calendar month in which the interest payment date occurs, as specified in the supplement, whether or not that date is a business day.

Unless we specify otherwise in the applicable supplement, if any interest payment date or the maturity date of a debt security falls on a day that is not a business day, we will make the required payment on the next business day, and no additional interest will accrue in respect of the payment made on the next business day. However, unless we specify otherwise in the applicable supplement, for LIBOR notes or EURIBOR notes, if an interest payment date falls on a date that is not a business day, and the next business day is in the next calendar month, the interest payment date will be the immediately preceding business day.

Unless we specify otherwise in the applicable supplement, the term **business day** means, for any debt security, a day that meets all the following applicable requirements:

for all debt securities, is any weekday that is not a legal holiday in New York, New York, Charlotte, North Carolina, or any other place of payment of the debt security, and is not a date on which banking institutions in those cities are authorized or required by law or regulation to be closed;

for any LIBOR note, also is a day on which commercial banks are open for business (including dealings in the index currency specified in the applicable supplement) in London, England (a **London Banking Day**);

for any debt security denominated in euro or any EURIBOR note, also is a day on which the TransEuropean Automated Real-Time Gross Settlement Express Transfer, or **TARGET**, System or any successor is operating (a **TARGET Settlement Date**); and

for any debt security that has a specified currency other than U.S. dollars or euro, also is not a day on which banking institutions generally are authorized or obligated by law, regulation, or executive order to close in the principal financial center of the country of the specified currency.

Unless we specify otherwise in the applicable supplement, for purposes of this determination, the **principal financial center** is:

the capital city of the country issuing the specified currency, except for U.S. dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, for which the **principal financial center** is New York, Sydney and Melbourne, Toronto, Johannesburg and Zurich, respectively; or

the capital city of the country to which the index currency relates, except for U.S. dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, for which the **principal financial center** is New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

Payments Due in U.S. Dollars. Unless we specify otherwise in the applicable supplement, we will follow the practices described in this subsection when we pay amounts that are due in U.S. dollars.

We will make payments on debt securities in book-entry form in accordance with arrangements then in place between the paying agent and the depository or its nominee, as holder. An indirect owner's right to receive those payments will be governed by the rules and practices of the depository and its participants, as described below under the heading *Registration and Settlement*.

We will pay any interest on debt securities in certificated form on each interest payment date other than the maturity date by, in our discretion, wire transfer of immediately available funds or check mailed to holders of the debt securities on the applicable record date at the address appearing on our records. We will pay any principal, premium (if any), interest, and other amounts payable (if any) at the maturity date of a debt security in certificated form by wire transfer of immediately available funds upon surrender of the debt security at the corporate trust office of the applicable trustee or paying agent.

Book-entry and other indirect owners should contact their banks or brokers for information on how they will receive payments on their debt securities.

Payments Due in Other Currencies. Unless we specify otherwise in the applicable supplement, we will follow the practices described in this subsection when we pay amounts that are due in a currency other than U.S. dollars. Unless we specify otherwise in the applicable supplement, holders are not entitled to receive payments in U.S. dollars of an amount due in another currency, either on a global debt security or a debt security in certificated form.

We will make payments on Non-U.S. Dollar Denominated Debt Securities in book-entry form in the applicable specified currency in accordance with arrangements then in place between the paying agent and the depository or its nominee, as holder. An indirect owner's right to receive those payments will be governed by the rules and practices of the depository and its participants, as described below under the heading *Registration and Settlement*.

We will pay any interest on Non-U.S. Dollar-Denominated Debt Securities in certificated form by check mailed to holders of the debt securities on the applicable record date at the address appearing on our records. We will pay any principal, premium (if any), interest and other amounts payable (if any) at the maturity date of a Non-U.S. Dollar-Denominated Debt Security in certificated form by wire transfer of immediately available funds upon surrender of the debt security at the corporate trust office of the applicable trustee or paying agent.

If we issue a debt security in a specified currency other than U.S. dollars, unless we specify otherwise in the applicable supplement, we will appoint a financial institution to act as the exchange rate agent. The exchange rate agent will determine the applicable rate of exchange that would apply to a payment made in U.S. dollars, if the currency in which we otherwise would be required to make the applicable payment is not available. The exchange rate agent may be one of our affiliates. We will identify in the applicable supplement the exchange rate agent that we have appointed for a particular debt security as of its original issue date. We may appoint different exchange rate agents from time to time after the original issue date of the debt security without your consent and without notifying you of the change. All determinations made by the exchange rate agent will be in its sole discretion unless we state in the applicable supplement that any determination requires our approval. Absent manifest error, those determinations will be final and binding on you and us.

Book-entry and other indirect owners of a debt security with a specified currency other than U.S. dollars should contact their banks or brokers for information about how to receive payments in the specified currency or in U.S. dollars.

No Sinking Fund

Unless we specify otherwise in the applicable supplement, our debt securities will not be entitled to the benefit of any sinking fund. This means that we will not deposit money on a regular basis into any separate custodial account to repay the debt securities.

Redemption

The applicable supplement will indicate whether we may redeem the debt securities prior to their maturity date. If we may redeem the debt securities prior to maturity, the applicable supplement will indicate the redemption price, the method for redemption and the date or dates upon which we may redeem the debt securities. Unless we specify otherwise in the applicable supplement, we may redeem debt securities only on an interest payment date, and the redemption price will be 100% of the principal amount of the debt securities to be redeemed, plus any accrued and unpaid interest.

Unless we specify otherwise in the applicable supplement, we may exercise our right to redeem debt securities by giving notice to the trustee under the applicable indenture at least 10 business days but not more than 60 calendar days before the specified redemption date. The notice will take the form of a certificate signed by us specifying:

the date fixed for redemption;

the redemption price;

the CUSIP number of the debt securities to be redeemed;

the amount to be redeemed, if less than all of a series of debt securities is to be redeemed;

the place of payment for the debt securities to be redeemed; and

that on and after the date fixed for redemption, interest will cease to accrue on the debt securities to be redeemed.

So long as a depository is the record holder of the applicable debt securities to be redeemed, we will deliver any notice of our election to exercise our redemption right only to that depository.

Repayment

The applicable supplement will indicate whether the debt securities can be repaid at the holder's option prior to their maturity date. If the debt securities may be repaid prior to maturity, the applicable supplement will indicate the applicable repayment price or prices, the procedures for repayment and the date or dates on or after which the holder can request repayment.

Repurchase

We may purchase at any time and from time to time, including through a subsidiary or affiliate of ours, outstanding debt securities by tender, in the open market, or by private agreement. We, or our affiliates, have the discretion to hold or resell any repurchased debt securities. We also have the discretion to cancel any repurchased debt securities.

Conversion

We may issue debt securities that are convertible into, or exercisable or exchangeable for, at either our option or the holder's option, our preferred stock, depositary shares, common stock, or other debt securities, or debt or equity securities of one or more third parties. The applicable supplement will describe the terms of any conversion, exercise, or exchange features, including:

the periods during which conversion, exercise, or exchange, as applicable, may be elected;

the conversion, exercise, or exchange price payable and the number of shares or amount of our preferred stock, depositary shares, common stock, or other debt securities, or debt or equity securities of a third party, that may be issued upon conversion, exercise, or exchange, and any adjustment provisions; and

the procedures for electing conversion, exercise, or exchange, as applicable.

Exchange, Registration, and Transfer

Subject to the terms of the applicable indenture, debt securities of any series in certificated form may be exchanged at the option of the holder for other debt securities of the same series and of an equal aggregate principal amount and type in any authorized denominations.

Debt securities in certificated form may be presented for registration of transfer at the office of the security registrar or at the office of any transfer agent that we designate and maintain. The security registrar or the transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. Unless we specify otherwise in the applicable supplement, The Bank of New York Mellon Trust Company, N.A. will be the authenticating agent, registrar, and transfer agent for the debt securities issued under the respective indentures. We may change the security registrar or the transfer agent or approve a change in the location through which any security registrar or transfer agent acts at any time, except that we will be required to maintain a security registrar and transfer agent in each place of payment for each series of debt securities. At any time, we may designate additional transfer agents for any series of debt securities.

We will not be required to (1) issue, exchange, or register the transfer of any debt security of any series to be redeemed for a period of 15 days before those debt securities were selected for redemption, or (2) exchange or register the transfer of any debt security that was selected, called, or is being called for redemption, except the unredeemed portion of any debt security being redeemed in part.

For a discussion of restrictions on the exchange, registration, and transfer of book-entry securities, see [Registration and Settlement](#) below.

Subordination

Our subordinated debt securities are subordinated in right of payment to all of our senior indebtedness. The Subordinated Indenture defines senior indebtedness as any indebtedness for money borrowed, including all of our indebtedness for borrowed and purchased money, all of our obligations arising from off-balance sheet guarantees and direct credit substitutes, and our obligations associated with derivative products such as interest and foreign exchange rate contracts and commodity contracts, that was outstanding on the date we executed the Subordinated

Indenture, or was created, incurred, or assumed after that date, for which we are responsible or liable as obligor, guarantor, or otherwise, and all deferrals, renewals, extensions, and refundings of that indebtedness or obligations, other than the debt securities issued under the Subordinated Indenture or any other indebtedness that by its terms is subordinate in right of payment to any of our other indebtedness. Each supplement for a series of subordinated debt securities will indicate the aggregate amount of our senior indebtedness outstanding at that time and any limitation on the issuance of additional senior indebtedness.

If there is a default or event of default under any senior indebtedness that would allow acceleration of maturity of the senior indebtedness and that default or event of default is not remedied, and we and the trustee of the Subordinated Indenture receive notice of this default from the holders of at least 10% in principal amount of any kind or category of any senior indebtedness or if the trustee of the Subordinated Indenture receives notice from us, then we will not be able to make any principal, premium, interest, or other payments on the subordinated debt securities or repurchase our subordinated debt securities.

If any subordinated debt security is declared due and payable before the required date or upon a payment or distribution of our assets to creditors pursuant to a dissolution, winding up, liquidation, or reorganization, we are required to pay all principal, premium, interest, or other payments to holders of senior indebtedness before any holders of subordinated debt are paid. In addition, if any amounts previously were paid to the holders of subordinated debt or the trustee of the Subordinated Indenture, the holders of senior indebtedness will have first rights to the amounts previously paid.

Subject to the payment in full of all our senior indebtedness, the holders of our subordinated debt securities will be subrogated to the rights of the holders of our senior indebtedness to receive payments or distributions of our assets applicable to the senior indebtedness until our subordinated debt securities are paid in full. For purposes of this subrogation, the subordinated debt securities will be subrogated equally and ratably with all our other indebtedness that by its terms ranks equally with our subordinated debt securities and is entitled to like rights of subrogation.

Sale or Issuance of Capital Stock of Banks

The Senior Indenture prohibits the issuance, sale, or other disposition of capital stock, or securities convertible into or options, warrants, or rights to acquire capital stock, of any Principal Subsidiary Bank (as defined below) or of any subsidiary which owns shares of capital stock, or securities convertible into or options, warrants, or rights to acquire capital stock, of any Principal Subsidiary Bank, with the following exceptions:

sales of directors' qualifying shares;

sales or other dispositions for fair market value, if, after giving effect to the disposition and to conversion of any shares or securities convertible into capital stock of a Principal Subsidiary Bank, we would own at least 80% of each class of the capital stock of that Principal Subsidiary Bank;

sales or other dispositions made in compliance with an order of a court or regulatory authority of competent jurisdiction;

any sale by a Principal Subsidiary Bank of additional shares of its capital stock, securities convertible into shares of its capital stock, or options, warrants, or rights to subscribe for or purchase shares of its capital stock, to its stockholders at any price, so long as before that sale we owned, directly or indirectly, securities of the same class and immediately after the

sale, we owned, directly or indirectly, at least as great a percentage of each class of securities of the Principal Subsidiary Bank as we owned before the sale of additional securities; and

any issuance of shares of capital stock, or securities convertible into or options, warrants, or rights to subscribe for or purchase shares of capital stock, of a Principal Subsidiary Bank or any subsidiary which owns shares of capital stock, or securities convertible into or options, warrants, or rights to acquire capital stock, of any Principal Subsidiary Bank, to us or our wholly owned subsidiary.

A Principal Subsidiary Bank is defined in the Senior Indenture as any bank with total assets equal to more than 10% of our total consolidated assets. As of the date of this prospectus, Bank of America, N.A. is our only Principal Subsidiary Bank.

Limitation on Mergers and Sales of Assets

Each indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our assets. These transactions are permitted if:

the resulting or acquiring entity, if other than us, is organized and existing under the laws of the United States or any state or the District of Columbia and expressly assumes all of our obligations under that indenture; and

immediately after the transaction, we (or any successor company) are not in default in the performance of any covenant or condition under that indenture.

Upon any consolidation, merger, sale, or transfer of this kind, the resulting or acquiring entity will be substituted for us in the applicable indenture with the same effect as if it had been an original party to that indenture. As a result, the successor entity may exercise our rights and powers under the indenture.

Waiver of Covenants

The holders of a majority in principal amount of the debt securities of all affected series then outstanding under the indenture may waive compliance with some of the covenants or conditions of that indenture.

Modification of the Indentures

We and the trustee may modify the applicable indenture and the rights of the holders of the debt securities with the consent of the holders of at least 66 2/3% of the aggregate principal amount of all series of debt securities under that indenture affected by the modification. However, no modification may extend the fixed maturity of, reduce the principal amount or redemption premium of, or reduce the rate of, or extend the time of payment of, interest on, any debt security without the consent of each holder affected by the modification. No modification may reduce the percentage of debt securities that is required to consent to modification of an indenture without the consent of all holders of the debt securities outstanding under that indenture.

In addition, we and the trustee may execute supplemental indentures in some circumstances without the consent of any holders of outstanding debt securities.

For purposes of determining the aggregate principal amount of the debt securities outstanding at any time in connection with any request, demand, authorization, direction, notice, consent, or

waiver under the applicable indenture, (1) the principal amount of any debt security issued with original issue discount is that amount that would be due and payable at that time upon an event of default, and (2) the principal amount of a debt security denominated in a foreign currency or currency unit is the U.S. dollar equivalent on the date of original issuance of the debt security.

Meetings and Action by Securityholders

The trustee may call a meeting in its discretion, or upon request by us or the holders of at least 10% in principal amount of a series of outstanding debt securities, by giving notice. If a meeting of holders is duly held, any resolution raised or decision taken in accordance with the indenture will be binding on all holders of debt securities of that series.

Events of Default and Rights of Acceleration

The Senior Indenture defines an event of default for a series of senior debt securities as any one of the following events:

our failure to pay principal or any premium when due on any securities of that series;

our failure to pay interest on any securities of that series, within 30 calendar days after the interest becomes due;

our breach of any of our other covenants contained in the senior debt securities of that series or in the Senior Indenture, that is not cured within 90 calendar days after written notice to us by the trustee of the Senior Indenture, or to us and the trustee of the Senior Indenture by the holders of at least 25% in principal amount of all senior debt securities then outstanding under the Senior Indenture and affected by the breach; and

specified events involving our bankruptcy, insolvency, or liquidation.

The Subordinated Indenture defines an event of default only as our bankruptcy under U.S. federal bankruptcy laws.

If an event of default occurs and is continuing, either the trustee or the holders of 25% in principal amount of the debt securities outstanding under the applicable indenture (or, in the case of an event of default under the Senior Indenture with respect to a series of senior debt securities, the holders of 25% in principal amount of the outstanding debt securities of all series affected) may declare the principal amount, or, if the debt securities are issued with original issue discount, a specified portion of the principal amount, of all debt securities (or the debt securities of all series affected, as the case may be) to be due and payable immediately. The holders of a majority in principal amount of the debt securities then outstanding (or of the series affected, as the case may be), in some circumstances, may annul the declaration of acceleration and waive past defaults.

Payment of principal of the subordinated debt securities may not be accelerated in the case of a default in the payment of principal, any premium, interest, or any other amounts or the performance of any of our other covenants.

Collection of Indebtedness

If we fail to pay the principal of (or, under the Senior Indenture, any premium on) any debt securities, or if we are over 30 calendar days late on an interest payment on the debt securities, the applicable trustee can demand that we pay to it, for the benefit of the holders of those debt securities, the amount which is due and payable on those debt securities, including any interest incurred because of our failure to make that payment. If we fail to pay the required amount on demand, the trustee may take appropriate action, including instituting judicial proceedings against us.

In addition, a holder of a debt security also may file suit to enforce our obligation to make payment of principal, any premium, interest, or other amounts due on that debt security regardless of the actions taken by the trustee.

The holders of a majority in principal amount of each series of the debt securities then outstanding under an indenture may direct the time, method, and place of conducting any proceeding for any remedy available to the trustee under that indenture, but the trustee will be entitled to receive from the holders a reasonable indemnity against expenses and liabilities.

We are required periodically to file with the trustees a certificate stating that we are not in default under any of the terms of the indentures.

Payment of Additional Amounts

If we so specify in the applicable supplement, and subject to the exceptions and limitations set forth below, we will pay to the beneficial owner of any debt security that is a non-U.S. person additional amounts to ensure that every net payment on that debt security will not be less, due to the payment of U.S. withholding tax, than the amount then otherwise due and payable. For this purpose, a net payment on a debt security means a payment by us or any paying agent, including payment of principal and interest, after deduction for any present or future tax, assessment, or other governmental charge of the United States (other than a territory or possession). These additional amounts will constitute additional interest on the debt security. For this purpose, U.S. withholding tax means a withholding tax of the United States, other than a territory or possession.

However, notwithstanding our obligation, if so specified, to pay additional amounts, we will not be required to pay additional amounts in any of the circumstances described in items (1) through (15) below, unless we specify otherwise in the applicable supplement.

- (1) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the beneficial owner of the debt security:

having a relationship with the United States as a citizen, resident, or otherwise;

having had such a relationship in the past; or

being considered as having had such a relationship.

- (2) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the beneficial owner of the debt security:

being treated as present in or engaged in a trade or business in the United States;

being treated as having been present in or engaged in a trade or business in the United States in the past;

having or having had a permanent establishment in the United States; or

having or having had a qualified business unit which has the U.S. dollar as its functional currency.

- (3) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the beneficial owner of the debt security being or having been a:

personal holding company;

foreign personal holding company;

private foundation or other tax-exempt organization;

passive foreign investment company;

controlled foreign corporation; or

corporation which has accumulated earnings to avoid U.S. federal income tax.

- (4) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the beneficial owner of the debt security owning or having owned, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote.

- (5) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the beneficial owner of the debt security being a bank extending credit under a loan agreement entered into in the ordinary course of business.

For purposes of items (1) through (5) above, beneficial owner includes, without limitation, a holder and a fiduciary, settlor, partner, member, shareholder, or beneficiary of the holder if the holder is an estate, trust, partnership, limited liability company, corporation, or other entity, or a person holding a power over an estate or trust administered by a fiduciary holder.

- (6) Additional amounts will not be payable to any beneficial owner of a debt security that is:

A fiduciary;

A partnership;

A limited liability company;

Another fiscally transparent entity; or

Not the sole beneficial owner of the debt security, or any portion of the debt security.

However, this exception to the obligation to pay additional amounts will apply only to the extent that a beneficiary or settlor in relation to the fiduciary, or a beneficial owner, partner, or member of the partnership, limited liability company, or other fiscally transparent entity, would not

have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner, partner, or member received directly its beneficial or distributive share of the payment.

- (7) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld

solely by reason of the failure of the beneficial owner of the debt security or any other person to comply with applicable certification, identification, documentation, or other information reporting requirements. This exception to the obligation to pay additional amounts will apply only if compliance with such requirements is required as a precondition to exemption from such tax, assessment, or other governmental charge by statute or regulation of the United States or by an applicable income tax treaty to which the United States is a party.

- (8) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is collected or imposed by any method other than by withholding from a payment on a debt security by us or any paying agent.
- (9) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later.
- (10) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld by reason of the presentation by the beneficial owner of a debt security for payment more than 30 days after the date on which such payment becomes due or is duly provided for, whichever occurs later.
- (11) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any:
- estate tax;
 - inheritance tax;
 - gift tax;
 - sales tax;
 - excise tax;
 - transfer tax;
 - wealth tax;
 - personal property tax; or
 - any similar tax, assessment, or other governmental charge.

(12)

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 424B2

Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge required to be withheld by any paying agent from a payment of principal or interest on the applicable security if such payment can be made without such withholding by any other paying agent.

- (13) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld

by reason of the application of Section 1471 (or any successor provision) or Section 1472 (or any successor provision) of the U.S. Internal Revenue Code of 1986, as amended, or any related administrative regulation or pronouncement.

- (14) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any tax, assessment, or other governmental charge that is imposed or withheld by reason of the payment being treated as a dividend or dividend equivalent for U.S. tax purposes.
- (15) Additional amounts will not be payable if a payment on a debt security is reduced as a result of any combination of items (1) through (14) above.

Except as specifically provided in this section, we will not be required to make any payment of any tax, assessment, or other governmental charge imposed by any government, political subdivision, or taxing authority of that government.

For purposes of determining whether the payment of additional amounts is required, the term **U.S. person** means any individual who is a citizen or resident of the United States; any corporation, partnership, or other entity created or organized in or under the laws of the United States; any estate if the income of such estate falls within the federal income tax jurisdiction of the United States regardless of the source of that income; and any trust if a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of the trust. Additionally, for this purpose, **non-U.S. person** means a person who is not a U.S. person, and **United States** means the United States of America, including each state of the United States and the District of Columbia, its territories, its possessions, and other areas within its jurisdiction.

Redemption for Tax Reasons

If we so specify in the applicable supplement, we may redeem the debt securities in whole, but not in part, at any time before maturity, after giving not less than 30 nor more than 60 calendar days' notice to the trustee under the applicable indenture and to the holders of the debt securities, if we have or will become obligated to pay additional amounts, as described above under **Payment of Additional Amounts**, as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority of the United States having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the applicable supplement for the issuance of those debt securities.

Before we publish any notice of redemption for tax reasons, we will deliver to the trustee under the indenture a certificate signed by our chief financial officer or a senior vice president stating that we are entitled to redeem the debt securities and that the conditions precedent to redemption have occurred.

Unless we specify otherwise in the applicable supplement, any debt securities redeemed for tax reasons will be redeemed at 100% of their principal amount together with interest accrued up to, but excluding, the redemption date.

Defeasance and Covenant Defeasance

If we so specify in the applicable supplement, the provisions for full defeasance and covenant defeasance described below will apply to the debt securities if certain conditions are satisfied.

Full Defeasance. If there is a change in the U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on any debt securities. This is called full defeasance. For us to do so, each of the following must occur:

We must deposit in trust for the benefit of the holders of those debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal, and any other payments on those debt securities at their due dates;

There must be a change in current U.S. federal tax law or an Internal Revenue Service ruling that lets us make the above deposit without causing the holders to be taxed on the debt securities any differently than if we did not make the deposit and repaid the debt securities ourselves. Under current U.S. federal tax law, the deposit, and our legal release from your debt security, would be treated as though we took back your debt security and gave you your share of the cash and notes or bonds deposited in trust. In that event, you could recognize gain or loss on your debt security; and

We must deliver to the trustee under the indenture a legal opinion of our counsel confirming the tax law treatment described above. If we ever fully defeased your debt security, you would have to rely solely on the trust deposit for payments on your debt security. You would not be able to look to us for payment in the event of any shortfall.

Covenant Defeasance. Under current U.S. federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants relating to your debt security. This is called covenant defeasance. In that event, you would lose the protection of those restrictive covenants. In order to achieve covenant defeasance for the debt securities, we must do both of the following:

We must deposit in trust for the benefit of the holders of those debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal, and any other payments on those debt securities on their due dates; and

We must deliver to the trustee under the indenture a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing the holders to be taxed on the debt securities any differently than if we did not make the deposit and repaid the debt securities ourselves.

If we achieve covenant defeasance with respect to your debt security, you can still look to us for repayment of your debt security in the event of any shortfall in the trust deposit. You should note, however, that if one of the remaining events of default occurred, such as our bankruptcy, and your debt security became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Notices

We or the trustee on our behalf, if so requested, will provide the holders with any required notices by first-class mail to the addresses of the holders as they appear in the security register. So long as a depository is the record holder of a series of debt securities with respect to which a notice is given, we or the trustee, if so requested, will deliver the notice only to that depository.

Concerning the Trustees

We and certain of our affiliates have from time to time maintained deposit accounts and conducted other banking transactions with The Bank of New York Mellon Trust Company, N.A. and its affiliates in the ordinary course of business. We expect to continue these business transactions. The Bank of New York Mellon Trust Company, N.A. and its affiliates also serve as trustee for a number of series of outstanding indebtedness of us and our affiliates under other indentures.

Governing Law

The indentures and the debt securities will be governed by New York law.

DESCRIPTION OF WARRANTS

General

We may issue warrants, including debt warrants and universal warrants. We may offer warrants separately or as part of a unit, as described below under the heading **Description of Units**.

We may issue warrants in any amounts or in as many distinct series as we determine. We will issue each series of debt warrants and universal warrants under a separate warrant agreement to be entered into between us and a warrant agent to be designated in the applicable supplement. When we refer to a series of warrants, we mean all warrants issued as part of the same series under the applicable warrant agreement.

This section describes some of the general terms and provisions of the warrants. We will describe the specific terms of a series of warrants and the applicable warrant agreement in the applicable supplement. The following description and any description of the warrants in the applicable supplement may not be complete and is subject to and qualified in its entirety by reference to the terms and provisions of the applicable warrant agreement. A form of the warrant agreement reflecting the particular terms and provisions of a series of offered warrants will be filed with the SEC in connection with the offering and incorporated by reference in the registration statement and this prospectus. See **Where You Can Find More Information** below for information on how to obtain copies of any warrant agreements.

Description of Debt Warrants

Debt warrants are rights to purchase our debt securities. If debt warrants are offered, the supplement will describe the terms of the debt warrants and the warrant agreement relating to the debt warrants, including the following:

the offering price;

the designation, aggregate stated principal amount, and terms of the debt securities purchasable upon exercise of the debt warrants;

the currency, currency unit, or composite currency in which the price for the debt warrants is payable;

if applicable, the designation and terms of the debt securities with which the debt warrants are issued, and the number of debt warrants issued with each security;

if applicable, the date on and after which the debt warrants and the related debt securities will be separately transferable;

the principal amount of debt securities purchasable upon exercise of a debt warrant and the price at which, and the currency, currency units, or composite currency based on or relating to currencies in which, the principal amount of debt securities may be purchased upon exercise;

the dates the right to exercise the debt warrants will commence and expire and, if the debt warrants are not continuously exercisable, any dates on which the debt warrants are not exercisable;

any circumstances that will cause the debt warrants to be deemed to be automatically exercised;

if applicable, a discussion of the U.S. federal income tax consequences;

whether the debt warrants or related securities will be listed on any securities exchange;

whether the debt warrants will be issued in global or certificated form;

the name of the warrant agent;

a description of the terms of any warrant agreement to be entered into between us and a bank or trust company, as warrant agent, governing the debt warrants; and

any other terms of the debt warrants which are permitted under the warrant agreement.

Description of Universal Warrants

Universal warrants are rights to purchase or sell, or our delivery obligations are determined by reference to the performance, level, or value of, one or more of the following:

securities of one or more issuers, including our common or preferred stock or other securities described in this prospectus, or the debt or equity securities of third parties;

one or more currencies, currency units, or composite currencies;

one or more commodities;

any other financial, economic, or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described above.

We refer to each type of property described above as warrant property.

We may satisfy our obligations, if any, and the holder of a universal warrant may satisfy its obligations, if any, with respect to any universal warrants by delivering the assets described in the applicable supplement, and in some cases, cash.

If universal warrants are offered, the applicable supplement will describe the terms of the universal warrants and the warrant agreement, including the following:

the offering price;

the title and aggregate number of the universal warrants;

the nature and amount of the warrant property that the universal warrants represent the right to buy or sell;

whether the universal warrants are put warrants or call warrants, including in either case, the method by which the warrants may be settled;

the price at which the warrant property may be purchased or sold, the currency, and the procedures and conditions relating to exercise;

the method of exercising the universal warrants, the method of paying the exercise price, and the method of settling the warrant;

the dates on which the right to exercise the universal warrants will commence and expire;

if applicable, a discussion of the U.S. federal income tax consequences;

whether the universal warrants or underlying securities will be listed on any securities exchange;

whether the universal warrants will be issued in global or certificated form;

the name of the warrant agent;

a description of the terms of any warrant agreement to be entered into between us and a bank or trust company, as warrant agent, governing the universal warrants; and

any other terms of the universal warrants which are permitted under the warrant agreement.

Modification

We and the warrant agent may amend the terms of any warrant agreement and the warrants without the consent of the holders of the warrants to cure any ambiguity, to correct any inconsistent provision, or in any other manner we deem necessary or desirable and which will not affect adversely the interests of the holders. In addition, we may amend the warrant agreement and the terms of the warrants with the consent of the holders of a majority of the outstanding unexercised warrants affected. However, any modification to the warrants cannot change the exercise price, reduce the amounts receivable upon exercise, cancellation, or expiration, shorten the time period during which the warrants may be exercised, or otherwise materially and adversely affect the rights of the holders of the warrants or reduce the percentage of outstanding warrants required to modify or amend the warrant agreement or the terms of the warrants, without the consent of the affected holders.

Enforceability of Rights of Warrantholders; No Trust Indenture Act Protection

The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency or trust with the holders of the warrants. Any record holder or beneficial

owner of a warrant, without anyone else's consent, may enforce by appropriate legal action, on his or her own behalf, his or her right to exercise the warrant in accordance with its terms. A holder of a warrant will not be entitled to any of the rights of a holder of the debt securities or other securities or warrant property purchasable upon the exercise of the warrant, including any right to receive payments on those securities or warrant property or to enforce any covenants or rights in the relevant indenture or any other agreement, before exercising the warrant.

No warrant agreement will be qualified as an indenture, and no warrant agent under any warrant agreement will be required to qualify as a trustee, under the Trust Indenture Act of 1939. Therefore, holders of warrants issued under a warrant agreement will not have the protection of the Trust Indenture Act of 1939 with respect to their warrants.

Unsecured Obligations

Any warrants we issue will be our unsecured contractual obligations. Because Bank of America Corporation is a holding company, our right to participate in any distribution of assets of any subsidiary upon such subsidiary's liquidation or reorganization or otherwise is subject to the prior claims of creditors of that subsidiary, except to the extent we may ourselves be recognized as a creditor of that subsidiary. Accordingly, our obligations under our warrants will be structurally subordinated to all existing and future liabilities of our subsidiaries, and claimants should look only to Bank of America Corporation's assets for payments.

DESCRIPTION OF PURCHASE CONTRACTS

General

We may issue purchase contracts in any amounts and in as many distinct series as we determine. We may offer purchase contracts separately or as part of a unit, as described below under the heading *Description of Units*. When we refer to a series of purchase contracts, we mean all purchase contracts issued as part of the same series under the applicable purchase contract.

This section describes some of the general terms and provisions applicable to all purchase contracts. We will describe the specific terms of a series of purchase contracts in the applicable supplement. The following description and any description of the purchase contracts in the applicable supplement may not be complete and is subject to and qualified in its entirety by reference to the terms and provisions of the applicable purchase contract. A form of the purchase contract reflecting the particular terms and provisions of a series of offered purchase contracts will be filed with the SEC in connection with the offering and incorporated by reference in the registration statement and this prospectus. See *Where You Can Find More Information* below for information on how to obtain copies of any purchase contracts.

Purchase Contract Property

We may issue purchase contracts for the purchase or sale of, or whose cash value is determined by reference or linked to the performance, level, or value of, one or more of the following:

securities of one or more issuers, including our common or preferred stock, other securities described in this prospectus, or the debt or equity securities of third parties;

one or more currencies, currency units, or composite currencies;

one or more commodities;

any other financial, economic, or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described above.

We refer to each type of property described above as a purchase contract property.

Each purchase contract will obligate:

the holder to purchase or sell, and us to sell or purchase, on specified dates, one or more purchase contract properties at a specified price or prices; or

the holder or us to settle the purchase contract with a cash payment determined by reference to the value, performance, or level of one or more purchase contract properties, on specified dates and at a specified price or prices.

No holder of a purchase contract will, as such, have any rights of a holder of the purchase contract property purchasable under or referenced in the contract, including any rights to receive payments on that property.

Information in Supplement

If we offer purchase contracts, the applicable supplement will describe the terms of the purchase contracts, including the following:

the purchase date or dates;

if other than U.S. dollars, the currency or currency unit in which payment will be made;

the specific designation and aggregate number of, and the price at which we will issue, the purchase contracts;

whether the purchase contract obligates the holder to purchase or sell, or both purchase and sell, one or more purchase contract properties, and the nature and amount of each of those properties, or the method of determining those amounts;

the purchase contract property or cash value, and the amount or method for determining the amount of purchase contract property or cash value, deliverable under each purchase contract;

whether the purchase contract is to be prepaid or not and the governing document for the contract;

the price at which the purchase contract is settled, and whether the purchase contract is to be settled by delivery of, or by reference or linkage to the value, performance, or level of, the purchase contract properties;

any acceleration, cancellation, termination, or other provisions relating to the settlement of the purchase contract;

if the purchase contract property is an index, the method of providing for a substitute index or indices or otherwise determining the amount payable;

if the purchase contract property is an index or a basket of securities, a description of the index or basket of securities;

whether, following the occurrence of a market disruption event or force majeure event (as defined in the applicable supplement), the settlement delivery obligation or cash settlement value of a purchase contract will be determined on a different basis than under normal circumstances;

whether the purchase contract will be issued as part of a unit and, if so, the other securities comprising the unit and whether any unit securities will be subject to a security interest in our favor as described below;

if applicable, a discussion of the U.S. federal income tax consequences;

the identities of any depositories and any paying, transfer, calculation, or other agents for the purchase contracts;

whether the purchase contract will be issued in global or certificated form;

any securities exchange or quotation system on which the purchase contracts or any securities deliverable in settlement of the purchase contracts may be listed; and

any other terms of the purchase contracts and any terms required by or advisable under applicable laws and regulations.

Prepaid Purchase Contracts; Applicability of Indenture

Purchase contracts may require holders to satisfy their obligations under the purchase contracts at the time they are issued. We refer to these contracts as prepaid purchase contracts.

In certain circumstances, our obligation to settle a prepaid purchase contract on the relevant settlement date may constitute our senior debt securities or our subordinated debt securities. Accordingly, prepaid purchase contracts may be issued under the Senior Indenture or the Subordinated Indenture, which are described above under the heading Description of Debt Securities.

Non-Prepaid Purchase Contracts; No Trust Indenture Act Protection

Some purchase contracts do not require holders to satisfy their obligations under the purchase contracts until settlement. We refer to these contracts as non-prepaid purchase contracts. The holder of a non-prepaid purchase contract may remain obligated to perform under the contract for a substantial period of time.

Non-prepaid purchase contracts will be issued under a unit agreement, if they are issued in units, or under some other document, if they are not. We describe unit agreements generally under the heading Description of Units below. We will describe the particular governing document that applies to your non-prepaid purchase contracts in the applicable supplement.

Non-prepaid purchase contracts will not be our senior debt securities or subordinated debt securities and will not be issued under one of our indentures, unless we specify otherwise in the applicable supplement. Consequently, no governing documents for non-prepaid purchase contracts will be qualified as indentures, and no third party will be required to qualify as a trustee with regard to those contracts, under the Trust Indenture Act of 1939. Therefore, holders of non-prepaid purchase contracts will not have the protection of the Trust Indenture Act of 1939.

Pledge by Holders to Secure Performance

If we so specify in the applicable supplement, the holder's obligations under the purchase contract and governing document will be secured by collateral. In that case, the holder, acting through the unit agent as its attorney-in-fact, if applicable, will pledge the items described below to a collateral agent that we will identify in the applicable supplement, which will hold them, for our benefit, as collateral to secure the holder's obligations. We refer to this as the "pledge" and all the items described below as the "pledged items." Unless we specify otherwise in the applicable supplement, the pledge will create a security interest in the holder's entire interest in and to:

any other securities included in the unit, if the purchase contract is part of a unit, and/or any other property specified in the applicable supplement;

all additions to and substitutions for the pledged items;

all income, proceeds, and collections received in respect of the pledged items; and

all powers and rights owned or acquired later with respect to the pledged items.

The collateral agent will forward all payments and proceeds from the pledged items to us, unless the payments and proceeds have been released from the pledge in accordance with the purchase contract and the governing document. We will use the payments and proceeds from the pledged items to satisfy the holder's obligations under the purchase contract.

Settlement of Purchase Contracts that Are Part of Units

Unless we specify otherwise in the applicable supplement, where purchase contracts issued together with debt securities as part of a unit require the holders to buy purchase contract property, the unit agent may apply principal payments from the debt securities in satisfaction of the holders' obligations under the related purchase contract as specified in the applicable supplement. The unit agent will not so apply the principal payments if the holder has delivered cash to meet its obligations under the purchase contract. If the holder is permitted to settle its obligations by cash payment, the holder may be permitted to do so by delivering the debt securities in the unit to the unit agent as provided in the governing document. If the holder settles its obligations in cash rather than by delivering the debt security that is part of the unit, that debt security will remain outstanding, if the maturity extends beyond the relevant settlement date and, as more fully described in the applicable supplement, the holder will receive that debt security or an interest in the relevant global debt security.

Book-entry and other indirect owners should consult their banks or brokers for information on how to settle their purchase contracts.

Failure of Holder to Perform Obligations

If the holder fails to settle its obligations under a non-prepaid purchase contract as required, the holder will not receive the purchase contract property or other consideration to be delivered at settlement. Holders that fail to make timely settlement also may be obligated to pay interest or other amounts.

Unsecured Obligations

The purchase contracts are our unsecured contractual obligations. Because Bank of America Corporation is a holding company, our right to participate in any distribution of assets of any subsidiary upon such subsidiary's liquidation or reorganization or otherwise is subject to the prior

claims of creditors of that subsidiary, except to the extent we may ourselves be recognized as a creditor of that subsidiary. Accordingly, our obligations under our purchase contracts will be structurally subordinated to all existing and future liabilities of Bank of America Corporation's subsidiaries, and claimants should look only to our assets for payments.

DESCRIPTION OF UNITS

General

We may issue units from time to time in such amounts and in as many distinct series as we determine.

We will issue each series of units under a unit agreement to be entered into between us and a unit agent to be designated in the applicable supplement. When we refer to a series of units, we mean all units issued as part of the same series under the applicable unit agreement.

This section describes some of the general terms and provisions applicable to all the units. We will describe the specific terms of a series of units and the applicable unit agreement in the applicable supplement. The following description and any description of the units in the applicable supplement may not be complete and is subject to and qualified in its entirety by reference to the terms and provisions of the applicable unit agreement. A form of the unit agreement reflecting the particular terms and provisions of a series of offered units will be filed with the SEC in connection with the offering and incorporated by reference in the registration statement and this prospectus. See [Where You Can Find More Information](#) below for information on how to obtain copies of any unit agreements.

We may issue units consisting of any combination of two or more securities described in this prospectus or securities of third parties, in any combination. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The unit agreement under which a unit is issued may provide that the securities included in the unit may not be held or transferred separately, at any time or at any time before a specified date.

If units are offered, the applicable supplement will describe the terms of the units, including the following:

the designation and aggregate number of, and the price at which we will issue, the units;

the terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may or may not be held or transferred separately;

the name of the unit agent;

a description of the terms of any unit agreement to be entered into between us and a bank or trust company, as unit agent, governing the units;

if applicable, a discussion of the U.S. federal income tax consequences;

whether the units will be listed on any securities exchange; and

a description of the provisions for the payment, settlement, transfer, or exchange of the units.

Unit Agreements: Prepaid, Non-Prepaid, and Other

If a unit includes one or more purchase contracts, and all those purchase contracts are prepaid purchase contracts, we will issue the unit under a prepaid unit agreement. Prepaid unit agreements will reflect the fact that the holders of the related units have no further obligations under the purchase contracts included in their units. If a unit includes one or more non-prepaid purchase contracts, we will issue the unit under a non-prepaid unit agreement. Non-prepaid unit agreements will reflect the fact that the holders have payment or other obligations under one or more of the purchase contracts comprising their units. We may also issue units under other kinds of unit agreements, which will be described in the applicable supplement, if applicable.

Each holder of units issued under a non-prepaid unit agreement will:

be bound by the terms of each non-prepaid purchase contract included in the holder's units and by the terms of the unit agreement with respect to those contracts; and

appoint the unit agent as its authorized agent to execute, deliver, and perform on the holder's behalf each non-prepaid purchase contract included in the holder's units.

Any unit agreement for a unit that includes a non-prepaid purchase contract also will include provisions regarding the holder's pledge of collateral and special settlement provisions. These are described above under the heading "Description of Purchase Contracts."

A unit agreement also may serve as the governing document for a security included in a unit. For example, a non-prepaid purchase contract that is part of a unit may be issued under and governed by the relevant unit agreement.

Modification

We and the unit agent may amend the terms of any unit agreement and the units without the consent of the holders to cure any ambiguity, to correct any inconsistent provision, or in any other manner we deem necessary or desirable and which will not affect adversely the interests of the holders. In addition, we may amend the unit agreement and the terms of the units with the consent of the holders of a majority of the outstanding unexpired units affected. However, any modification to the units that materially and adversely affects the rights of the holders of the units, or reduces the percentage of outstanding units required to modify or amend the unit agreement or the terms of the units, requires the consent of the affected holders.

Enforceability of Rights of Unitholders; No Trust Indenture Act Protection

The unit agent will act solely as our agent and will not assume any obligation or relationship of agency or trust with the holders of the units. Except as described below, any record holder of a unit, without anyone else's consent, may enforce his or her rights as holder under any security included in the unit, in accordance with the terms of the included security and the indenture, warrant agreement, unit agreement, or purchase contract under which that security is issued. We describe these terms in other sections of this prospectus relating to debt securities, warrants, and purchase contracts.

Notwithstanding the foregoing, a unit agreement may limit or otherwise affect the ability of a holder of units issued under that agreement to enforce his or her rights, including any right to bring legal action, with respect to those units or any included securities, other than debt securities. We will describe any limitations of this kind in the applicable supplement.

No unit agreement will be qualified as an indenture, and no unit agent will be required to qualify as a trustee under the Trust Indenture Act of 1939. Therefore, holders of units issued under a unit agreement will not have the protection of the Trust Indenture Act of 1939 with respect to their units.

Unsecured Obligations

The units are our unsecured contractual obligations. Because Bank of America Corporation is a holding company, our right to participate in any distribution of assets of any subsidiary upon such subsidiary's liquidation or reorganization or otherwise is subject to the prior claims of creditors of that subsidiary, except to the extent we may ourselves be recognized as a creditor of that subsidiary. Accordingly, our obligations under our units will be structurally subordinated to all existing and future liabilities of our subsidiaries, and claimants should look only to Bank of America Corporation's assets for payments.

DESCRIPTION OF PREFERRED STOCK

General

As of the date of this prospectus, under our Amended and Restated Certificate of Incorporation, we have authority to issue 100,000,000 shares of preferred stock, par value \$.01 per share. We may issue preferred stock in one or more series, each with the preferences, designations, limitations, conversion rights, and other rights as we may determine. Of our authorized and outstanding preferred stock, as of March 15, 2012:

35,045 shares were designated as 7% Cumulative Redeemable Preferred Stock, Series B, having a liquidation preference of \$100 per share, 7,571 shares of which were issued and outstanding;

34,500 shares were designated as 6.204% Non-Cumulative Preferred Stock, Series D, having a liquidation preference of \$25,000 per share, 26,174 shares of which were issued and outstanding;

85,100 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series E, having a liquidation preference of \$25,000 per share, 12,691 shares of which were issued and outstanding;

7,001 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series F, having a liquidation preference of \$100,000 per share, 1,409.22 shares of which were issued and outstanding;

8,501 shares were designated as Adjustable Rate Non-Cumulative Preferred Stock, Series G, having a liquidation preference of \$100,000 per share, 4,925.37 shares of which were issued and outstanding;

124,200 shares were designated as 8.20% Non-Cumulative Preferred Stock, Series H, having a liquidation preference of \$25,000 per share, 114,483 shares of which were issued and outstanding;

25,300 shares were designated as 6.625% Non-Cumulative Preferred Stock, Series I, having a liquidation preference of \$25,000 per share, 14,584 shares of which were issued and outstanding;

41,400 shares were designated as 7.25% Non-Cumulative Preferred Stock, Series J, having a liquidation preference of \$25,000 per share, 38,053 shares of which were issued and outstanding;

240,000 shares were designated as Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, having a liquidation preference of \$25,000 per share, 61,773 shares of which were issued and outstanding;

6,900,000 shares were designated as 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, having a liquidation preference of \$1,000 per share, 3,080,182 shares of which were issued and outstanding;

160,000 shares were designated as Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, having a liquidation preference of \$25,000 per share, 52,399 shares of which were issued and outstanding;

50,000 shares were designated as 6% Cumulative Perpetual Preferred Stock, Series T, having a liquidation preference of \$100,000 per share, 50,000 shares of which were issued and outstanding;

21,000 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series 1, having a liquidation preference of \$30,000 per share, 3,318 shares of which were issued and outstanding;

37,000 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series 2, having a liquidation preference of \$30,000 per share, 10,227 shares of which were issued and outstanding;

27,000 shares were designated as 6.375% Non-Cumulative Preferred Stock, Series 3, having a liquidation preference of \$30,000 per share, 21,773 shares of which were issued and outstanding;

20,000 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series 4, having a liquidation preference of \$30,000 per share, 7,061 shares of which were issued and outstanding;

50,000 shares were designated as Floating Rate Non-Cumulative Preferred Stock, Series 5, having a liquidation preference of \$30,000 per share, 14,181 shares of which were issued and outstanding;

65,000 shares were designated as 6.70% Noncumulative Perpetual Preferred Stock, Series 6, having a liquidation preference of \$1,000 per share, 59,388 shares of which were issued and outstanding;

50,000 shares were designated as 6.25% Noncumulative Perpetual Preferred Stock, Series 7, having a liquidation preference of \$1,000 per share, 16,596 shares of which were issued and outstanding; and

89,100 shares were designated as 8.625% Non-Cumulative Preferred Stock, Series 8, having a liquidation preference of \$30,000 per share, 89,100 shares of which were issued and outstanding.

In addition, as of March 15, 2012, the following series of preferred stock were designated, but no shares of any of these series were outstanding:

3 million shares of ESOP Convertible Preferred Stock, Series C;

20 million shares of \$2.50 Cumulative Convertible Preferred Stock, Series BB;

600,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series N;

400,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series Q;

800,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series R; and

1,286,000 shares of Common Equivalent Junior Preferred Stock, Series S.

We refer to all of our preferred stock summarized above as our existing preferred stock. This brief summary does not purport to be complete and is qualified in its entirety by reference to the description of these securities contained in our Amended and Restated Certificate of Incorporation and the respective certificates of designation for each series of our existing preferred stock. In addition, for a more complete description of our outstanding preferred stock, see the information contained in our current reports on Form 8-K filed with the SEC on April 20, 2009 and September 1, 2011, which are incorporated by reference in this prospectus. We may update this description of some or all of our existing preferred stock from time to time in reports that we file under the Exchange Act.

The Preferred Stock

General. Any preferred stock sold under this prospectus will have the general dividend, voting, and liquidation preference rights stated below unless we specify otherwise in the applicable supplement. The applicable supplement for a series of preferred stock will describe the specific terms of those shares, including, where applicable:

the title and stated value of the preferred stock;

the aggregate number of shares of preferred stock offered;

the offering price or prices of the preferred stock;

the dividend rate or rates or method of calculation, the dividend period, and the dates dividends will be payable;

whether dividends are cumulative or noncumulative, and, if cumulative, the date the dividends will begin to cumulate;

the dividend and liquidation preference rights of the preferred stock relative to any existing or future series of our preferred stock;

the dates the preferred stock become subject to redemption at our option, and any redemption terms;

any redemption or sinking fund provisions;

whether the preferred stock will be issued in other than book-entry form;

whether the preferred stock will be listed on any securities exchange;

any rights on the part of the stockholder or us to convert the preferred stock into shares of our common stock or any other security; and

any additional voting, liquidation, preemptive, and other rights, preferences, privileges, limitations, and restrictions.

Dividends. The holders of our preferred stock will be entitled to receive when, as, and if declared by our board of directors, cash dividends at those rates as will be fixed by our board of directors, subject to the terms of our Amended and Restated Certificate of Incorporation. All dividends will be paid out of funds that are legally available for this purpose. Unless we specify otherwise in the applicable supplement, whenever dividends on any non-voting preferred stock are in arrears for six quarterly dividend periods (whether or not consecutive), holders of the non-voting preferred stock will have the right to elect two additional directors to serve on our board of directors, and these two additional directors will continue to serve until full dividends on such non-voting preferred stock have been paid regularly for at least four quarterly dividend periods.

Voting. The holders of our preferred stock will have no voting rights except:

as required by applicable law; or

as specifically approved by us for that particular series.

Under regulations adopted by the Board of Governors of the Federal Reserve System (the Federal Reserve Board), if the holders of any series of our preferred stock become entitled to vote for the election of directors because dividends on that series are in arrears, that series may then be deemed a class of voting securities. In such a case, a holder of 25% or more of the series, or a holder of 5% or more if that holder would also be considered to exercise a controlling influence over us, may then be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act of 1956. In addition, (1) any other bank holding company may be required to obtain the prior approval of the Federal Reserve Board to acquire or retain 5% or more of that series, and (2) any person other than a bank holding company may be required to obtain the approval of the Federal Reserve Board to acquire or retain 10% or more of that series.

Liquidation Preference. In the event of our voluntary or involuntary dissolution, liquidation, or winding up, the holders of any series of our preferred stock will be entitled to receive, after distributions to holders of any series or class of our capital stock ranking superior, an amount equal to the stated or liquidation value of the shares of the series plus an amount equal to accrued and unpaid dividends. If the assets and funds to be distributed among the holders of our preferred stock will be insufficient to permit full payment to the holders, then the holders of our preferred stock will share ratably in any distribution of our assets in proportion to the amounts that they otherwise would receive on their shares of our preferred stock if the shares were paid in full.

DESCRIPTION OF DEPOSITARY SHARES

General

We may offer depositary receipts evidencing depositary shares, each of which will represent a fractional interest in shares of preferred stock, rather than full shares of these securities. We will deposit shares of preferred stock of each series represented by depositary shares under a deposit agreement between us and a U.S. bank or trust company that we will select (the depositary).

This section describes some of the general terms and provisions applicable to all depositary shares. We will describe the specific terms of a series of depositary shares and the deposit agreement in the applicable supplement. The following description and any description of the depositary shares in the applicable supplement may not be complete and is subject to and qualified in its entirety by reference to the terms and provisions of the applicable deposit agreement and depositary receipts. Forms of the deposit agreement and depositary receipts reflecting the particular terms and provisions of a series of offered depositary shares will be filed with the SEC in connection with the offering and incorporated by reference in the registration statement and this prospectus. See [Where You Can Find More Information](#) below for information on how to obtain copies of any deposit agreements and depositary receipts.

Terms of the Depositary Shares

Depositary receipts issued under the deposit agreement will evidence the depositary shares. Depositary receipts will be distributed to those persons purchasing depositary shares representing fractional shares of preferred stock in accordance with the terms of the offering. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, in proportion to the fractional interest of a share of preferred stock represented by the applicable depositary share, to all the rights and preferences of the preferred stock being represented, including dividend, voting, redemption, conversion, and liquidation rights, all as will be set forth in the applicable supplement relating to the depositary shares being offered.

Pending the preparation of definitive depositary receipts, the depository, upon our written order, may issue temporary depositary receipts. The temporary depositary receipts will be substantially identical to, and will have all the rights of, the definitive depositary receipts, but will not be in definitive form. Definitive depositary receipts will be prepared thereafter and temporary depositary receipts will be exchanged for definitive depositary receipts at our expense.

Withdrawal of Preferred Stock

Unless the depositary shares have been called for redemption, a holder of depositary shares may surrender his or her depositary receipts at the principal office of the depository, pay any charges, and comply with any other terms as provided in the deposit agreement for the number of shares of preferred stock underlying the depositary shares. A holder of depositary shares who withdraws shares of preferred stock will be entitled to receive whole shares of preferred stock on the basis set forth in the applicable supplement relating to the depositary shares being offered.

However, unless we specify otherwise in the applicable supplement, holders of whole shares of preferred stock will not be entitled to deposit those shares under the deposit agreement or to receive depositary receipts for those shares after the withdrawal. If the depositary shares surrendered by the holder in connection with the withdrawal exceed the number of depositary shares that represent the number of whole shares of preferred stock to be withdrawn, the depository will deliver to the holder at the same time a new depositary receipt evidencing the excess number of depositary shares.

Dividends and Other Distributions

The depository will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of depositary shares relating to that preferred stock in proportion to the number of depositary shares owned by those holders. However, the depository will distribute only the amount that can be distributed without attributing to any holder of depositary

shares a fraction of one cent. Any balance that is not distributed will be added to and treated as part of the next sum received by the depository for distribution to record holders.

If there is a distribution other than in cash, the depository will distribute property it receives to the record holders of depository shares who are entitled to that property. However, if the depository determines that it is not feasible to make this distribution of property, the depository, with our approval, may sell that property and distribute the net proceeds to the holders of the depository shares.

Redemption of Depository Shares

If a series of preferred stock which relates to depository shares is redeemed, the depository shares will be redeemed from the proceeds received by the depository from the redemption, in whole or in part, of that series of preferred stock. Unless we specify otherwise in the applicable supplement, the depository will mail notice of redemption at least 30 and not more than 45 calendar days before the date fixed for redemption to the record holders of the depository shares to be redeemed at their addresses appearing in the depository's books. The redemption price per depository share will be equal to the applicable fraction of the redemption price per share payable on that series of the preferred stock.

Whenever we redeem preferred stock held by the depository, the depository will redeem as of the same redemption date the number of depository shares representing the preferred stock redeemed. If less than all of the depository shares are redeemed, the depository shares redeemed will be selected by lot or pro rata or by any other equitable method as the depository may decide.

After the date fixed for redemption, the depository shares called for redemption will no longer be deemed to be outstanding. At that time, all rights of the holder of the depository shares will cease, except the right to receive any money or other property they become entitled to receive upon surrender to the depository of the depository receipts.

Voting the Deposited Preferred Stock

Any voting rights of holders of the depository shares are directly dependent on the voting rights of the underlying preferred stock, which customarily have limited voting rights. Upon receipt of notice of any meeting at which the holders of the preferred stock held by the depository are entitled to vote, the depository will mail the information contained in the notice of meeting to the record holders of the depository shares relating to the preferred stock. Each record holder of depository shares on the record date, which will be the same date as the record date for the preferred stock, will be entitled to instruct the depository as to the exercise of the voting rights pertaining to the amount of preferred stock underlying the holder's depository shares. The depository will endeavor, insofar as practicable, to vote the amount of preferred stock underlying the depository shares in accordance with these instructions. We will agree to take all action which may be deemed necessary by the depository to enable the depository to do so. The depository will not vote any shares of preferred stock except to the extent it receives specific instructions from the holders of depository shares representing that number of shares of preferred stock.

Amendment and Termination of the Deposit Agreement

The form of depository receipt evidencing the depository shares and any provision of the deposit agreement may be amended by agreement between us and the depository. However, any amendment which materially and adversely alters the rights of the existing holders of depository

shares will not be effective unless the amendment has been approved by the record holders of at least a majority of the depositary shares then outstanding. Either we or the depository may terminate a deposit agreement if all of the outstanding depositary shares have been redeemed or if there has been a final distribution in respect of our preferred stock in connection with our liquidation, dissolution, or winding up.

Charges of Depository

We will pay all transfer and other taxes, assessments, and governmental charges arising solely from the existence of the depository arrangements. We will pay the fees of the depository in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay transfer and other taxes, assessments, and governmental charges and any other charges as are expressly provided in the deposit agreement to be for their accounts. The depository may refuse to effect any transfer of a depositary receipt or any withdrawals of preferred stock evidenced by a depositary receipt until all taxes, assessments, and governmental charges with respect to the depositary receipt or preferred stock are paid by their holders.

Miscellaneous

The depository will forward to the holders of depositary shares all of our reports and communications which are delivered to the depository and which we are required to furnish to the holders of our preferred stock.

Neither we nor the depository will be liable if we are prevented or delayed by law or any circumstance beyond our control in performing our obligations under the deposit agreement. All of our obligations as well as the depository's obligations under the deposit agreement are limited to performance in good faith of our respective duties set forth in the deposit agreement, and neither of us will be obligated to prosecute or defend any legal proceeding relating to any depositary shares or preferred stock unless provided with satisfactory indemnity. We, and the depository, may rely upon written advice of counsel or accountants, or information provided by persons presenting preferred stock for deposit, holders of depositary shares, or other persons believed to be competent and on documents believed to be genuine.

Resignation and Removal of Depository

The depository may resign at any time by delivering to us notice of its election to do so, and we may remove the depository at any time. Any resignation or removal will take effect only upon the appointment of a successor depository and the successor depository's acceptance of the appointment. Any successor depository must be a U.S. bank or trust company.

DESCRIPTION OF COMMON STOCK

The following summary of our common stock is qualified in its entirety by reference to the description of the common stock incorporated by reference in this prospectus.

General

As of the date of this prospectus, under our Amended and Restated Certificate of Incorporation, we are authorized to issue twelve billion eight hundred million (12,800,000,000) shares of common

stock, par value \$.01 per share, of which approximately 10.77 billion shares were outstanding on March 15, 2012. Our common stock trades on the New York Stock Exchange under the symbol BAC. Our common stock also is listed on the London Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. As of March 15, 2012, approximately 1.91 billion shares were reserved for issuance in connection with our various employee and director benefit plans, the conversion of outstanding securities convertible into shares of our common stock, and for other purposes. After taking into account the reserved shares, there were approximately 114 million authorized shares of our common stock available for issuance as of March 15, 2012.

Voting and Other Rights

Holders of our common stock are entitled to one vote per share. There are no cumulative voting rights. In general, a majority of votes cast on a matter is sufficient to take action upon routine matters, including the election of directors in an uncontested election. However, (1) amendments to our Amended and Restated Certificate of Incorporation generally must be approved by the affirmative vote of the holders of a majority of the voting power of the outstanding stock, and (2) a merger, dissolution, or the sale of all or substantially all of our assets generally must be approved by the affirmative vote of the holders of a majority of the voting power of the outstanding stock.

In the event of our liquidation, holders of our common stock will be entitled to receive pro rata any assets legally available for distribution to stockholders, subject to any prior rights of any preferred stock then outstanding.

Our common stock does not have any preemptive rights, redemption privileges, sinking fund privileges, or conversion rights. All the outstanding shares of our common stock are, and upon proper conversion of any convertible securities, all of the shares of our common stock into which those securities are converted will be, validly issued, fully paid, and nonassessable.

Computershare Trust Company, N.A. is the transfer agent and registrar for our common stock.

Dividends

Subject to the preferential rights of any holders of any outstanding series of preferred stock, the holders of our common stock are entitled to receive dividends or distributions, whether payable in cash or otherwise, as our board of directors may declare out of funds legally available for payments. Stock dividends, if any are declared, may be paid from our authorized but unissued shares of common stock.

REGISTRATION AND SETTLEMENT

Unless we specify otherwise in the applicable supplement, we will issue the securities in registered, and not bearer, form. This means that our obligation runs to the holder of the security named on the face of the security. Each debt security, warrant, purchase contract, unit, share of preferred stock, and depositary share issued in registered form will be represented either by a certificate issued in definitive form to a particular investor or by one or more global securities representing the entire issuance of securities.

We refer to those persons who have securities registered in their own names, on the books that we or the trustee, warrant agent, or other agent maintain for this purpose, as the holders of those securities. These persons are the legal holders of the securities. We refer to those who, indirectly through others, own beneficial interests in securities that are not registered in their own names as indirect owners of those securities. As we discuss below, indirect owners are not legal holders, and investors in securities issued in global, or book-entry, form or in street name will be indirect owners.

Book-Entry Only Issuance

Unless we specify otherwise in the applicable supplement, we will issue each security other than our common stock in global, or book-entry, form. This means that we will not issue actual notes or certificates to investors. Instead, we will issue global securities in registered form representing the entire issuance of securities. Each global security will be registered in the name of a financial institution or clearing system that holds the global security as depository on behalf of other financial institutions that participate in that depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the global securities on behalf of themselves or their customers.

Because securities issued in global form are registered in the name of the depository, we will recognize only the depository as the holder of the securities. This means that we will make all payments on the securities, including deliveries of any property other than cash, to the depository. The depository passes along the payments it receives from us to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants are not obligated to pass these payments along under the terms of the securities. Instead, they do so under agreements they have made with one another or with their customers.

As a result, investors will not own securities issued in book-entry form directly. Instead, they will own beneficial interests in a global security, through a bank, broker, or other financial institution that participates in the depository's book-entry system or holds an interest through a participant in the depository's book-entry system. As long as the securities are issued in global form, investors will be indirect owners, and not holders, of the securities. The depository will not have knowledge of the actual beneficial owners of the securities.

Certificates in Registered Form

In the future, we may cancel a global security or we may issue securities initially in non-global, or certificated, form. We do not expect to exchange global securities for actual notes or certificates registered in the names of the beneficial owners of the global securities representing the securities unless:

the depository notifies us that it is unwilling or unable to continue as depository for the global securities, or we become aware that the depository has ceased to be a clearing agency registered under the Securities Exchange Act of 1934, and in any case we fail to appoint a successor to the depository within 60 calendar days; or

we, in our sole discretion, determine that the global securities will be exchangeable for certificated securities.

Street Name Owners

When we issue actual notes or certificates registered in the names of the beneficial owners, investors may choose to hold their securities in their own names or in street name. Securities held by an investor in street name would be registered in the name of a bank, broker, or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those securities through an account that he or she maintains at that institution.

For securities held in street name, we will recognize only the intermediary banks, brokers, and other financial institutions in whose names the securities are registered as the holders of those securities, and we will make all payments on those securities, including deliveries of any property other than cash, to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold securities in street name will be indirect owners, not holders, of those securities.

Legal Holders

Our obligations, as well as the obligations of the trustee under any indenture and the obligations, if any, of any warrant agents, unit agents, depository for depository shares, and any other third parties employed by us, the trustee, or any of those agents, run only to the holders of the securities. We do not have obligations to investors who hold beneficial interests in global securities, who hold the securities in street name, or who hold the securities by any other indirect means. This will be the case whether an investor chooses to be an indirect owner of a security or has no choice because we are issuing the securities only in global form. For example, once we make a payment or give a notice to the holder, we have no further responsibility for that payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect owners, but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose, such as to amend the indenture for a series of debt securities or the warrant agreement for a series of warrants or the unit agreement for a series of units or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of an indenture, we would seek the approval only from the holders, and not the indirect owners, of the relevant securities. Whether and how the holders contact the indirect owners is up to the holders.

When we refer to *you* in this prospectus, we mean those who invest in the securities being offered by this prospectus, whether they are the holders or only indirect owners of those securities. When we refer to *your securities* in this prospectus, we mean the securities in which you will hold a direct or indirect interest.

Special Considerations for Indirect Owners

If you hold securities through a bank, broker, or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

how it handles payments on your securities and notices;

whether you can provide contact information to the registrar to receive copies of notices directly;

whether it imposes fees or charges;

whether and how you can instruct it to exercise any rights to purchase or sell warrant property under a warrant or purchase contract property under a purchase contract or to exchange or convert a security for or into other property;

how it would handle a request for the holders' consent, if required;

whether and how you can instruct it to send you the securities registered in your own name so you can be a holder, if that is permitted at any time;

how it would exercise rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests; and

if the securities are in book-entry form, how the depository's rules and procedures will affect these matters.

Depositories for Global Securities

Each security issued in book-entry form will be represented by a global security that we deposit with and register in the name of one or more financial institutions or clearing systems, or their nominees, which we will select. A financial institution or clearing system that we select for this purpose is called the depository for that security. A security usually will have only one depository, but it may have more.

Each series of securities will have one or more of the following as the depositories:

The Depository Trust Company, New York, New York, which is known as DTC ;

a financial institution holding the securities on behalf of Euroclear Bank SA/NV, which is known as Euroclear ;

a financial institution holding the securities on behalf of Clearstream Banking, société anonyme, Luxembourg, which is known as Clearstream, Luxembourg ; and

any other clearing system or financial institution that we identify in the applicable supplement.

The depositories named above also may be participants in one another's clearing systems. For example, if DTC is the depository for a global security, investors may hold beneficial interests in that security through Euroclear or Clearstream, Luxembourg as DTC participants.

We will name the depository or depositories for your securities in the applicable supplement. If no depository is named, the depository will be DTC.

The Depository Trust Company

The following is based on information furnished to us by DTC:

DTC will act as securities depository for the securities. The securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or any other name as may be requested by an authorized representative of DTC. One fully-registered

security certificate will be issued for each issue of the securities, each in the aggregate principal amount of the issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of the issue. We may also issue one or more global securities that represent multiple series of debt securities.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's direct participants deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. Information on that website is not included or incorporated by reference herein.

Purchases of the securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security (beneficial owner) is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, beneficial owners of securities may wish to ascertain that the nominee holding the securities for its benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities unless authorized by a direct participant in accordance with DTC's Money Market Instrument (MMI) procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the record date (identified in a listing attached to the omnibus proxy).

We will make dividend payments or any payments of principal, any premium, interest, or other amounts on the securities in immediately available funds directly to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us, on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of these participants and not of DTC or its nominee, us, the trustee, or any other agent or party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of dividends or principal and any premium or interest to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is our responsibility. Disbursement of the payments to direct participants is the responsibility of DTC, and disbursement of the payments to the beneficial owners is the responsibility of the direct or indirect participants.

We will send any redemption notices to DTC. If less than all of the securities of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the issue to be redeemed.

A beneficial owner shall give notice to elect to have its securities repurchased through the participant through which it holds its beneficial interest in the security to the applicable trustee or tender agent. The beneficial owner shall effect delivery of its securities by causing the direct participant to transfer its interest in the securities on DTC's records. The requirement for physical delivery of securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the securities are transferred by the direct participant on DTC's records and followed by a book-entry credit of tendered securities to the applicable trustee or agent's DTC account.

DTC may discontinue providing its services as depository for the securities at any time by giving us reasonable notice. If this occurs, and if a successor securities depository is not obtained, we will print and deliver certificated securities.

We may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, we will print and delivery certificated securities to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders (each such account holder, a participant and collectively, the participants). Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear is incorporated under the laws of Belgium and Clearstream, Luxembourg is incorporated under the laws of Luxembourg.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies, and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a participant of either system.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855, Luxembourg.

Euroclear and Clearstream, Luxembourg may be depositories for a global security sold or traded outside the United States. In addition, if DTC is the depository for a global security, Euroclear and Clearstream, Luxembourg may hold interests in the global security as participants in DTC. As long as any global security is held by Euroclear or Clearstream, Luxembourg as depository, you may hold an interest in the global security only through an organization that participates, directly or indirectly, in Euroclear or Clearstream, Luxembourg. If Euroclear or Clearstream, Luxembourg is the depository for a global security and there is no depository in the United States, you will not be able to hold interests in that global security through any securities clearing system in the United States.

Payments, deliveries, transfers, exchanges, notices, and other matters relating to the securities made through Euroclear or Clearstream, Luxembourg must comply with the rules and procedures of those clearing systems. Those clearing systems could change their rules and procedures at any time. We have no control over those clearing systems or their participants, and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, Luxembourg, on one hand, and participants in DTC, on the other hand, when DTC is the depository, also would be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream, Luxembourg payments, deliveries, transfers, exchanges, notices, and other transactions involving any securities held through those clearing systems only on days when those clearing systems are open for business. Those clearing systems may not be open for business on days when banks, brokers, and other institutions are open for business in the United States. In addition, because of time-zone differences, U.S. investors who hold their interests in the securities through these clearing systems and wish to transfer their interests, or to receive or

make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Brussels or Luxembourg, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream, Luxembourg may need to make special arrangements to finance any purchases or sales of their interests between the United States and European clearing systems, and those transactions may settle later than would be the case for transactions within one clearing system.

Special Considerations for Global Securities

As an indirect owner, an investor's rights relating to a global security will be governed by the account rules of the depository and those of the investor's financial institution or other intermediary through which it holds its interest (e.g., Euroclear or Clearstream, Luxembourg, if DTC is the depository), as well as general laws relating to securities transfers. We do not recognize this type of investor or any intermediary as a holder of securities. Instead, we deal only with the depository that holds the global security.

If securities are issued only in the form of a global security, an investor should be aware of the following:

an investor cannot cause the securities to be registered in his or her own name, and cannot obtain physical certificates for his or her interest in the securities, except in the special situations described above;

an investor will be an indirect holder and must look to his or her own bank or broker for payments on the securities and protection of his or her legal rights relating to the securities, as we describe above under [Legal Holders](#) ;

under existing industry practices, if we or the applicable trustee request any action of owners of beneficial interests in any global security or if an owner of a beneficial interest in any global security desires to give instructions or take any action that a holder of an interest in a global security is entitled to give or take under the applicable indenture, Euroclear or Clearstream, Luxembourg, as the case may be, would authorize the participants owning the relevant beneficial interests to give instructions or take such action, and such participants would authorize indirect holders to give or take such action or would otherwise act upon the instructions of such indirect holders;

an investor may not be able to sell interests in the securities to some insurance companies and other institutions that are required by law to own their securities in certificated form;

an investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective; furthermore, as Euroclear and Clearstream, Luxembourg act on behalf of their respective participants only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not participants with Euroclear or Clearstream, Luxembourg to pledge interests in any global security to persons or entities that are not participants with Euroclear or Clearstream, Luxembourg or otherwise take action in respect of interests in any global security, may be limited;

the depository's policies will govern payments, deliveries, transfers, exchanges, notices, and other matters relating to an investor's interest in a global security, and those policies may change from time to time;

we, the trustee, any warrant agents, and any unit or other agents will not be responsible for any aspect of the depository's policies, actions, or records of ownership interests in a global security;

we, the trustee, any warrant agents, and any unit or other agents do not supervise the depository in any way;

the depository will require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds, and your broker or bank may require you to do so as well; and

financial institutions that participate in the depository's book-entry system and through which an investor holds its interest in the global securities, directly or indirectly, also may have their own policies affecting payments, deliveries, transfers, exchanges, notices, and other matters relating to the securities. Those policies may change from time to time. For example, if you hold an interest in a global security through Euroclear or Clearstream, Luxembourg when DTC is the depository, Euroclear or Clearstream, Luxembourg, as applicable, will require those who purchase and sell interests in that security through them to use immediately available funds and comply with other policies and procedures, including deadlines for giving instructions as to transactions that are to be effected on a particular day. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the policies or actions or records of ownership interests of any of those intermediaries.

Registration, Transfer, and Payment of Certificated Securities

If we ever issue securities in certificated form, those securities may be presented for registration of transfer at the office of the registrar or at the office of any transfer agent we designate and maintain. The registrar or transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of the securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. At any time we may change transfer agents or approve a change in the location through which any transfer agent acts. We also may designate additional transfer agents for any securities at any time.

We will not be required to issue, exchange, or register the transfer of any security to be redeemed for a period of 15 calendar days before the selection of the securities to be redeemed. In addition, we will not be required to exchange or register the transfer of any security that was selected, called, or is being called for redemption, except the unredeemed portion of any security being redeemed in part.

We will pay amounts payable on any certificated securities at the offices of the paying agents we may designate from time to time.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary of the material U.S. federal income tax considerations of the acquisition, ownership, and disposition of certain of the debt securities, preferred stock, depositary shares representing fractional interests in preferred stock, and common stock that we are offering, is based upon the advice of Morrison & Foerster LLP, our tax counsel. The following discussion is not exhaustive of all possible tax considerations. 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 Internal Revenue Service (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 is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as: partnerships, subchapter S corporations, or other pass-through entities, any government (or instrumentality or agency thereof), banks, financial institutions, tax-exempt entities, insurance companies, regulated investment companies, real estate investment trusts, trusts and estates, dealers in securities or currencies, traders in securities that have elected to use the mark-to-market method of accounting for their securities, persons holding the debt securities, preferred stock, depositary shares, or common stock as part of an integrated investment, including a straddle, hedge, constructive sale, or conversion transaction, persons (other than Non-U.S. Holders) whose functional currency for tax purposes is not the U.S. dollar, and persons subject to the alternative minimum tax provisions of the Code. 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. This summary also may not apply to all forms of debt securities, preferred stock, depositary shares, or common stock that we may issue. If the tax consequences associated with a particular form of debt security, preferred stock, depositary shares or common stock are different than those described below, they will be described in the applicable supplement.

This summary is directed solely to holders that, except as otherwise specifically noted, will purchase the debt securities, preferred stock, depositary shares, or common stock offered in this prospectus upon original issuance and will hold such securities as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of these securities, 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.

As used in this prospectus, the term U.S. Holder means a beneficial owner of the debt securities, preferred stock, depositary shares, or common stock offered in this prospectus that is for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state of the United States or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

Notwithstanding the preceding paragraph, to the extent provided in Treasury regulations, some trusts in existence on August 20, 1996, and treated as United States persons prior to that date, that elect to continue to be treated as United States persons also will be U.S. Holders. As used in this prospectus, the term *Non-U.S. Holder* is a holder that is not a U.S. Holder.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the debt securities, preferred stock, depository shares, or common stock offered in this prospectus, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership and accordingly, this summary does not apply to partnerships. A partner of a partnership holding the debt securities, preferred stock, depository shares, or common stock should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership, and disposition by the partnership of the debt securities, preferred stock, depository shares, or common stock.

Taxation of Debt Securities

This subsection describes the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of the debt securities offered in this prospectus, other than the debt securities described below under *Convertible, Renewable, Extendible, Indexed, and Other Debt Securities*, which will be described in the applicable supplement. This subsection is directed solely to holders that, except as otherwise specifically noted, will purchase the debt securities offered in this prospectus upon original issuance at the issue price, as defined below.

Consequences to U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to U.S. Holders of debt securities.

Payment of Interest. Except as described below in the case of interest on a debt security issued with original issue discount, as defined below under *Consequences to U.S. Holders Original Issue Discount*, interest on a debt security generally will be included in the income of a U.S. Holder as interest income at the time it is accrued or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes and will be ordinary income.

Original Issue Discount. Some of our debt securities may be issued with original issue discount (*OID*). U.S. Holders of debt securities issued with *OID*, other than short-term debt securities with a maturity of one year or less from its date of issue, will be subject to special tax accounting rules, as described in greater detail below. For tax purposes, *OID* is the excess of the stated redemption price at maturity of a debt instrument over its issue price. The stated redemption price at maturity of a debt security is the sum of all payments required to be made on the debt security other than qualified stated interest payments, as defined below. The issue price of a debt security is generally the first offering price to the public at which a substantial amount of the issue was sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The term *qualified stated interest*

generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate or, under certain circumstances, at a variable rate. If a debt security bears interest during any accrual period at a rate below the rate applicable for the remaining term of the debt security (for example, debt securities with teaser rates or interest holidays), then some or all of the stated interest may not be treated as qualified stated interest.

A U.S. Holder of a debt security with a maturity of more than one year from its date of issue that has been issued with OID (an "OID debt security") is generally required to include any qualified stated interest payments in income as interest at the time such interest is accrued or is received in accordance with the U.S. Holder's regular accounting method for tax purposes, as described above under "Consequences to U.S. Holders—Payment of Interest." A U.S. Holder of an OID debt security is generally required to include in income the sum of the daily accruals of the OID for the debt security for each day during the taxable year (or portion of the taxable year) in which the U.S. Holder held the OID debt security, regardless of such holder's regular method of accounting. Thus, a U.S. Holder may be required to include OID in income in advance of the receipt of some or all of the related cash payments. The daily portion is determined by allocating the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may even vary in length over the term of the OID debt security, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the excess of: (1) the product of the adjusted issue price of the OID debt security at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) over (2) the amount of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The adjusted issue price of an OID debt security at the beginning of any accrual period is the sum of the issue price of the OID debt security plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the OID debt security that were not qualified stated interest. Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

If the excess of the stated redemption price at maturity of a debt security over its issue price is less than 1/4 of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity, or weighted average maturity in the case of debt securities with more than one principal payment (de minimis OID), the debt security is not treated as issued with OID. A U.S. Holder generally must include the de minimis OID in income at the time payments, other than qualified stated interest, on the debt securities are made in proportion to the amount paid (unless the U.S. Holder makes the election described below under "Consequences to U.S. Holders—Election to Treat All Interest as Original Issue Discount"). Any amount of de minimis OID that is included in income in this manner will be treated as capital gain.

Additional rules applicable to debt securities with OID that are denominated in or determined by reference to a currency other than the U.S. dollar are described under "Consequences to U.S. Holders—Non-U.S. Dollar Denominated Debt Securities" below.

Variable Rate Debt Securities. In the case of a debt security that is a variable rate debt security, special rules apply. A debt security will qualify as a variable rate debt instrument under Treasury regulations if (i) the debt security's issue price does not exceed the total noncontingent principal payments by more than the lesser of: (a) 0.015 multiplied by the product of the total

noncontingent principal payments and the number of complete years to maturity from the issue date, or (b) 15% of the total noncontingent principal payments; and (ii) the debt security provides for stated interest, compounded or paid at least annually, only at one or more qualified floating rates, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Generally, a rate is a qualified floating rate if: (i) (a) variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the debt security is denominated; or (b) the rate is equal to such a rate multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35 or a fixed multiple greater than 0.65 but not more than 1.35 increased or decreased by a fixed rate, and (ii) the value of the rate on any date during the term of the debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day. If a debt security provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the debt security, the qualified floating rates together constitute a single qualified floating rate. A debt security will not have a variable rate that is a qualified floating rate, however, if the variable rate of interest is subject to one or more minimum or maximum rate floors or ceilings or one or more governors limiting the amount of increase or decrease unless such floor, ceiling, or governor is fixed throughout the term of the debt security or is not reasonably expected as of the issue date to significantly affect the yield on the debt security.

Generally, an objective rate is a rate that is (i) not a qualified floating rate, (ii) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of the issuer or a related party, and (iii) the value of the rate on any date during the term of the debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day. If it is reasonably expected that the average value of the variable rate during the first half of the term of a debt security will be either significantly less than or significantly greater than the average value of the rate during the final half of the term of the debt security, then the debt security will not have a variable rate that is an objective rate. An objective rate is a qualified inverse floating rate if that rate is equal to a fixed rate minus a qualified floating rate and variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

A debt security will also have a variable rate that is a single qualified floating rate or an objective rate if interest on the debt security is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either: (i) the fixed rate and the qualified floating rate or objective rate have values on the issue date of the debt security that do not differ by more than 0.25 percentage points, or (ii) the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In the case of a debt security that provides for stated interest that is unconditionally payable at least annually at a variable rate that is a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on the debt security is treated as qualified stated interest. In that case, both the debt security's yield to maturity and qualified stated interest will be determined, solely for purposes of calculating the accrual of OID, if any, as though the debt security will bear interest in all periods throughout its term (in the case of a single qualified floating rate or qualified inverse floating rate) at a fixed rate generally equal to the value of the rate on the issue date or, in the case of an objective rate (other than a qualified inverse floating rate), the rate that reflects the yield to maturity that is reasonably expected for the debt security (the fixed rate substitute). A U.S. holder should then recognize OID, if any, that is

calculated based on the debt security's assumed yield to maturity. If the interest actually accrued or paid during an accrual period exceeds or is less than the assumed fixed interest, the qualified stated interest allocable to that period is increased or decreased, as applicable.

If a debt security does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, the interest and OID accruals on the debt security must be determined by (i) determining a fixed rate substitute for each variable rate provided under the debt security (as described above), (ii) constructing the equivalent fixed rate debt instrument, using the fixed rate substitutes, (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and (iv) making appropriate adjustments to qualified stated interest or OID for actual variable rates during the applicable accrual period.

In the case of a debt security that provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period (as described above), the interest and OID accruals on the debt security must be determined by using the method described above. However, the debt security will be treated, for purposes of the first three steps of the determination, as if the debt security had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of the debt security as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Acquisition Premium. If a U.S. Holder purchases an OID debt security for an amount greater than its adjusted issue price (as determined above) at the purchase date and less than or equal to the sum of all amounts, other than qualified stated interest, payable on the OID debt security after the purchase date, the excess is acquisition premium. Under these rules, in general, the amount of OID which must be included in income for the debt security for any taxable year (or any portion of a taxable year in which the debt security is held) will be reduced (but not below zero) by the portion of the acquisition premium allocated to the period. The amount of acquisition premium allocated to each period is determined by multiplying the OID that otherwise would have been included in income by a fraction, the numerator of which is the excess of the cost over the adjusted issue price of the OID debt security and the denominator of which is the excess of the OID debt security's stated redemption price at maturity over its adjusted issue price.

If a U.S. Holder purchases an OID debt security for an amount less than its adjusted issue price (as determined above) at the purchase date, any OID accruing with respect to that OID debt security will be required to be included in income and, to the extent of the difference between the purchase amount and the OID debt security's adjusted issue price, the OID debt security will be treated as having market discount. See Consequences to U.S. Holders Market Discount below.

Amortizable Bond Premium. If a U.S. Holder purchases a debt security (including an OID debt security) for an amount in excess of the sum of all amounts payable on the debt security after the purchase date, other than qualified stated interest, such holder will be considered to have purchased such debt security with amortizable bond premium equal in amount to such excess. A U.S. Holder may elect to amortize such premium as an offset to interest income using a constant yield method over the remaining term of the debt security based on the U.S. Holder's yield to maturity with respect to the debt security.

A U.S. Holder generally may use the amortizable bond premium allocable to an accrual period to offset interest required to be included in the U.S. Holder's income under its regular method of accounting with respect to the debt security in that accrual period. If the amortizable bond premium allocable to an accrual period exceeds the amount of interest allocable to such accrual period, such excess would be allowed as a deduction for such accrual period, but only to the extent of the U.S. Holder's prior interest inclusions on the debt security that have not been offset previously by bond premium. Any excess is generally carried forward and allocable to the next accrual period.

If a debt security may be redeemed by us prior to its maturity date, the amount of amortizable bond premium will be based on the amount payable at the applicable redemption date, but only if use of the redemption date (in lieu of the stated maturity date) results in a smaller amortizable bond premium for the period ending on the redemption date. In addition, special rules limit the amortization of bond premium in the case of convertible debt securities.

An election to amortize bond premium applies to all taxable debt obligations held by the U.S. Holder at the beginning of the first taxable year to which the election applies and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS. Generally, a holder may make an election to include in income its entire return on a debt security (i.e., the excess of all remaining payments to be received on the debt security over the amount paid for the debt security by such holder) in accordance with a constant yield method based on the compounding of interest, as discussed below under *Consequences to U.S. Holders Election to Treat All Interest as Original Issue Discount*. If a holder makes such an election for a debt security with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the holder's debt instruments with amortizable bond premium and may be revoked only with the permission of the IRS.

A U.S. Holder that elects to amortize bond premium will be required to reduce its tax basis in the debt security by the amount of the premium amortized during its holding period. OID debt securities purchased at a premium will not be subject to the OID rules described above. If a U.S. Holder does not elect to amortize bond premium, the amount of bond premium will be included in its tax basis in the debt security. Therefore, if a U.S. Holder does not elect to amortize bond premium and it holds the debt security to maturity, the premium generally will be treated as capital loss when the debt security matures.

Market Discount. If a U.S. Holder purchases a debt security for an amount that is less than its stated redemption price at maturity, or, in the case of an OID debt security, its adjusted issue price, such holder will be considered to have purchased the debt security with market discount. Any payment, other than qualified stated interest, or any gain on the sale, exchange, retirement, or other disposition of a debt security with market discount generally will be treated as ordinary interest income to the extent of the market discount not previously included in income that accrued on the debt security during such holder's holding period. In general, market discount is treated as accruing on a straight-line basis over the term of the debt security unless an election is made to accrue the market discount under a constant yield method. In addition, a U.S. Holder may be required to defer, until the maturity of the debt security or its earlier disposition in a taxable transaction, the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the debt security in an amount not exceeding the accrued market discount on the debt security.

A U.S. Holder may elect to include market discount in income currently as it accrues (on either a straight-line or constant yield basis), in lieu of treating a portion of any gain realized on a sale, exchange, retirement, or other disposition of the debt security as ordinary income. If an election is made to include market discount on a current basis, the interest deduction deferral rule described

above will not apply. If a U.S. Holder makes such an election, it will apply to all market discount debt instruments acquired by such holder on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS. U.S. Holders should consult with their own tax advisors before making this election.

If the difference between the stated redemption price at maturity of a debt security or, in the case of an OID debt security, its adjusted issue price, and the amount paid for the debt security is less than 1/4 of 1% of the debt instrument's stated redemption price at maturity or, in the case of an OID debt security, its adjusted issue price, multiplied by the number of remaining complete years to the debt security's maturity (de minimis market discount), the debt security is not treated as issued with market discount.

Generally, a holder may make an election to include in income its entire return on a debt security (i.e., the excess of all remaining payments to be received on the debt security over the amount paid for the debt security by such holder) in accordance with a constant yield method based on the compounding of interest, as discussed below under Consequences to U.S. Holders Election to Treat All Interest as Original Issue Discount. If a holder makes such an election for a debt security with market discount, the holder will be required to include market discount in income currently as it accrues on a constant yield basis for all market discount debt instruments acquired by such holder on or after the first day of the first taxable year to which the election applies, and such election may be revoked only with the permission of the IRS.

Election to Treat All Interest as Original Issue Discount. A U.S. Holder may elect to include in income all interest that accrues on a debt security using the constant-yield method applicable to OID described above, subject to certain limitations and exceptions. For purposes of this election, interest includes stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium, each as described herein. If this election is made for a debt security, then, to apply the constant-yield method: (i) the issue price of the debt security will equal its cost, (ii) the issue date of the debt security will be the date it was acquired, and (iii) no payments on the debt security will be treated as payments of qualified stated interest. A U.S. Holder must make this election for the taxable year in which the debt security was acquired, and may not revoke the election without the consent of the IRS. U.S. Holders should consult with their own tax advisors before making this election.

Debt Securities That Trade Flat. We expect that certain debt securities will trade in the secondary market with accrued interest. However, we may issue debt securities with terms and conditions that would make it likely that such debt securities would trade flat in the secondary market, which means that upon a sale of a debt security a U.S. Holder would not be paid an amount that reflects the accrued but unpaid interest with respect to such debt security. Nevertheless, for U.S. federal income tax purposes, a portion of the sales proceeds equal to the interest accrued with respect to such debt security from the last interest payment date to the sale date must be treated as interest income rather than as an amount realized upon the sale. Accordingly, a U.S. Holder that sells such a debt security between interest payment dates would be required to recognize interest income and, in certain circumstances, would recognize a capital loss (the deductibility of which is subject to limitations) on the sale of the debt security. Concurrently, a U.S. Holder that purchases such a debt security between interest payment dates would not be required to include in income that portion of any interest payment received that is attributable to interest that accrued prior to the purchase. Such payment is treated as a return of capital which reduces the U.S. Holder's remaining cost basis in the debt security. However, interest that accrues after the purchase date is included in income in the year received or accrued (depending on the U.S. Holder's accounting method). U.S. Holders that purchase such debt securities between interest

payment dates should consult their own tax advisors concerning such holder's adjusted tax basis in the debt security and whether such debt securities should be treated as having been purchased with market discount, as described above.

Short-Term Debt Securities. Some of our debt securities may be issued with maturities of one year or less from the date of issue, which we refer to as short-term debt securities. Treasury regulations provide that no payments of interest on a short-term debt security are treated as qualified stated interest. Accordingly, in determining the amount of discount on a short-term debt security, all interest payments, including stated interest, are included in the short-term debt security's stated redemption price at maturity.

In general, individual and certain other U.S. Holders using the cash basis method of tax accounting are not required to include accrued discount on short-term debt securities in income currently unless they elect to do so, but they may be required to include any stated interest in income as the interest is received. However, a cash basis U.S. Holder will be required to treat any gain realized on a sale, exchange, or retirement of the short-term debt security as ordinary income to the extent such gain does not exceed the discount accrued with respect to the short-term debt security, which will be determined on a straight-line basis unless the holder makes an election to accrue the discount under the constant-yield method, through the date of sale or retirement. In addition, a cash basis U.S. Holder that does not elect to currently include accrued discount in income will not be allowed to deduct any of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a short-term debt security (in an amount not exceeding the deferred income), but instead will be required to defer deductions for such interest until the deferred income is realized upon the maturity of the short-term debt security or its earlier disposition in a taxable transaction. Notwithstanding the foregoing, a cash-basis U.S. Holder of a short-term debt security may elect to include accrued discount in income on a current basis. If this election is made, the limitation on the deductibility of interest described above will not apply.

A U.S. Holder using the accrual method of tax accounting and some cash basis holders (including banks, securities dealers, regulated investment companies, and certain trust funds) generally will be required to include accrued discount on a short-term debt security in income on a current basis, on either a straight-line basis or, at the election of the holder, under the constant-yield method based on daily compounding.

Regardless of whether a U.S. Holder is a cash-basis or accrual-basis holder, the holder of a short-term debt security may elect to include accrued acquisition discount with respect to the short-term debt security in income on a current basis. Acquisition discount is the excess of the remaining redemption amount of the short-term debt security at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing on a straight-line basis or, at the election of the holder, under a constant yield method based on daily compounding. If a U.S. Holder elects to include accrued acquisition discount in income, the rules for including OID will not apply. In addition, the market discount rules described above will not apply to short-term debt securities.

Sale, Exchange, or Retirement of Debt Securities. Upon the sale, exchange, retirement, or other disposition of a debt security, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, or other disposition (less an amount equal to any accrued interest not previously included in income if the debt security is disposed of between interest payment dates, which will be included in income as interest income for U.S. federal income tax purposes) and the U.S. Holder's adjusted tax basis in the debt security. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received for the debt security. A U.S. Holder's adjusted tax basis in a debt security generally will be the cost of the debt security to such U.S. Holder, increased by any OID, market discount, de minimis OID, de minimis market discount, or any discount with respect to a

short-term debt security previously included in income with respect to the debt security, and decreased by the amount of any premium previously amortized to reduce interest on the debt security and the amount of any payment (other than a payment of qualified stated interest) received in respect of the debt security.

Except as discussed above with respect to market discount, or as described below with respect to debt securities subject to contingencies and Non-U.S. Dollar Denominated Debt Securities, gain or loss realized on the sale, exchange, retirement, or other disposition of a debt security generally will be capital gain or loss and will be long-term capital gain or loss if the debt security has been held for more than one year. Net long-term capital gain recognized by an individual U.S. Holder is generally taxed at preferential rates. The ability of U.S. Holders to deduct capital losses is subject to limitations under the Code.

Reopenings. Treasury regulations provide specific rules regarding whether additional debt instruments issued in a reopening will be considered part of the same issue, with the same issue price and yield to maturity, as the original debt instruments for U.S. federal income tax purposes. Except as provided otherwise in an applicable supplement, we expect that additional debt securities issued by us in any reopening will be issued such that they will be considered part of the original issuance to which they relate.

Debt Securities Subject to Contingencies. Certain of the debt securities may provide for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In addition, certain of the debt securities may contain provisions permitting them to be redeemed prior to their stated maturity at our option and/or at the option of the holder. Debt securities containing these features may be characterized as contingent payment debt instruments for U.S. federal income tax purposes.

If the debt securities are properly characterized as contingent payment debt instruments for U.S. federal income tax purposes, such debt securities generally will be subject to Treasury regulations governing contingent payment debt instruments. Under those regulations, a U.S. Holder will be required to report OID or interest income based on a comparable yield and a projected payment schedule, both as described below, established by us for determining interest accruals and adjustments with respect to a note. A U.S. Holder which does not use the comparable yield and follow the projected payment schedule to calculate its OID and interest income on a debt security must timely disclose and justify the use of other estimates to the IRS.

A comparable yield with respect to a debt security generally is the yield at which we could issue a fixed-rate debt instrument with terms similar to those of the debt security (taking into account for this purpose the level of subordination, term, timing of payments, and general market conditions, but ignoring any adjustments for liquidity or the riskiness of the contingencies with respect to the debt security). Notwithstanding the foregoing, a comparable yield must not be less than the applicable U.S. federal rate based on the overall maturity of the debt security.

A projected payment schedule with respect to a debt security generally is a series of projected payments, the amount and timing of which would produce a yield to maturity on that debt security equal to the comparable yield. This projected payment schedule will consist of a projection for tax purposes of each non-contingent and contingent payment.

Based on the comparable yield and the projected payment schedule of the debt securities, a U.S. Holder of a note (regardless of accounting method) generally will be required to accrue as OID the sum of the daily portions of interest on the debt security for each day in the taxable year on which the holder held the debt security, adjusted upward or downward to reflect the difference, if

any, between the actual and projected amount of any contingent payments on the debt security, as set forth below. The daily portions of interest for a debt security are determined by allocating to each day in an accrual period the ratable portion of interest on the debt security that accrues in the accrual period. The amount of interest on the debt security that accrues in an accrual period is the product of the comparable yield on the debt security (adjusted to reflect the length of the accrual period) and the adjusted issue price of the debt security at the beginning of the accrual period. The adjusted issue price of a debt security at the beginning of the first accrual period will equal its issue price (as described above). For any subsequent accrual period, the adjusted issue price will be (i) the sum of the issue price of the debt security and any interest previously accrued on the debt security by a holder (without regard to any positive or negative adjustments, described below) minus (ii) the amount of any projected payments on the debt security for previous accrual periods.

A U.S. Holder of a debt security generally will be required to include in income OID in excess of actual cash payments received for certain taxable years. A U.S. Holder will be required to recognize interest income equal to the amount of any positive adjustment for a debt security for the taxable year in which a contingent payment is paid (including a payment of interest at maturity). A positive adjustment is the excess of actual payments in respect of contingent payments over the projected amount of contingent payments. A U.S. Holder also will be required to account for any negative adjustment for a taxable year in which a contingent payment is paid. A negative adjustment is the excess of the projected amounts of contingent payments over actual payments in respect of the contingent payments. A net negative adjustment is the amount by which total negative adjustments in a taxable year exceed total positive adjustments in such taxable year. A net negative adjustment (i) will first reduce the amount of interest for the debt security that a U.S. Holder would otherwise be required to include in income in the taxable year, and (ii) to the extent of any excess, will result in an ordinary loss equal to that portion of the excess as does not exceed the excess of (a) the amount of all previous interest inclusions under the debt security over (b) the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the note in prior taxable years. A net negative adjustment is not subject to the 2% floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described above in (i) and (ii) will be carried forward to offset future interest income on the debt security or to reduce the amount realized on a sale, exchange, retirement or other disposition of the debt security and, in the case of a payment at maturity, should result in a capital loss. The deductibility of capital losses by a U.S. Holder is subject to limitations.

If a contingent payment becomes fixed (within the meaning of applicable Treasury regulations) more than six months before its due date, a positive or negative adjustment, as appropriate, is made to reflect the difference between the present value of the amount that is fixed and the present value of the projected amount. The present value of each amount is determined by discounting the amount from the date the payment is due to the date the payment becomes fixed, using a discount rate equal to the comparable yield. If all contingent payments on the debt security become fixed, substantially contemporaneously, applicable Treasury regulations provide that, with regard to contingent payments that become fixed on a day that is more than six months before their due date, U.S. Holders should take into account positive or negative adjustments in respect of such contingent payments over the period to which they relate in a reasonable manner. U.S. Holders should consult their tax advisors as to what would be a reasonable manner in their particular situation.

We expect that the applicable pricing supplement will include a table that sets forth the following information with respect to the principal amount of the debt securities for each of the applicable accrual periods through the maturity date of the debt securities: (i) the amount of interest deemed to have accrued during the accrual period, and (ii) the total amount of interest deemed to have accrued from the original issue date through the end of the accrual period. The

table will be based upon a projected payment schedule and a comparable yield. The comparable yield will be determined based upon market conditions as of the date of the applicable pricing supplement. The comparable yield is likely to change between the date of any preliminary pricing supplement and the date of the related final pricing supplement. Therefore, the projected payment schedule included in any preliminary pricing supplement will be subject to change. We will determine the actual projected payment schedule and the actual comparable yield on the pricing date. Any tax accrual table included in a preliminary pricing supplement will be revised, and the revised table will be set forth in the final pricing supplement prepared in connection with the initial sale of the debt securities.

Upon a sale, exchange, retirement, or other disposition of a debt security prior to maturity, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement, or other disposition and that holder's tax basis in the debt security. A U.S. Holder's tax basis in a debt security generally will equal the cost of that debt security, increased by the amount of OID previously accrued by the holder for that debt security (without regard to any positive or negative adjustments) and reduced by any projected payments for previous periods on the debt securities. A U.S. Holder generally will treat any gain as interest income, and will treat any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary losses, and the balance as long-term or short-term capital loss depending upon the U.S. Holder's holding period for the debt security. The deductibility of capital losses by a U.S. Holder is subject to limitations.

U.S. Holders considering the purchase of debt securities with these features should carefully examine the applicable pricing supplement and should consult their own tax advisors regarding the U.S. federal income tax consequences to a U.S. Holder of the purchase, ownership and disposition of such debt securities.

Non-U.S. Dollar Denominated Debt Securities. Additional considerations apply to a U.S. Holder of a debt security payable in a currency other than U.S. dollars (foreign currency).

We refer to these securities as Non-U.S. Dollar Denominated Debt Securities. In the case of payments of interest, U.S. Holders using the cash method of accounting for U.S. federal income tax purposes will be required to include in income the U.S. dollar value of the foreign currency payment on a Non-U.S. Dollar Denominated Debt Security (other than OID or market discount) when the payment of interest is received. The U.S. dollar value of the foreign currency payment is determined by translating the foreign currency received at the spot rate for such foreign currency on the date the payment is received, regardless of whether the payment is in fact converted to U.S. dollars at that time. The U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency received. A U.S. Holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such payment.

U.S. Holders using the accrual method of accounting for U.S. federal income tax purposes will be required to include in income the U.S. dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Non-U.S. Dollar Denominated Debt Security during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. Holder may elect, however, to translate the accrued interest income using the exchange rate on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the exchange rate on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the

accrued interest, a U.S. Holder may translate the interest using the exchange rate on the date of receipt. The above election will apply to all other debt obligations held by the U.S. Holder and may not be changed without the consent of the IRS. U.S. Holders should consult their own tax advisors before making the above election. Upon receipt of an interest payment (including, upon the sale of the debt security, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), the holder will recognize foreign currency exchange gain or loss in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the foreign currency received at the spot rate for such foreign currency on the date such payment is received) and the U.S. dollar value of the interest income previously included in income with respect to such payment. This gain or loss will be treated as ordinary income or loss.

OID on a debt security that is also a Non-U.S. Dollar Denominated Debt Security will be determined for any accrual period in the applicable foreign currency and then translated into U.S. dollars, in the same manner as interest income accrued by a holder on the accrual basis, as described above (regardless of such holder's regular method of accounting). A U.S. Holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the sale of such debt security, the receipt of proceeds which include amounts attributable to OID previously included in income) to the extent of the difference between the U.S. dollar value of such payment (determined by translating the foreign currency received at the spot rate for such foreign currency on the date such payment is received) and the U.S. dollar value of the accrued OID (determined in the same manner as for accrued interest). For these purposes, all receipts on a debt security will be viewed: (i) first, as the receipt of any stated interest payment called for under the terms of the debt security, (ii) second, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first, and (iii) third, as the receipt of principal.

The amount of market discount on Non-U.S. Dollar Denominated Debt Securities includible in income generally will be determined by translating the market discount determined in the foreign currency into U.S. dollars at the spot rate on the date the Non-U.S. Dollar Denominated Debt Security is retired or otherwise disposed of. If a U.S. Holder elected to accrue market discount currently, then the amount which accrues is determined in the foreign currency and then translated into U.S. dollars on the basis of the average exchange rate in effect during such accrual period. A U.S. Holder will recognize foreign currency exchange gain or loss with respect to market discount which is accrued currently using the approach applicable to the accrual of interest income as described above.

Amortizable bond premium on a Non-U.S. Dollar Denominated Debt Security will be computed in the applicable foreign currency. If a U.S. Holder elected to amortize the premium, the amortizable bond premium will reduce interest income in the applicable foreign currency. At the time bond premium is amortized, foreign currency exchange gain or loss will be realized based on the difference between spot rates at such time and the time of acquisition of the Non-U.S. Dollar Denominated Debt Security. If a U.S. Holder does not elect to amortize bond premium, the bond premium computed in the foreign currency must be translated into U.S. dollars at the spot rate on the maturity date and such bond premium will constitute a capital loss which may be offset or eliminated by foreign currency exchange gain.

If a U.S. Holder purchases a Non-U.S. Dollar Denominated Debt Security with previously owned foreign currency, foreign currency exchange gain or loss (which will be treated as ordinary income or loss) will be recognized in an amount equal to the difference, if any, between the tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency used to purchase the Non-U.S. Dollar Denominated Debt Security, determined on the date of purchase.

Upon the sale, exchange, retirement, or other taxable disposition of a Non-U.S. Dollar Denominated Debt Security, a U.S. Holder will recognize gain or loss equal to the difference

between the amount realized upon the sale, exchange, retirement, or other disposition (less an amount equal to any accrued and unpaid interest not previously included in income, which will be treated as a payment of interest for U.S. federal income tax purposes) and the adjusted tax basis in the Non-U.S. Dollar Denominated Debt Security. The adjusted tax basis in a Non-U.S. Dollar Denominated Debt Security will equal the amount paid for the Non-U.S. Dollar Denominated Debt Security, increased by the amounts of any market discount or OID previously included in income with respect to the Non-U.S. Dollar Denominated Debt Security and reduced by any amortized acquisition or other premium and any principal payments received in respect of the Non-U.S. Dollar Denominated Debt Security. The amount of any payment in or adjustments measured by foreign currency will be equal to the U.S. dollar value of the foreign currency on the date of the purchase or adjustment. The amount realized will be based on the U.S. dollar value of the foreign currency on the date the payment is received or the Non-U.S. Dollar Denominated Debt Security is disposed of (or deemed disposed of as a result of a material change in the terms of the debt security). If, however, a Non-U.S. Dollar Denominated Debt Security is traded on an established securities market and the U.S. Holder uses the cash basis method of tax accounting, the U.S. dollar value of the amount realized will be determined by translating the foreign currency payment at the spot rate of exchange on the settlement date of the purchase or sale. A U.S. Holder that uses the accrual basis method of tax accounting may elect the same treatment with respect to the purchase and sale of Non-U.S. Dollar Denominated Debt Securities traded on an established securities market, provided that the election is applied consistently.

Except with respect to market discount as discussed above, and the foreign currency rules discussed below, gain or loss recognized upon the sale, exchange, retirement, or other taxable disposition of a Non-U.S. Dollar Denominated Debt Security will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement, or other disposition, the Non-U.S. Dollar Denominated Debt Security has been held for more than one year. Net long-term capital gain recognized by an individual U.S. Holder is generally taxed at preferential rates. The ability of U.S. Holders to deduct capital losses is subject to limitations under the Code.

A portion of the gain or loss with respect to the principal amount of a Non-U.S. Dollar Denominated Debt Security may be treated as foreign currency exchange gain or loss. Foreign currency exchange gain or loss will be treated as ordinary income or loss. For these purposes, the principal amount of the Non-U.S. Dollar Denominated Debt Security is the purchase price for the Non-U.S. Dollar Denominated Debt Security calculated in the foreign currency on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the sale, exchange, retirement or other disposition of the Non-U.S. Dollar Denominated Debt Security and (ii) the U.S. dollar value of the principal amount determined on the date the Non-U.S. Dollar Denominated Debt Security was purchased. The amount of foreign currency exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the Non-U.S. Dollar Denominated Debt Security.

The tax basis in foreign currency received as interest on a Non-U.S. Dollar Denominated Debt Security will be the U.S. dollar value of the foreign currency determined at the spot rate in effect on the date the foreign currency is received. The tax basis in foreign currency received on the sale, exchange, retirement, or other disposition of a Non-U.S. Dollar Denominated Debt Security will be equal to the U.S. dollar value of the foreign currency, determined at the time of the sale, exchange, retirement or other disposition. As discussed above, if the Non-U.S. Dollar Denominated Debt Securities are traded on an established securities market, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar value of the foreign currency by translating the foreign currency received at the spot rate of exchange on the settlement date of the sale, exchange, retirement, or other disposition. Accordingly, in such case, no foreign currency

exchange gain or loss will result from currency fluctuations between the trade date and settlement date of a sale, exchange, retirement, or other disposition. Any gain or loss recognized on a sale, exchange, retirement, or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase debt securities) will be ordinary income or loss.

Special rules may apply to Non-U.S. Dollar Denominated Debt Securities that are also treated as contingent payment debt instruments. For the special treatment, if any, of Non-U.S. Dollar Denominated Debt Securities that are also contingent payment debt securities, see the applicable supplement.

Additional Medicare Tax on Unearned Income. With respect to taxable years beginning after December 31, 2012, certain U.S. Holders, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on unearned income. For individual U.S. Holders, the additional Medicare tax applies to the lesser of (i) net investment income or (ii) the excess of modified adjusted gross income over \$200,000 (\$250,000 if married and filing jointly or \$125,000 if married and filing separately). Net investment income generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as interest and capital gains. U.S. Holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the debt securities.

Consequences to Non-U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to Non-U.S. Holders of debt securities. Non-U.S. Holders should consult their own tax advisors regarding the U.S. and non-U.S. tax considerations of acquiring, holding, and disposing of debt securities.

Payments of Interest. Under current U.S. federal income tax law and subject to the discussion below concerning backup withholding, principal (and premium, if any) and interest payments, including any OID, that are received from us or our agent and that are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, generally will not be subject to U.S. federal income or withholding tax except as provided below. Interest, including any OID, may be subject to a 30% withholding tax (or less under an applicable treaty, if any) if:

a Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of our stock entitled to vote;

a Non-U.S. Holder is a controlled foreign corporation for U.S. federal income tax purposes that is related to us (directly or indirectly) through stock ownership;

a Non-U.S. Holder is a bank extending credit under a loan agreement in the ordinary course of its trade or business;

the interest payments on the debt security are determined by reference to the income, profits, changes in the value of property or other attributes of the debtor or a related party (other than payments that are based on the value of a security or index of securities that are, and will continue to be, actively traded within the meaning of Section 1092(d) of the Code, and that are not nor will be a United States real property interest as described in Section 897(c)(1) or 897(g) of the Code); or

the Non-U.S. Holder does not satisfy the certification requirements described below.

A Non-U.S. Holder generally will satisfy the certification requirements if either: (A) the Non-U.S. Holder certifies to us or our agent, under penalties of perjury, that it is a non-United States person and provides its name and address (which certification may generally be made on an IRS Form W-8BEN, or a successor form), or (B) a securities clearing organization, bank, or other financial institution that holds customer securities in the ordinary course of its trade or business (a financial institution) and holds the debt security certifies to us or our agent under penalties of perjury that either it or another financial institution has received the required statement from the Non-U.S. Holder certifying that it is a non-United States person and furnishes us with a copy of the statement.

Payments not meeting the requirements set forth above and thus subject to withholding of U.S. federal income tax may nevertheless be exempt from withholding (or subject to withholding at a reduced rate) if the Non-U.S. Holder provides us with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from, or reduction in, withholding under the benefit of a tax treaty, or IRS Form W-8ECI (or other applicable form) stating that interest paid on the debt securities is not subject to withholding tax because it is effectively connected with the conduct of a trade or business within the United States as discussed below. 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. In addition, special rules may apply to claims for treaty benefits made by Non-U.S. Holders that are entities rather than individuals. 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.

Additional Payments. If the amount or timing of any payments on a debt security is contingent, the interest payments on the debt security may be treated as contingent interest under Section 871(h)(4) of the Code, in which case such interest may not be eligible for the exemption from U.S. federal income and withholding tax, as described above (other than for a holder that otherwise claims an exemption from, or reduction in, withholding under the benefit of an income tax treaty). In certain circumstances, if specified in the applicable supplement, we will pay to a Non-U.S. Holder of any debt security additional amounts to ensure that every net payment on that debt security will not be less, due to the payment of U.S. federal withholding tax, than the amount then otherwise due and payable. See *Description of Debt Securities Payment of Additional Amounts* above. However, because the likelihood that such payments will be made is remote, we do not believe that, because of these potential additional payments, the interest on the debt securities should be treated as contingent interest.

Sale, Exchange, or Retirement of Debt Securities. A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any capital gain or market discount realized on the sale, exchange, retirement, or other disposition of debt securities, provided that: (a) the gain is not effectively connected with the conduct of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, (b) in the case of a Non-U.S. Holder that is an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, or other disposition of the debt security, and (c) the Non-U.S. Holder is not subject to tax pursuant to certain provisions of U.S. federal income tax law applicable to certain expatriates. An individual Non-U.S. Holder who is present in the United States for 183 days or more in the taxable year of sale, exchange, or other disposition of a debt security, and if certain other conditions are met, will be subject to U.S. federal income tax at a rate of 30% on the gain realized on the sale, exchange, or other disposition of such debt security.

Income Effectively Connected with a Trade or Business within the United States. If a Non-U.S. Holder of a debt security is engaged in the conduct of a trade or business within the United States and if interest (including any OID) on the debt security, or gain realized on the sale, exchange, or other disposition of the debt security, 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 United States), the Non-U.S. Holder, although exempt from U.S. federal withholding tax (provided that the certification requirements discussed above are satisfied), generally will be subject to U.S. federal income tax on such interest (including any OID) or gain on a net income basis in the same manner as if it were a U.S. Holder. Non-U.S. holders should read the material under the heading *Consequences to U.S. Holders*, for a description of the U.S. federal income tax consequences of acquiring, owning, and disposing of debt securities. 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 an applicable U.S. income 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 United States, subject to certain adjustments.

Convertible, Renewable, Extendible, Indexed, and Other Debt Securities

Special U.S. federal income tax rules are applicable to certain other debt securities, including contingent Non-U.S. Dollar Denominated Debt Securities, debt securities that may be convertible into or exercisable or exchangeable for our common or preferred stock or other securities or debt or equity securities of one or more third parties, debt securities the payments on which are determined or partially determined by reference to any index and other debt securities that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate debt securities, any renewable and extendible debt securities and any debt securities providing for the periodic payment of principal over the life of the debt security. The material U.S. federal income tax considerations with respect to these debt securities will be discussed in the applicable supplement.

Backup Withholding and Information Reporting

In general, in the case of a U.S. Holder, other than certain exempt holders, we and other payors are required to report to the IRS all payments of principal, any premium, and interest on the debt security, and the accrual of OID on an OID debt security. In addition, we and other payors generally are required to report to the IRS any payment of proceeds of the sale of a debt security before maturity. Additionally, backup withholding generally will apply to any payments, including payments of OID, if a U.S. Holder fails to provide an accurate taxpayer identification number and certify that the taxpayer identification number is correct, the U.S. Holder is notified by the IRS that it has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns or a U.S. Holder does not certify that it has not underreported its interest and dividend income.

In the case of a Non-U.S. Holder, backup withholding and information reporting will not apply to payments made if the Non-U.S. Holder provides the required certification that it is not a United States person, or the Non-U.S. Holder otherwise establishes an exemption, provided that the payor or withholding agent does not have actual knowledge or reason to know that the holder is a United States person, or that the conditions of any exemption are not satisfied. However, we and other payors are required to report payments of interest on the debt securities on IRS Form 1042-S even if the payments are not otherwise subject to information reporting requirements.

In addition, payments of the proceeds from the sale of a debt security to or through a foreign office of a broker or the foreign office of a custodian, nominee, or other dealer acting on behalf of a

holder generally will not be subject to information reporting or backup withholding. However, if the broker, custodian, nominee, or other dealer is a United States person, the government of the United States or the government of any state or political subdivision of any state, or any agency or instrumentality of any of these governmental units, a controlled foreign corporation for U.S. federal income tax purposes, a foreign partnership that is either engaged in a trade or business within the United States or whose United States partners in the aggregate hold more than 50% of the income or capital interest in the partnership, a foreign person 50% or more of whose gross income for a certain period is effectively connected with a trade or business within the United States, or a United States branch of a foreign bank or insurance company, information reporting (but not backup withholding) generally will be required with respect to payments made to a holder unless the broker, custodian, nominee, or other dealer has documentation of the holder's foreign status and the broker, custodian, nominee, or other dealer has no reason to know or actual knowledge to the contrary.

Payment of the proceeds from a sale of a debt security to or through the United States office of a broker is subject to information reporting and backup withholding, unless the holder certifies as to its non-United States person status or otherwise establishes an exemption from information reporting and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Taxation of Common Stock, Preferred Stock, and Depositary Shares

This subsection describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of the common stock, preferred stock and depositary shares offered in this prospectus.

Taxation of Holders of Depositary Shares

For U.S. federal income tax purposes, holders of depositary shares generally will be treated as if they were the holders of the preferred stock represented by such depositary shares. Accordingly, such holders will be entitled to take into account, for U.S. federal income tax purposes, income, and deductions to which they would be entitled if they were holders of such preferred stock, as described more fully below. Exchanges of preferred stock for depositary shares and depositary shares for preferred stock generally will not be subject to U.S. federal income taxation.

Consequences to U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to U.S. Holders of our common stock, preferred stock, and depositary shares.

Distributions on Common Stock, Preferred Stock, and Depositary Shares. Distributions made to U.S. Holders out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be included in the income of a U.S. Holder as dividend income and will be subject to tax as ordinary income. Dividends received by an individual U.S. Holder in taxable years beginning before January 1, 2013 that constitute qualified dividend income are generally subject to tax at a maximum rate of 15% applicable to net long-term capital gains, provided that certain holding period and other requirements are met. Dividends received by a corporate U.S. Holder, except as described in the next subsection, generally will be eligible for the 70% dividends-received deduction.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a U.S. Holder to the extent that the distributions do not exceed the U.S. Holder's adjusted tax basis in the shares, but rather will reduce the adjusted tax basis of such shares. To the extent that distributions in excess of our current and accumulated earnings and profits exceed the U.S. Holder's adjusted tax basis in the shares, such distributions will be included in income as capital gain. In addition, a corporate U.S. Holder will not be entitled to the dividends-received deduction on this portion of a distribution.

We will notify holders of our shares after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, qualified dividend income and nondividend distributions, if any.

Limitations on Dividends-Received Deduction. A corporate U.S. Holder may not be entitled to take the 70% dividends-received deduction in all circumstances. Prospective corporate investors in our common stock, preferred stock, or depositary shares should consider the effect of:

Section 246A of the Code, which reduces the dividends-received deduction allowed to a corporate U.S. Holder that has incurred indebtedness that is directly attributable to an investment in portfolio stock, which may include our common stock, preferred stock, and depositary shares;

Section 246(c) of the Code, which, among other things, disallows the dividends-received deduction in respect of any dividend on a share of stock that is held for less than the minimum holding period (generally, for common stock, at least 46 days during the 90 day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend); and

Section 1059 of the Code, which, under certain circumstances, reduces the basis of stock for purposes of calculating gain or loss in a subsequent disposition by the portion of any extraordinary dividend (as defined below) that is eligible for the dividends-received deduction.

Extraordinary Dividends. A corporate U.S. Holder will be required to reduce its tax basis (but not below zero) in our common stock, preferred stock, or depositary shares by the nontaxed portion of any extraordinary dividend if the stock was not held for more than two years before the earliest of the date such dividend is declared, announced, or agreed. Generally, the nontaxed portion of an extraordinary dividend is the amount excluded from income by operation of the dividends-received deduction. An extraordinary dividend generally would be a dividend that:

in the case of common stock, equals or exceeds 10% of the corporate U.S. Holder's adjusted tax basis in the common stock, treating all dividends having ex-dividend dates within an 85 day period as one dividend; or

in the case of preferred stock, equals or exceeds 5% of the corporate U.S. Holder's adjusted tax basis in the preferred stock, treating all dividends having ex-dividend dates within an 85 day period as one dividend; or

exceeds 20% of the corporate U.S. Holder's adjusted tax basis in the stock, treating all dividends having ex-dividend dates within a 365 day period as one dividend.

In determining whether a dividend paid on stock is an extraordinary dividend, a corporate U.S. Holder may elect to substitute the fair market value of the stock for its tax basis for purposes of applying these tests if the fair market value as of the day before the ex-dividend date is established to the satisfaction of the Secretary of the Treasury. An extraordinary dividend also includes any

amount treated as a dividend in the case of a redemption that is either non-pro rata as to all stockholders or in partial liquidation of the corporation, regardless of the stockholder's holding period and regardless of the size of the dividend. Any part of the nontaxed portion of an extraordinary dividend that is not applied to reduce the corporate U.S. Holder's tax basis as a result of the limitation on reducing its basis below zero would be treated as capital gain and would be recognized in the taxable year in which the extraordinary dividend is received.

Corporate U.S. Holders should consult with their own tax advisors with respect to the possible application of the extraordinary dividend provisions of the Code to the ownership or disposition of common stock, preferred stock, or depositary shares in their particular circumstances.

Sale, Exchange, or other Taxable Disposition. Upon the sale, exchange, or other taxable disposition of our common stock, preferred stock, or depositary shares (other than by redemption or repurchase by us), a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, or other taxable disposition and the U.S. Holder's adjusted tax basis in the shares. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received upon the sale, exchange, or other taxable disposition of the shares. A U.S. Holder's tax basis in a share generally will be equal to the cost of the share to such U.S. Holder, which may be adjusted for certain subsequent events (for example, if the U.S. Holder receives a nondividend distribution, as described above). Gain or loss realized on the sale, exchange, or other taxable disposition of our common stock, preferred stock, or depositary shares generally will be capital gain or loss and will be long-term capital gain or loss if the shares have been held for more than one year. Net long-term capital gain recognized by an individual U.S. Holder is generally taxed at preferential rates. The ability of U.S. Holders to deduct capital losses is subject to limitations under the Code.

Redemption or Repurchase of Common Stock, Preferred Stock, or Depositary Shares. If we are permitted to and redeem or repurchase a U.S. Holder's common stock, preferred stock, or depositary shares, the redemption or repurchase generally would be a taxable event for U.S. federal income tax purposes. A U.S. Holder would be treated as if it had sold its shares if the redemption or repurchase:

results in a complete termination of the U.S. holder's stock interest in us;

is substantially disproportionate with respect to the U.S. Holder; or

is not essentially equivalent to a dividend with respect to the U.S. Holder, in each case as determined under the Code. In determining whether any of these tests has been met, shares of stock considered to be owned by a U.S. Holder by reason of certain constructive ownership rules set forth in Section 318 of the Code, as well as shares actually owned, must be taken into account.

If we redeem or repurchase a U.S. Holder's shares in a redemption or repurchase that meets one of the tests described above, the U.S. Holder generally would recognize taxable gain or loss equal to the sum of the amount of cash and fair market value of property (other than our stock or the stock of a successor to us) received less the U.S. Holder's tax basis in the shares redeemed or repurchased. This gain or loss generally would be long-term capital gain or capital loss if the shares have been held for more than one year.

If a redemption or repurchase does not meet any of the tests described above, a U.S. Holder generally will be taxed on the cash and fair market value of the property received as a dividend to the extent paid out of our current and accumulated earnings and profits. Any amount in excess of

our current or accumulated earnings and profits would first reduce the U.S. holder's tax basis in the shares and thereafter would be treated as capital gain. If a redemption or repurchase is treated as a distribution that is taxable as a dividend, the U.S. Holder's tax basis in the redeemed or repurchased shares would be transferred to the remaining shares of our stock that the U.S. Holder owns, if any.

Special rules apply if we redeem our common stock, preferred stock, or depositary shares for our debt securities. We will discuss any special U.S. federal income tax considerations in the applicable supplement if we have the option to redeem our common stock, preferred stock, or depositary shares for our debt securities.

Additional Medicare Tax on Unearned Income. With respect to taxable years beginning after December 31, 2012, certain U.S. Holders, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on unearned income. For individual U.S. Holders, the additional Medicare tax applies to the lesser of (i) net investment income or (ii) the excess of modified adjusted gross income over \$200,000 (\$250,000 if married and filing jointly or \$125,000 if married and filing separately). Net investment income generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as dividends and capital gains. U.S. Holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the preferred stock, common stock, or depositary shares.

Consequences to Non-U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to Non-U.S. Holders of our common stock, preferred stock, and depositary shares.

Distributions on Common Stock, Preferred Stock, and Depositary Shares. Distributions made to Non-U.S. Holders out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, and that is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, generally will be subject to U.S. federal income and withholding tax at a rate of 30% (or lower rate under an applicable treaty, if any). Payments subject to withholding of U.S. federal income tax may nevertheless be exempt from withholding (or subject to withholding at a reduced rate) if the Non-U.S. Holder provides us with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from, or reduction in, withholding under the benefit of a tax treaty, or IRS Form W-8ECI (or other applicable form) stating that a dividend paid on our shares is not subject to withholding tax because it is effectively connected with the conduct of a trade or business within the United States, as discussed below.

To claim benefits under an income tax treaty, a Non-U.S. Holder must certify to us or our agent, under penalties of perjury, that it is a non-United States person and provide its name and address (which certification may generally be made on an IRS Form W-8BEN, or a successor form), obtain and provide a taxpayer identification number, and certify as to its eligibility under the appropriate treaty's limitations on benefits article. In addition, special rules may apply to claims for treaty benefits made by Non-U.S. Holders that are entities rather than individuals. A Non-U.S. Holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

Sale, Exchange, or other Taxable Disposition. A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any capital gain realized on the sale, exchange, or

other taxable disposition of our common stock, preferred stock, or depositary shares, provided that: (a) the gain is not effectively connected with the conduct of a trade or business within the United States, or a permanent establishment maintained in the United States if certain tax treaties apply, (b) in the case of a Non-U.S. Holder that is an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, or other disposition of the shares, (c) the Non-U.S. Holder is not subject to tax pursuant to certain provisions of U.S. federal income tax law applicable to certain expatriates, and (d) we are not nor have we been a United States real property holding corporation for U.S. federal income tax purposes. An individual Non-U.S. Holder who is present in the United States for 183 days or more in the taxable year of sale, exchange, or other disposition of our common stock, preferred stock, or depositary shares and if certain other conditions are met, will be subject to U.S. federal income tax at a rate of 30% on the gains realized on the sale, exchange, or other disposition of such shares.

We would not be treated as a United States real property holding corporation if less than 50% of our assets throughout a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor. Even if we are treated as a United States real property holding corporation, a Non-U.S. Holder's sale of our common stock, preferred stock, or depositary shares nonetheless generally will not be subject to U.S. federal income or withholding tax, provided that (a) our stock owned is of a class that is regularly traded, as defined by applicable Treasury regulations, on an established securities market, and (b) the selling Non-U.S. Holder held, actually or constructively, 5% or less of our outstanding stock of that class at all times during the five-year period ending on the date of disposition.

To the extent we are or have been a United States real property holding corporation for U.S. federal income tax purposes and a Non-U.S. Holder held, directly or indirectly, at any time during the five-year period ending on the date of disposition, more than 5% of the class of stock and the non-U.S. Holder was not eligible for any treaty exemption, any gain on the sale of our common stock, preferred stock, or depositary shares would be treated as effectively connected with a trade or business within the United States, the treatment of which is described below, and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

We believe that we are not currently, and do not anticipate becoming, a United States real property holding corporation for U.S. federal income tax purposes.

Income Effectively Connected with a Trade or Business within the United States. If a Non-U.S. Holder of our common stock, preferred stock, or depositary shares is engaged in the conduct of a trade or business within the United States and if dividends on the shares, or gain realized on the sale, exchange, or other disposition of the shares, are 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 United States), the Non-U.S. Holder, although exempt from U.S. federal withholding tax (provided that the certification requirements discussed above are satisfied), generally will be subject to U.S. federal income tax on such dividends or gain on a net income basis in the same manner as if it were a U.S. Holder. Non-U.S. Holders should read the material under the heading *Consequences to U.S. Holders* above for a description of the U.S. federal income tax consequences of acquiring, owning, and disposing of our common stock, preferred stock, or depositary shares. 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 an applicable U.S. income 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 United States, subject to certain adjustments.

Backup Withholding and Information Reporting

In general, in the case of a U.S. Holder, other than certain exempt holders, we and other payors are required to report to the IRS all payments of dividends on our common stock, preferred stock, or depositary shares. In addition, we and other payors generally are required to report to the IRS any payment of proceeds of the sale of common stock, preferred stock, or depositary shares. Additionally, backup withholding generally will apply to any dividend payment and to proceeds received on a sale or exchange if a U.S. Holder fails to provide an accurate taxpayer identification number and certify that the taxpayer identification number is correct, the U.S. Holder is notified by the IRS that it has failed to report all dividends required to be shown on its U.S. federal income tax returns, or the U.S. Holder does not certify that it has not underreported its interest and dividend income.

In the case of a Non-U.S. Holder, backup withholding and information reporting will not apply to payments made if the Non-U.S. Holder provides the required certification that it is not a United States person, as described above, or the Non-U.S. Holder otherwise establishes an exemption, provided that the payor or withholding agent does not have actual knowledge or reason to know that the holder is a United States person, or that the conditions of any exemption are not satisfied.

In addition, payments of the proceeds from the sale of our common stock, preferred stock, or depositary shares to or through a foreign office of a broker or the foreign office of a custodian, nominee, or other dealer acting on behalf of a holder generally will not be subject to information reporting or backup withholding. However, if the broker, custodian, nominee, or other dealer is a United States person, the government of the United States or the government of any state or political subdivision of any state, or any agency or instrumentality of any of these governmental units, a controlled foreign corporation for U.S. federal income tax purposes, a foreign partnership that is either engaged in a trade or business within the United States or whose United States partners in the aggregate hold more than 50% of the income or capital interest in the partnership, a foreign person 50% or more of whose gross income for a certain period is effectively connected with a trade or business within the United States, or a United States branch of a foreign bank or insurance company, information reporting (but not backup withholding) generally will be required with respect to payments made to a holder unless the broker, custodian, nominee, or other dealer has documentation of the holder's foreign status and the broker, custodian, nominee, or other dealer has no reason to know or actual knowledge to the contrary.

Payment of the proceeds from a sale of our common stock, preferred stock, or depositary shares to or through the United States office of a broker is subject to information reporting and backup withholding, unless the holder certifies as to its non-United States person status or otherwise establishes an exemption from information reporting and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Convertible Preferred Stock and Other Equity Securities

Special U.S. federal income tax rules are applicable to certain other of our equity securities, including preferred stock convertible into or exercisable or exchangeable for our common stock or other securities. The material U.S. federal income tax considerations with respect to these securities will be discussed in the applicable pricing supplement. Investors should consult with their own tax advisors regarding the specific U.S. federal income tax considerations with respect to these securities.

Taxation of Warrants

The applicable supplement will contain a discussion of any special U.S. federal income tax considerations with respect to the acquisition, ownership and disposition of warrants offered in this prospectus, including any tax considerations relating to the specific terms of the warrants. Investors considering the purchase of warrants we are offering should carefully examine the applicable supplement regarding the special U.S. federal income tax considerations, if any, of the acquisition, ownership and disposition of the warrants.

Investors should consult with their own tax advisors regarding the U.S. federal income tax consequences and the tax consequences of any other taxing jurisdiction relating to the ownership and disposition of warrants we are offering in light of their investment or tax circumstances.

Taxation of Purchase Contracts

The applicable supplement will contain a discussion of any special U.S. federal income tax considerations with respect to the acquisition, ownership and disposition of purchase contracts offered in this prospectus, including any tax considerations relating to the specific terms of the purchase contracts. Investors considering the purchase of purchase contracts we are offering should carefully examine the applicable supplement regarding the special U.S. federal income tax considerations, if any, of the acquisition, ownership and disposition of the purchase contracts.

Investors should consult with their own tax advisors regarding the U.S. federal income tax consequences and the tax consequences of any other taxing jurisdiction relating to the ownership and disposition of the purchase contracts in light of their investment or tax circumstances.

Taxation of Units

The applicable supplement will contain a discussion of any special U.S. federal income tax considerations with respect to the acquisition, ownership and disposition of units that we are offering, including any tax considerations relating to the specific terms of the units. Investors considering the purchase of units that we are offering should carefully examine the applicable supplement regarding the special U.S. federal income tax consequences, if any, of the acquisition, ownership and disposition of the units.

Investors should consult with their own tax advisors regarding the U.S. federal income tax consequences and the tax consequences of any other taxing jurisdiction relating to the ownership and disposition of units comprised of two or more of the securities we are offering in light of their investment or tax circumstances.

Reportable Transactions

Applicable Treasury regulations require taxpayers that participate in reportable transactions **BORDER-BOTTOM: #000000 3px double; BACKGROUND-COLOR: #cceeef">**\$1,360 \$1,294 \$235 \$9,927

Table Of Contents

Allowance for loan losses disaggregated on the basis of impairment analysis method as of September 30, 2016 and December 31, 2015 is as follows: *(in thousands)*

2016	1-4 Family							Consumer and Other	Total
	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Agricultural Real Estate	Commercial	Agricultural			
Individually evaluated for impairment	\$ -	\$ 140	\$ -	\$ -	\$ 576	\$ -	\$ -	\$ 716	
Collectively evaluated for impairment	894	1,635	3,801	834	1,106	1,231	234	9,735	
Balance September 30, 2016	\$ 894	\$ 1,775	\$ 3,801	\$ 834	\$ 1,682	\$ 1,231	\$ 234	\$ 10,451	

2015	1-4 Family							Consumer and Other	Total
	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Agricultural Real Estate	Commercial	Agricultural			
Individually evaluated for impairment	\$ -	\$ 273	\$ 2	\$ -	\$ 164	\$ -	\$ -	\$ 439	
Collectively evaluated for impairment	999	1,533	3,555	760	1,207	1,256	239	9,549	
Balance December 31, 2015	\$ 999	\$ 1,806	\$ 3,557	\$ 760	\$ 1,371	\$ 1,256	\$ 239	\$ 9,988	

Loans receivable disaggregated on the basis of impairment analysis method as of September 30, 2016 and December 31, 2015 is as follows: *(in thousands)*:

2016	1-4 Family							Consumer and Other	Total
	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Agricultural Real Estate	Commercial	Agricultural			
Individually evaluated for impairment	\$ -	\$ 1,047	\$ 431	\$ -	\$ 1,406	\$ 11	\$ 85	\$ 2,980	
Collectively evaluated for impairment	58,639	148,950	302,608	69,824	71,039	75,850	20,988	747,898	
	\$ 58,639	\$ 149,997	\$ 303,039	\$ 69,824	\$ 72,445	\$ 75,861	\$ 21,073	\$ 750,878	

Balance September
30, 2016

2015	Construction	1-4 Family Residential	Commercial	Agricultural			Consumer	Total
	Real Estate	Real Estate	Real Estate	Real Estate	Commercial	Agricultural	and Other	
Individually evaluated for impairment	\$ -	\$ 1,050	\$ 558	\$ -	\$ 197	\$ 11	\$ 2	\$ 1,818
Collectively evaluated for impairment	66,268	126,026	251,331	62,530	102,318	79,522	21,597	709,592
Balance December 31, 2015	\$ 66,268	\$ 127,076	\$ 251,889	\$ 62,530	\$ 102,515	\$ 79,533	\$ 21,599	\$ 711,410

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payment of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. The Company will apply its normal loan review procedures to identify loans that should be evaluated for impairment.

Table Of Contents

The following is a recap of impaired loans, on a disaggregated basis, as of September 30, 2016 and December 31, 2015: *(in thousands)*

	2016			2015		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no specific reserve recorded:						
Real estate - construction	\$-	\$ -	\$ -	\$-	\$ 31	\$ -
Real estate - 1 to 4 family residential	428	447	-	296	304	-
Real estate - commercial	431	1,044	-	456	1,030	-
Real estate - agricultural	-	-	-	-	-	-
Commercial	124	133	-	11	17	-
Agricultural	11	13	-	11	13	-
Consumer and other	85	88	-	2	2	-
Total loans with no specific reserve:	1,079	1,725	-	776	1,397	-
With an allowance recorded:						
Real estate - construction	-	-	-	-	-	-
Real estate - 1 to 4 family residential	619	766	140	754	891	273
Real estate - commercial	-	-	-	102	111	2
Real estate - agricultural	-	-	-	-	-	-
Commercial	1,282	1,283	576	186	262	164
Agricultural	-	-	-	-	-	-
Consumer and other	-	-	-	-	-	-
Total loans with specific reserve:	1,901	2,049	716	1,042	1,264	439
Total						
Real estate - construction	-	-	-	-	31	-
Real estate - 1 to 4 family residential	1,047	1,213	140	1,050	1,195	273
Real estate - commercial	431	1,044	-	558	1,141	2
Real estate - agricultural	-	-	-	-	-	-
Commercial	1,406	1,416	576	197	279	164
Agricultural	11	13	-	11	13	-
Consumer and other	85	88	-	2	2	-
	\$2,980	\$ 3,774	\$ 716	\$1,818	\$ 2,661	\$ 439

Table Of Contents

The following is a recap of the average recorded investment and interest income recognized on impaired loans for the three and nine months ended September 30, 2016 and 2015: *(in thousands)*

	Three Months Ended September 30,		2015	
	2016		Average Interest	
	Average Interest		Recorded Income	
	Recorded Income		Recorded Income	
	Investment Recognized		Investment Recognized	
With no specific reserve recorded:				
Real estate - construction	\$-	\$ -	\$51	\$ 62
Real estate - 1 to 4 family residential	481	-	250	-
Real estate - commercial	450	-	525	-
Real estate - agricultural	-	-	-	-
Commercial	67	-	94	-
Agricultural	11	-	11	-
Consumer and other	88	6	4	-
Total loans with no specific reserve:	1,097	6	935	62
With an allowance recorded:				
Real estate - construction	-	-	-	-
Real estate - 1 to 4 family residential	626	-	761	-
Real estate - commercial	-	-	129	-
Real estate - agricultural	-	-	-	-
Commercial	1,003	2	131	-
Agricultural	-	-	-	-
Consumer and other	1	-	-	-
Total loans with specific reserve:	1,630	2	1,021	-
Total				
Real estate - construction	-	-	51	62
Real estate - 1 to 4 family residential	1,107	-	1,011	-
Real estate - commercial	450	-	654	-
Real estate - agricultural	-	-	-	-
Commercial	1,070	2	225	-
Agricultural	11	-	11	-
Consumer and other	89	6	4	-
	\$2,727	\$ 8	\$1,956	\$ 62

Table Of Contents

	Nine Months Ended September 30,			
	2016		2015	
	Average Interest Recorded	Investment Recognized	Average Interest Recorded	Investment Recognized
With no specific reserve recorded:				
Real estate - construction	\$-	\$ 31	\$121	\$ 129
Real estate - 1 to 4 family residential	438	1	161	-
Real estate - commercial	465	22	579	23
Real estate - agricultural	-	-	-	-
Commercial	39	-	276	3
Agricultural	11	-	13	-
Consumer and other	66	6	5	2
Total loans with no specific reserve:	1,019	60	1,155	157
With an allowance recorded:				
Real estate - construction	-	-	-	-
Real estate - 1 to 4 family residential	663	5	772	-
Real estate - commercial	26	-	143	-
Real estate - agricultural	-	-	-	-
Commercial	732	2	106	-
Agricultural	-	-	-	-
Consumer and other	1	-	-	-
Total loans with specific reserve:	1,422	7	1,021	-
Total				
Real estate - construction	-	31	121	129
Real estate - 1 to 4 family residential	1,101	6	933	-
Real estate - commercial	491	22	722	23
Real estate - agricultural	-	-	-	-
Commercial	771	2	382	3
Agricultural	11	-	13	-
Consumer and other	67	6	5	2
	\$2,441	\$ 67	\$2,176	\$ 157

The interest foregone on nonaccrual loans for the three months ended September 30, 2016 and 2015 was approximately \$46,000 and \$39,000, respectively. The interest foregone on nonaccrual loans for the nine months ended September 30, 2016 and 2015 was approximately \$124,000 and \$127,000, respectively

The Company had loans meeting the definition of a troubled debt restructuring (TDR) of \$1,388,000 as of September 30, 2016, of which all were included in impaired loans and nonaccrual loans. The Company had TDRs of \$780,000 as of December 31, 2015, all of which were included in impaired and nonaccrual loans.

Table Of Contents

The following tables sets forth information on the Company's TDRs, on a disaggregated basis, occurring in the three and nine months ended September 30, 2016 and 2015: *(dollars in thousands)*

	Three Months Ended September 30,			
	2016		2015	
	Pre-Modification Outstanding	Post-Modification Outstanding	Pre-Modification Outstanding	Post-Modification Outstanding
	Number of Recorded Contracts	Investment	Number of Recorded Contracts	Investment
Real estate - construction	- \$ -	\$ -	- \$ -	\$ -
Real estate - 1 to 4 family residential	-	-	-	-
Real estate - commercial	-	-	-	-
Real estate - agricultural	-	-	-	-
Commercial	-	-	-	-
Agricultural	-	-	-	-
Consumer and other	-	-	-	-
	- \$ -	\$ -	- \$ -	\$ -

	Nine Months Ended September 30,			
	2016		2015	
	Pre-Modification Outstanding	Post-Modification Outstanding	Pre-Modification Outstanding	Post-Modification Outstanding
	Number of Recorded Contracts	Investment	Number of Recorded Contracts	Investment
Real estate - construction	- \$ -	\$ -	- \$ -	\$ -
Real estate - 1 to 4 family residential	-	-	-	-
Real estate - commercial	-	-	-	-
Real estate - agricultural	-	-	-	-
Commercial	3	702	-	705
Agricultural	-	-	-	-
Consumer and other	3	70	-	70
	6 \$ 772	\$ 775	- \$ -	\$ -

During the three months ended September 30, 2016, the Company did not grant concessions to any borrowers that were experiencing financial difficulties. During the nine months ended September 30, 2016, the Company granted

concessions to two borrowers experiencing financial difficulties with six loans. The three consumer loans were extended beyond normal terms at an interest rate below a market interest rate. The three commercial operating loans were extended beyond normal terms.

The Company did not grant any concessions on any significant loans experiencing financial difficulties during the three and nine months ended September 30, 2015.

The Company considers TDR loans to have payment default when it is past due 60 days or more.

Three TDR loans modified during the twelve months ended September 30, 2016 had payment defaults. No TDR modified during the twelve months ended September 30, 2015 had payment defaults.

There were no charge-offs related to TDRs for the nine months ended September 30, 2016 and 2015.

Table Of Contents

An aging analysis of the recorded investments in loans, on a disaggregated basis, as of September 30, 2016 and December 31, 2015, is as follows: *(in thousands)*

2016	90 Days			Current	Total	90 Days or Greater Accruing
	30-89 Past Due	or Greater Past Due	Total Past Due			
Real estate - construction	\$64	\$ -	\$64	\$58,575	\$58,639	\$ -
Real estate - 1 to 4 family residential	940	167	1,107	148,890	149,997	-
Real estate - commercial	1,172	-	1,172	301,867	303,039	-
Real estate - agricultural	-	-	-	69,824	69,824	-
Commercial	1,244	38	1,282	71,163	72,445	-
Agricultural	69	-	69	75,792	75,861	-
Consumer and other	30	16	46	21,027	21,073	-
	\$3,519	\$ 221	\$3,740	\$747,138	\$750,878	\$ -

2015	90 Days			Current	Total	90 Days or Greater Accruing
	30-89 Past Due	or Greater Past Due	Total Past Due			
Real estate - construction	\$-	\$ -	\$-	\$66,268	\$66,268	\$ -
Real estate - 1 to 4 family residential	1,311	307	1,618	125,458	127,076	75
Real estate - commercial	1,356	-	1,356	250,533	251,889	-
Real estate - agricultural	-	-	-	62,530	62,530	-
Commercial	266	204	470	102,045	102,515	-
Agricultural	-	-	-	79,533	79,533	-
Consumer and other	79	-	79	21,520	21,599	-
	\$3,012	\$ 511	\$3,523	\$707,887	\$711,410	\$ 75

Table Of Contents

The credit risk profile by internally assigned grade, on a disaggregated basis, as of September 30, 2016 and December 31, 2015 is as follows: (*in thousands*)

2016	Construction	Commercial	Agricultural	Commercial	Agricultural	Total
	Real Estate	Real Estate	Real Estate			
Pass	\$ 54,485	\$ 276,012	\$ 52,055	\$ 54,718	\$ 54,473	\$491,743
Watch	3,055	20,084	11,669	15,095	20,751	70,654
Special Mention	-	590	4,228	-	76	4,894
Substandard	1,099	5,922	1,872	1,225	550	10,668
Substandard-Impaired	-	431	-	1,407	11	1,849
	\$ 58,639	\$ 303,039	\$ 69,824	\$ 72,445	\$ 75,861	\$579,808

2015	Construction	Commercial	Agricultural	Commercial	Agricultural	Total
	Real Estate	Real Estate	Real Estate			
Pass	\$ 60,700	\$ 227,425	\$ 55,503	\$ 91,096	\$ 71,457	\$506,181
Watch	4,487	17,523	6,865	8,329	7,156	44,360
Special Mention	-	388	-	224	81	693
Substandard	1,081	5,995	162	2,669	828	10,735
Substandard-Impaired	-	558	-	197	11	766
	\$ 66,268	\$ 251,889	\$ 62,530	\$ 102,515	\$ 79,533	\$562,735

The credit risk profile based on payment activity, on a disaggregated basis, as of September 30, 2016 and December 31, 2015 is as follows:

2016	1-4 Family	Consumer	Total
	Residential Real Estate	and Other	
Performing	\$ 148,949	\$ 20,988	\$ 169,937
Non-performing	1,048	85	1,133
	\$ 149,997	\$ 21,073	\$ 171,070

2015	1-4 Family	Consumer	Total
	Residential Real Estate	and Other	

Performing	\$ 125,951	\$ 21,597	\$ 147,548
Non-performing	1,125	2	1,127
	\$ 127,076	\$ 21,599	\$ 148,675

Table Of Contents

8. Other Real Estate Owned

The following table provides the composition of other real estate owned as of September 30, 2016 and December 31, 2015: *(in thousands)*

	2016	2015
Construction and land development	\$427	\$739
1 to 4 family residential real estate	227	511
	\$654	\$1,250

The Company is actively marketing the assets referred to in the table above. Management uses appraised values and adjusts for trends observed in the market and for disposition costs in determining the value of other real estate owned. The assets above are primarily located in the Ames, Iowa area.

9. Goodwill

Goodwill is not amortized but is evaluated for impairment at least annually. For income tax purposes, goodwill is amortized over fifteen years.

10. Core deposit intangible asset

The following sets forth the carrying amounts and accumulated amortization of core deposit intangible assets at September 30, 2016 and December 31, 2015: *(in thousands)*

	2016		2015	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Core deposit intangible asset	\$2,518	\$ 1,482	\$2,518	\$ 1,209

The weighted average life of the core deposit intangible is 3 years as of September 30, 2016 and December 31, 2015.

Table Of Contents

The following sets forth the activity related to core deposit intangible assets for the three and nine months ended September 30, 2016 and 2015: *(in thousands)*

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Beginning core deposit intangible, net	\$1,122	\$1,507	\$1,309	\$1,730
Amortization	(86)	(103)	(273)	(326)
Ending core deposit intangible, net	\$1,036	\$1,404	\$1,036	\$1,404

Estimated remaining amortization expense on core deposit intangible for the years ending December 31st is as follows:
(in thousands)

2016	\$80
2017	298
2018	251
2019	128
2020	71
2021	71
After	137
	\$1,036

Table Of Contents

11. Secured Borrowings

The following sets forth the pledged collateral at estimated fair value related to securities sold under repurchase agreements and term repurchase agreements as of September 30, 2016 and December 31, 2015: *(in thousands)*

	2016			2015		
	Remaining Overnight	Contractual Greater than 90 days	Maturity of the Total Agreements	Remaining Overnight	Contractual Greater than 90 days	Maturity of the Total Agreements
Securities sold under agreements to repurchase:						
U.S. government treasuries	\$1,505	\$-	\$1,505	\$1,467	\$-	\$1,467
U.S. government agencies	47,673	-	47,673	46,755	-	46,755
U.S. government mortgage-backed securities	33,214	-	33,214	41,657	-	41,657
Total	\$82,392	\$-	\$82,392	\$89,879	\$-	\$89,879
Term repurchase agreements (Other borrowings):						
U.S. government agencies	\$-	\$15,545	\$15,545	\$-	\$12,503	\$12,503
U.S. government mortgage-backed securities	-	395	395	-	676	676
Total	\$-	\$15,940	\$15,940	\$-	\$13,179	\$13,179
Total pledged collateral	\$82,392	\$15,940	\$98,332	\$89,879	\$13,179	\$103,058

In the event the repurchase agreements exceed the estimated fair value of the pledged securities available-for-sale, the Company has unpledged securities available-for-sale that may be pledged on the repurchase agreements.

Table Of Contents

12.Regulatory Matters

The Company and the Banks capital amounts and ratios are as follows: (*dollars in thousands*)

	Actual		For Capital Adequacy Purposes *		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2016:						
Total capital (to risk-weighted assets):						
Consolidated	\$ 167,797	17.4 %	\$ 83,363	8.625 %	N/A	N/A
Boone Bank & Trust	14,975	17.0	7,602	8.625	\$ 8,814	10.0 %
First National Bank	77,382	15.2	43,894	8.625	50,891	10.0
Reliance State Bank	25,642	14.6	15,125	8.625	17,536	10.0
State Bank & Trust	20,119	17.0	10,182	8.625	11,805	10.0
United Bank & Trust	14,930	20.0	6,435	8.625	7,461	10.0
Tier 1 capital (to risk-weighted assets):						
Consolidated	\$ 156,827	16.3 %	\$ 64,033	6.625 %	N/A	N/A
Boone Bank & Trust	14,046	15.9	5,839	6.625	\$ 7,051	8.0 %
First National Bank	71,842	14.1	33,716	6.625	40,713	8.0
Reliance State Bank	23,692	13.5	11,617	6.625	14,029	8.0
State Bank & Trust	18,640	15.8	7,821	6.625	9,444	8.0
United Bank & Trust	14,163	19.0	4,943	6.625	5,969	8.0
Tier 1 capital (to average-weighted assets):						
Consolidated	\$ 156,827	12.0 %	\$ 52,374	4.000 %	N/A	N/A
Boone Bank & Trust	14,046	10.5	5,372	4.000	\$ 6,715	5.0 %
First National Bank	71,842	10.1	28,566	4.000	35,707	5.0
Reliance State Bank	23,692	11.4	8,341	4.000	10,426	5.0
State Bank & Trust	18,640	12.2	6,122	4.000	7,653	5.0
United Bank & Trust	14,163	12.7	4,469	4.000	5,586	5.0
Common equity tier 1 capital (to risk-weighted assets):						
Consolidated	\$ 156,827	16.3 %	\$ 49,535	5.125 %	N/A	N/A
Boone Bank & Trust	14,046	15.9	4,517	5.125	\$ 5,729	6.5 %
First National Bank	71,842	14.1	26,082	5.125	33,079	6.5
Reliance State Bank	23,692	13.5	8,987	5.125	11,398	6.5
State Bank & Trust	18,640	15.8	6,050	5.125	7,673	6.5

United Bank & Trust	14,163	19.0	3,824	5.125	4,850	6.5
---------------------	--------	------	-------	-------	-------	-----

* These ratios for September 30, 2016 include a capital conservation buffer of 0.625%, except for the Tier 1 capital to average weighted assets ratios.

Table Of Contents

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Total capital (to risk-weighted assets):						
Consolidated	\$157,926	16.6 %	\$76,179	8.0 %	N/A	N/A
Boone Bank & Trust	14,525	15.5	7,477	8.0	\$9,346	10.0 %
First National Bank	74,210	15.3	38,859	8.0	48,574	10.0
Reliance State Bank	24,287	13.8	14,101	8.0	17,626	10.0
State Bank & Trust	19,658	16.2	9,729	8.0	12,161	10.0
United Bank & Trust	14,621	20.6	5,693	8.0	7,116	10.0
Tier 1 capital (to risk-weighted assets):						
Consolidated	\$147,430	15.5 %	\$57,134	6.0 %	N/A	N/A
Boone Bank & Trust	13,569	14.5	5,608	6.0	\$7,477	8.0 %
First National Bank	69,157	14.2	29,144	6.0	38,859	8.0
Reliance State Bank	22,491	12.8	10,575	6.0	14,101	8.0
State Bank & Trust	18,135	14.9	7,297	6.0	9,729	8.0
United Bank & Trust	13,858	19.5	4,269	6.0	5,693	8.0
Tier 1 capital (to average-weighted assets):						
Consolidated	\$147,430	11.3 %	\$52,657	4.0 %	N/A	N/A
Boone Bank & Trust	13,569	9.8	5,557	4.0	\$6,946	5.0 %
First National Bank	69,157	9.9	27,970	4.0	34,963	5.0
Reliance State Bank	22,491	10.7	8,380	4.0	10,476	5.0
State Bank & Trust	18,135	11.5	6,332	4.0	7,915	5.0
United Bank & Trust	13,858	12.5	4,452	4.0	5,565	5.0
Common equity tier 1 capital (to risk-weighted assets):						
Consolidated	\$147,430	15.5 %	\$42,851	4.5 %	N/A	N/A
Boone Bank & Trust	13,569	14.5	4,206	4.5	\$6,075	6.5 %
First National Bank	69,157	14.2	21,858	4.5	31,573	6.5
Reliance State Bank	22,491	12.8	7,932	4.5	11,457	6.5
State Bank & Trust	18,135	14.9	5,473	4.5	7,905	6.5
United Bank & Trust	13,858	19.5	3,202	4.5	4,625	6.5

The Federal Reserve Board and the FDIC issued final rules implementing the Basel III regulatory capital framework and related Dodd-Frank Wall Street Reform and Consumer Protection Act changes in July 2013. The rules revise minimum capital requirements and adjust prompt corrective action thresholds. The final rules revise the regulatory capital elements, add a new common equity Tier I capital ratio, increase the minimum Tier 1 capital ratio

requirements and implement a new capital conservation buffer. The rules also permit certain banking organizations to retain, through a one-time election, the existing treatment for accumulated other comprehensive income. The Company and the Banks have made the election to retain the existing treatment for accumulated other comprehensive income. The final rules took effect for the Company and the Banks on January 1, 2015, subject to a transition period for certain parts of the rules.

Table Of Contents

Beginning in 2016, an additional capital conservation buffer was added to the minimum requirements for capital adequacy purposes, subject to a three year phase-in period. The capital conservation buffer will be fully phased-in on January 1, 2019 at 2.5 percent. A banking organization with a conservation buffer of less than 2.5 percent (or the required phase-in amount in years prior to 2019) will be subject to limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers. At the present time, the ratios for the Company and the Banks are sufficient to meet the fully phased-in conservation buffer.

13. Subsequent Events

Management evaluated subsequent events through the date the financial statements were issued. There were no significant events or transactions occurring after September 30, 2016, but prior to November 8, 2016, that provided additional evidence about conditions that existed at September 30, 2016. There were no other significant events or transactions that provided evidence about conditions that did not exist at September 30, 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Ames National Corporation (the "Company") is a bank holding company established in 1975 that owns and operates five bank subsidiaries in central Iowa (the "Banks"). The following discussion is provided for the consolidated operations of the Company and its Banks, First National Bank, Ames, Iowa (First National), State Bank & Trust Co. (State Bank), Boone Bank & Trust Co. (Boone Bank), Reliance State Bank (Reliance Bank), and United Bank & Trust NA (United Bank). The purpose of this discussion is to focus on significant factors affecting the Company's financial condition and results of operations.

The Company does not engage in any material business activities apart from its ownership of the Banks. Products and services offered by the Banks are for commercial and consumer purposes including loans, deposits and wealth management services. The Banks also offer investment services through a third-party broker-dealer. The Company employs thirteen individuals to assist with financial reporting, human resources, audit, compliance, marketing, technology systems and the coordination of management activities, in addition to 207 full-time equivalent individuals employed by the Banks.

The Company's primary competitive strategy is to utilize seasoned and competent Bank management and local decision making authority to provide customers with faster response times and more flexibility in the products and services offered. This strategy is viewed as providing an opportunity to increase revenues through creating a

competitive advantage over other financial institutions. The Company also strives to remain operationally efficient to provide better profitability while enabling the Company to offer more competitive loan and deposit rates.

The principal sources of Company revenues and cash flow are: (i) interest and fees earned on loans made by the Company and Banks; (ii) interest on fixed income investments held by the Company and Banks; (iii) fees on wealth management services provided by those Banks exercising trust powers; (iv) service fees on deposit accounts maintained at the Banks and (v) Merchant and card fees. The Company's principal expenses are: (i) interest expense on deposit accounts and other borrowings; (ii) provision for loan losses; (iii) salaries and employee benefits; (iv) data processing costs associated with maintaining the Banks' loan and deposit functions; (v) occupancy expenses for maintaining the Bank's facilities; and (vi) professional fees. The largest component contributing to the Company's net income is net interest income, which is the difference between interest earned on earning assets (primarily loans and investments) and interest paid on interest bearing liabilities (primarily deposits and other borrowings). One of management's principal functions is to manage the spread between interest earned on earning assets and interest paid on interest bearing liabilities in an effort to maximize net interest income while maintaining an appropriate level of interest rate risk.

Table Of Contents

The Company had net income of \$3,804,000, or \$0.41 per share, for the three months ended September 30, 2016, compared to net income of \$4,100,000, or \$0.44 per share, for the three months ended September 30, 2015.

The decrease in quarterly earnings can be primarily attributed to increased income tax expense, a higher provision for loan loss, and higher data processing costs, offset in part by higher loan interest income and lower security gains.

Net loan recoveries totaled \$81,000 and \$17,000 for the three months ended September 30, 2016 and 2015, respectively. The provision for loan losses totaled \$235,000 and \$38,000 for the three months ended September 30, 2016 and 2015, respectively.

The Company had net income of \$11,710,000, or \$1.26 per share, for the nine months ended September 30, 2016, compared to net income of \$11,100,000, or \$1.19 per share, for the nine months ended September 30, 2015.

The increase in year to date earnings can be primarily attributed to increased loan interest income, a lower provision for loan loss, and lower other real estate owned expenses, offset in part by lower net securities gains and an increase in salaries and benefits.

Net loan recoveries totaled \$22,000 for the nine months ended September 30, 2016 and net loan recoveries totaled \$51,000 for the nine months ended September 30, 2015. The provision for loan losses totaled \$441,000 and \$1,037,000 for the nine months ended September 30, 2016 and 2015, respectively.

The following management discussion and analysis will provide a review of important items relating to:

Challenges

Key Performance Indicators and Industry Results

Critical Accounting Policies

Income Statement Review

Balance Sheet Review

Asset Quality Review and Credit Risk Management

Liquidity and Capital Resources

Forward-Looking Statements and Business Risks

Challenges

Management has identified certain events or circumstances that may negatively impact the Company's financial condition and results of operations in the future and is attempting to position the Company to best respond to those challenges. These challenges are addressed in the Company's most recent Annual Report on Form 10-K filed on March 11, 2016.

Table Of Contents**Key Performance Indicators and Industry Results**

Certain key performance indicators for the Company and the industry are presented in the following chart. The industry figures are compiled by the Federal Deposit Insurance Corporation (the "FDIC") and are derived from 6,058 commercial banks and savings institutions insured by the FDIC. Management reviews these indicators on a quarterly basis for purposes of comparing the Company's performance from quarter-to-quarter against the industry as a whole.

Selected Indicators for the Company and the Industry

	3 Months Ended September 30, 2016		9 Months Ended June 30, 2016		3 Months ended June 30, 2016		Years Ended December 31, 2015		Years Ended December 31, 2014	
	Company	Industry*	Company	Industry*	Company	Industry*	Company	Industry*	Company	Industry*
Return on assets	1.15 %	1.18 %	1.23 %	1.06 %	1.13 %	1.04 %	1.21 %	1.01 %		
Return on equity	8.91 %	9.33 %	9.82 %	9.45 %	9.44 %	9.31 %	10.09 %	9.03 %		
Net interest margin	3.38 %	3.37 %	3.36 %	3.08 %	3.33 %	3.07 %	3.31 %	3.14 %		
Efficiency ratio	50.71 %	51.99 %	51.36 %	57.74 %	53.59 %	59.91 %	53.37 %	61.88 %		
Capital ratio	12.85 %	12.62 %	12.51 %	9.57 %	12.00 %	9.59 %	12.05 %	9.46 %		

*Latest available data

Key performances indicators include:

Return on Assets

This ratio is calculated by dividing net income by average assets. It is used to measure how effectively the assets of the Company are being utilized in generating income. The Company's annualized return on average assets was 1.15% and 1.24% for the three months ended September 30, 2016 and 2015, respectively. The decrease in this ratio in 2016 from the previous period is primarily due to a decrease in net income associated with increased income tax expense, a higher provision for loan loss, lower security gains and higher data processing costs, offset in part by higher loan interest income.

Return on Equity

This ratio is calculated by dividing net income by average equity. It is used to measure the net income or return the Company generated for the shareholders' equity investment in the Company. The Company's return on average equity was at 8.91% and 10.35% for the three months ended September 30, 2016 and 2015, respectively. The decrease in this ratio in 2016 from the previous period is primarily due to an decrease in net income and an increase in average equity.

Table Of Contents

Net Interest Margin

The net interest margin for the three months ended September 30, 2016 and 2015 was 3.38% and 3.36%, respectively. The ratio is calculated by dividing net interest income by average earning assets. Earning assets are primarily made up of loans and investments that earn interest. This ratio is used to measure how well the Company is able to maintain interest rates on earning assets above those of interest-bearing liabilities, which is the interest expense paid on deposits and other borrowings. The increase in this ratio in 2016 is primarily the result of an increase in the average balance of loans, offset in part by a decrease in the average balances of investment securities.

Efficiency Ratio

This ratio is calculated by dividing noninterest expense by net interest income and noninterest income. The ratio is a measure of the Company's ability to manage noninterest expenses. The Company's efficiency ratio was 50.71% and 50.74% for the three months ended September 30, 2016 and 2015, respectively. The decrease in the efficiency ratio was due primarily to the increase in loan interest income.

Capital Ratio

The average capital ratio is calculated by dividing average total equity capital by average total assets. It measures the level of average assets that are funded by shareholders' equity. Given an equal level of risk in the financial condition of two companies, the higher the capital ratio, generally the more financially sound the company. The Company's capital ratio of 12.85% as of September 30, 2016 is significantly higher than the industry average as of June 30, 2016.

Industry Results

The FDIC Quarterly Banking Profile reported the following results for the second quarter of 2016:

Earnings Improvement Is Broad, Based

Expanding loan portfolios generated higher levels of net interest income, helping lift the total earnings of FDIC, insured commercial banks and savings institutions to \$43.6 billion in second quarter 2016. Industry net income was \$584 million (1.4%) higher than in second quarter 2015. The average return on assets (ROA) was 1.06%, down from 1.09% the year before, as asset growth outpaced the increase in quarterly net income. More than half of all banks, 60.1%, reported higher quarterly earnings compared with the year, earlier quarter, while the percentage of banks reporting negative quarterly net income fell to 4.5%, from 5.8% in second quarter 2015.

Net Interest Income Accounts for Most of the Growth in Revenue

Net operating revenue, the sum of net interest income and total noninterest income, totaled \$179.3 billion in the second quarter, an increase of \$5.8 billion (3.3%) from the year, earlier quarter. Net interest income was up \$5.2 billion (4.8%), as average interest, bearing assets were 4.4% higher than second quarter 2015. The average net interest margin of 3.08% was almost unchanged from the 3.07% average in second quarter 2015. Noninterest income was \$600 million (0.9%) higher than the year before. Trading income rose \$1.4 billion (24.9%), while servicing income fell by \$3.4 billion (74.4%).

Table Of Contents

Noninterest Expenses Decline at Many Large Banks

Noninterest expenses totaled \$104.8 billion, an increase of only \$271 million (0.3%) from the year, earlier quarter, as nonrecurring charges at several large banks declined by more than \$1.2 billion. In second quarter 2015, three large banks reported itemized litigation expenses totaling \$508 million. In the most recent quarter, one bank reported a \$473 million release of litigation reserves (a negative litigation expense), so the year, over, year reduction in litigation charges was \$981 million. In addition, charges for goodwill impairment were \$278 million lower than the year before. The declines in these noninterest expense items almost canceled out a \$1.4 billion (2.8%) year, over, year increase in salary and employee benefit expenses. Eight of the ten largest banks reported year, over, year declines in their total noninterest expenses, but for the industry as a whole, only 30% reported lower noninterest expenses.

Loan, Loss Provisions Rise for the Eighth Consecutive Quarter

Banks set aside \$11.8 billion in loan, loss provisions in the second quarter, an increase of \$3.6 billion (44.2%) compared with second quarter 2015. More than a third of all banks, 38.7% reported higher loss provisions than in second quarter 2015. This is the eighth quarter in a row that quarterly loss provisions have posted a year, over, year increase.

Charge, Offs of C&I Loans Post Further Increase

Net loan and lease charge, offs were higher than the year before for the third consecutive quarter. Charge, offs totaled \$10.1 billion, a \$1.2 billion (13.1%) increase over second quarter 2015. Fewer than half of all banks, 44.9% reported year, over, year increases in their quarterly net charge, offs. Most of the increase occurred in loans to commercial and industrial (C&I) borrowers. C&I net charge, offs rose to \$2.2 billion from \$1.1 billion a year earlier, an increase of \$1.1 billion (100.3%). This is the fifth consecutive quarter that C&I charge, offs have been higher than the year, earlier quarter. Banks reported smaller year, over, year increases in credit cards, auto loans, and agricultural production loans. The average net charge, off rate rose to 0.45%, from 0.42% in second quarter 2015.

Total Noncurrent Loan Balances Decline, Although Noncurrent C&I Loans Rise

The amount of loans and leases that were noncurrent—90 days or more past due or in nonaccrual status—declined by \$4.8 billion (3.4%) during the second quarter. Noncurrent C&I loans increased for a sixth consecutive quarter, rising by \$2.1 billion (8.9%), but all other major loan categories registered quarterly declines in noncurrent balances. The

average noncurrent rate declined from 1.58% to 1.49% during the quarter. This is the lowest noncurrent rate for the industry since year, end 2007.

Banks Continue to Build Their Reserves

Insured institutions increased their reserves for loan losses by \$1 billion (0.8%) during the quarter, as the \$11.8 billion in loss provisions added to reserves exceeded the \$10.1 billion in net charge, offs subtracted from reserves. Banks with assets greater than \$1 billion, which also report their reserves for specific loan categories, increased their total reserves by \$987 million (0.9%). The largest increase was in reserves for credit card losses, which increased by \$1.3 billion (4.7%). They also increased their reserves for commercial loan losses by \$787 million (2.2%), while reducing their reserves for residential real estate losses by \$1.1 billion (5.1%). The increase in total reserves, combined with the reduction in total noncurrent loan balances, lifted the average coverage ratio of reserves to noncurrent loans from 85.5% to 89.2% during the quarter. The increase in reserves did not keep pace with the growth in total loan balances, however, as the average reserve ratio of reserves to total loans and leases fell from 1.35% to 1.33%. This is the 23rd time in the last 24 quarters that the industry's reserve ratio has declined, and it is now at its lowest level since year, end 2007.

Table Of Contents

Internal Capital Generation Grows

Equity capital increased by \$30.4 billion (1.7%) in the quarter, as retained earnings contributed \$20.4 billion to capital growth and an increase in the market values of securities portfolios added to total equity. Retained earnings were \$6.7 billion (49.2%) higher than the year before, as banks reduced their quarterly dividends by \$6.1 billion (20.9%), compared with second quarter 2015 levels. Accumulated other comprehensive income, which includes changes in the values of banks' available, for, sale securities, increased by \$9.7 billion during the quarter. At the end of the second quarter, more than 99% of all banks, representing 99.9% of total industry assets, met or exceeded the requirements for well, capitalized banks as defined for Prompt Corrective Action purposes.

Loan Growth Remains Strong

Total assets increased by \$240.6 billion (1.5%) during the quarter. Total loan and lease balances rose by \$181.9 billion (2%). The largest increases occurred in residential mortgages (up \$42.4 billion, 2.2%), real estate loans secured by nonfarm nonresidential properties (up \$26.9 billion, 2.1%), credit card balances (up \$22.3 billion, 3.1%), and loans to nondepository financial institutions (up \$19.8 billion, 6.9%). All major loan categories saw increases in balances outstanding during the second quarter. For the 12 months ended June 30, total loans and leases increased 6.7%, down slightly from 6.9% for the 12 months ended March 31. In addition to the growth in loan balances, banks increased their unfunded loan commitments by \$36.4 billion (0.5%). This is the smallest quarterly increase in unfunded commitments since fourth quarter 2013. For a second consecutive quarter, unfunded commitments to make C&I loans declined, falling by \$24.1 billion (1.3%). Banks' investments in securities rose by \$36.1 billion (1.1%), with \$28.7 billion of the growth coming from increased holdings of mortgage, backed securities. Balances with Federal Reserve banks declined by \$90.6 billion (7.2%).

Banks Increase Borrowings From Federal Home Loan Banks

Nondeposit liabilities funded a larger share of asset growth than deposits in the second quarter. These borrowings rose by \$111.7 billion (5.5%), as advances from Federal Home Loan Banks increased by \$64.4 billion (13.4%). Total deposits increased by \$98.6 billion (0.8%). Deposits in domestic offices rose by \$94.8 billion (0.9%), while foreign office deposits increased \$3.8 billion (0.3%). Interest, bearing domestic office deposits were up \$52.2 billion (0.6%), while balances in noninterest, bearing accounts rose by \$42.5 billion (1.4%). At banks that offer consumer deposit accounts (checking or savings accounts intended primarily for individuals for personal, household, or family use), balances in these accounts declined by \$13 billion (0.3%) during the quarter. At banks with assets greater than \$1 billion that offer consumer accounts, quarterly service charge income on these accounts increased by \$35 million (0.8%) from the year before.

'Problem List' Shrinks to 147 Institutions

The number of FDIC, insured commercial banks and savings institutions reporting quarterly financial results declined to 6,058 from 6,122 in the second quarter. During the quarter, mergers absorbed 57 insured institutions, two banks failed, and no new charters were added. The number of banks on the FDIC's "Problem List" declined from 165 to 147, and total assets of problem banks fell from \$30.9 billion to \$29 billion. This is the smallest number of problem banks in eight years. Banks reported 2,045,221 full, time equivalent employees in the quarter, an increase of 5,302 compared with the first quarter, and 2,816 more than in second quarter 2015.

Table Of Contents

Critical Accounting Policies

The discussion contained in this Item 2 and other disclosures included within this report are based, in part, on the Company's audited December 31, 2015 consolidated financial statements. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial information contained in these statements is, for the most part, based on the financial effects of transactions and events that have already occurred. However, the preparation of these statements requires management to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses.

The Company's significant accounting policies are described in the "Notes to Consolidated Financial Statements" accompanying the Company's audited financial statements. Based on its consideration of accounting policies that involve the most complex and subjective estimates and judgments, management has identified the allowance for loan losses, the assessment of other-than-temporary impairment for investment securities and the assessment of goodwill to be the Company's most critical accounting policies.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses that is treated as an expense and charged against earnings. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. The Company has policies and procedures for evaluating the overall credit quality of its loan portfolio, including timely identification of potential problem loans. On a quarterly basis, management reviews the appropriate level for the allowance for loan losses, incorporating a variety of risk considerations, both quantitative and qualitative. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, known information about individual loans and other factors. Qualitative factors include various considerations regarding the general economic environment in the Company's market area. To the extent actual results differ from forecasts and management's judgment, the allowance for loan losses may be greater or lesser than future charge-offs. Due to potential changes in conditions, it is at least reasonably possible that changes in estimates will occur in the near term and that such changes could be material to the amounts reported in the Company's financial statements.

For further discussion concerning the allowance for loan losses and the process of establishing specific reserves, see the section of this Annual Report entitled "Asset Quality Review and Credit Risk Management" and "Analysis of the Allowance for Loan Losses".

Fair Value and Other-Than-Temporary Impairment of Investment Securities

The Company's securities available-for-sale portfolio is carried at fair value with "fair value" being defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability is not adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact, and (iv) willing to transact.

Table Of Contents

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the intent to sell the investment securities and the more likely than not requirement that the Company will be required to sell the investment securities prior to recovery (2) the length of time and the extent to which the fair value has been less than cost and (3) the financial condition and near-term prospects of the issuer. Due to potential changes in conditions, it is at least reasonably possible that changes in management's assessment of other-than-temporary impairment will occur in the near term and that such changes could be material to the amounts reported in the Company's financial statements.

Goodwill

Goodwill arose in connection with two acquisitions consummated in previous periods. Goodwill is tested annually for impairment or more often if conditions indicate a possible impairment. For the purposes of goodwill impairment testing, determination of the fair value of a reporting unit involves the use of significant estimates and assumptions. Impairment would arise if the fair value of a reporting unit is less than its carrying value. At September 30, 2016, Company's management has completed the goodwill impairment assessment and determined goodwill was not impaired. Actual future test results may differ from the present evaluation of impairment due to changes in the conditions used in the current evaluation.

Table Of Contents**Income Statement Review for the Three Months ended September 30, 2016 and 2015**

The following highlights a comparative discussion of the major components of net income and their impact for the three months ended September 30, 2016 and 2015:

AVERAGE BALANCES AND INTEREST RATES

The following two tables are used to calculate the Company's net interest margin. The first table includes the Company's average assets and the related income to determine the average yield on earning assets. The second table includes the average liabilities and related expense to determine the average rate paid on interest bearing liabilities. The net interest margin is equal to the interest income less the interest expense divided by average earning assets.

AVERAGE BALANCE SHEETS AND INTEREST RATES

	Three Months Ended September 30,					
	2016			2015		
	Average balance	Revenue/ expense	Yield/ rate	Average balance	Revenue/ expense	Yield/ rate
ASSETS						
<i>(dollars in thousands)</i>						
Interest-earning assets						
Loans 1						
Commercial	\$88,265	\$ 1,014	4.59 %	\$101,382	\$ 1,124	4.44 %
Agricultural	73,879	900	4.87 %	77,403	914	4.72 %
Real estate	555,002	6,131	4.42 %	490,282	5,585	4.56 %
Consumer and other	21,513	191	3.56 %	19,505	185	3.80 %
Total loans (including fees)	738,659	8,236	4.46 %	688,572	7,808	4.54 %
Investment securities						
Taxable	259,212	1,425	2.20 %	276,205	1,507	2.18 %
Tax-exempt 2	249,400	2,045	3.28 %	261,882	2,205	3.37 %
Total investment securities	508,612	3,470	2.73 %	538,087	3,712	2.76 %
Interest bearing deposits with banks and federal funds sold	25,533	87	1.36 %	38,397	94	0.98 %
Total interest-earning assets	1,272,804	\$ 11,793	3.71 %	1,265,056	\$ 11,614	3.67 %

Noninterest-earning assets	55,732	55,804
TOTAL ASSETS	\$1,328,536	\$1,320,860

1 Average loan balance includes nonaccrual loans, if any. Interest income collected on nonaccrual loans has been included.

2 Tax-exempt income has been adjusted to a tax-equivalent basis using an incremental tax rate of 35%.

Table Of Contents**AVERAGE BALANCE SHEETS AND INTEREST RATES**

	Three Months Ended September 30,					
	2016			2015		
	Average balance	Revenue/ expense	Yield/ rate	Average balance	Revenue/ expense	Yield/ rate
LIABILITIES AND STOCKHOLDERS' EQUITY						
<i>(dollars in thousands)</i>						
Interest-bearing liabilities						
Deposits						
NOW, savings accounts and money markets	\$658,522	\$ 325	0.20 %	\$655,533	\$ 288	0.18 %
Time deposits > \$100,000	84,034	196	0.93 %	89,196	199	0.89 %
Time deposits < \$100,000	123,648	233	0.75 %	136,131	258	0.76 %
Total deposits	866,204	754	0.35 %	880,860	745	0.34 %
Other borrowed funds	94,504	274	1.16 %	81,583	258	1.26 %
Total Interest-bearing liabilities	960,708	1,028	0.43 %	962,443	1,003	0.42 %
Noninterest-bearing liabilities						
Demand deposits	188,419			193,518		
Other liabilities	8,710			6,431		
Stockholders' equity	170,699			158,468		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,328,536			\$1,320,860		
Net interest income		\$ 10,765	3.38 %		\$ 10,611	3.36 %
Spread Analysis						
Interest income/average assets	\$11,793	3.55 %		\$11,614	3.52 %	
Interest expense/average assets	\$1,028	0.31 %		\$1,003	0.30 %	
Net interest income/average assets	\$10,765	3.24 %		\$10,611	3.21 %	

Net Interest Income

For the three months ended September 30, 2016 and 2015, the Company's net interest margin adjusted for tax exempt income was 3.38% and 3.36%, respectively. Net interest income, prior to the adjustment for tax-exempt income, for the three months ended September 30, 2016 totaled \$10,050,000 compared to \$9,840,000 for the three months ended September 30, 2015.

For the three months ended September 30, 2016, interest income increased \$235,000, or 2%, when compared to the same period in 2015. The increase from 2015 was primarily attributable to higher average balance of loans, offset in part by lower average balances of investment securities. The higher average balances of loans were due primarily to favorable economic conditions that fueled loan demand over much of the past year. The lower average balances of investments were primarily due to normal maturities and calls and to a lesser extent sales.

Table Of Contents

Interest expense increased \$25,000, or 3%, for the three months ended September 30, 2016 when compared to the same period in 2015. The higher interest expense for the period is primarily attributable to an increase in average balance of other borrowed funds.

Provision for Loan Losses

The Company's provision for loan losses was \$235,000 and \$38,000 for the three months ended September 30, 2016 and 2015, respectively. Net loan recoveries were \$81,000 and \$17,000 for the three months ended September 30, 2016 and 2015, respectively. The loan portfolio credit quality gauged by 90 day past due loans and total impaired loans remains favorable in comparison to our peers. However, the agricultural economy has weakened as declining grain prices have caused lower profitability for our agricultural borrowers.

Noninterest Income and Expense

Noninterest income increased \$54,000 for the three months ended September 30, 2016 compared to the same period in 2015. The increase in noninterest income is primarily due to higher gains on the sale of loans held for sale. This increase in gain of the sale of loans is due primarily to increase in loan volume due to the continued low interest rate environment. Exclusive of realized securities gains, noninterest income was 5% higher in the third quarter of 2016 compared to the same period in 2015.

Noninterest expense increased \$130,000 or 2% for the three months ended September 30, 2016 compared to the same period in 2015 primarily as a result of an increase in salaries and employee benefits and data processing costs. This increase in salaries and employee benefits are mainly due to normal salary increases. The increase in data processing expenses are mainly due to increasing costs on new and existing technology items. The efficiency ratio for the third quarter of 2016 was 50.71%, compared to 50.74% in 2015.

Income Taxes

The provision for income taxes expense for the three months ended September 30, 2016 and 2015 was \$1,903,000 and \$1,670,000, respectively, representing an effective tax rate of 33% and 29%, respectively. The increase is mainly due to the Company recording a \$226,000 valuation allowance to fully reserve the deferred income tax asset associated with a state alternative minimum tax ("AMT") credit carryforward, as management believes it is more likely than not that such carryforward will not be utilized.

Table Of Contents**Income Statement Review for the Nine Months ended September 30, 2016 and 2015**

The following highlights a comparative discussion of the major components of net income and their impact for the nine months ended September 30, 2016 and 2015:

AVERAGE BALANCES AND INTEREST RATES

The following two tables are used to calculate the Company's net interest margin. The first table includes the Company's average assets and the related income to determine the average yield on earning assets. The second table includes the average liabilities and related expense to determine the average rate paid on interest bearing liabilities. The net interest margin is equal to the interest income less the interest expense divided by average earning assets.

AVERAGE BALANCE SHEETS AND INTEREST RATES

	Nine Months Ended September 30,					
	2016			2015		
	Average balance	Revenue/ expense	Yield/ rate	Average balance	Revenue/ expense	Yield/ rate
ASSETS						
<i>(dollars in thousands)</i>						
Interest-earning assets						
Loans 1						
Commercial	\$94,121	\$ 3,192	4.52 %	\$97,028	\$ 3,305	4.54 %
Agricultural	75,211	2,754	4.88 %	76,044	2,689	4.71 %
Real estate	528,179	17,595	4.44 %	485,392	16,394	4.50 %
Consumer and other	21,897	584	3.56 %	17,766	532	3.99 %
Total loans (including fees)	719,408	24,125	4.47 %	676,230	22,920	4.52 %
Investment securities						
Taxable	262,604	4,393	2.23 %	276,287	4,639	2.24 %
Tax-exempt 2	253,688	6,335	3.33 %	264,631	6,766	3.41 %
Total investment securities	516,292	10,728	2.77 %	540,918	11,405	2.81 %
Interest bearing deposits with banks and federal funds sold	34,930	297	1.13 %	46,608	288	0.83 %
Total interest-earning assets	1,270,630	\$ 35,150	3.69 %	1,263,756	\$ 34,613	3.65 %

Noninterest-earning assets	54,989	61,607
TOTAL ASSETS	\$1,325,619	\$1,325,363

1 Average loan balance includes nonaccrual loans, if any. Interest income collected on nonaccrual loans has been included.

2 Tax-exempt income has been adjusted to a tax-equivalent basis using an incremental tax rate of 35%.

Table Of Contents**AVERAGE BALANCE SHEETS AND INTEREST RATES**

	Nine Months Ended September 30,					
	2016			2015		
	Average balance	Revenue/ expense	Yield/ rate	Average balance	Revenue/ expense	Yield/ rate
LIABILITIES AND STOCKHOLDERS' EQUITY						
<i>(dollars in thousands)</i>						
Interest-bearing liabilities						
Deposits						
NOW, savings accounts and money markets	\$663,891	\$965	0.19 %	\$651,101	\$847	0.17 %
Time deposits > \$100,000	86,632	590	0.91 %	90,706	613	0.90 %
Time deposits < \$100,000	125,745	704	0.75 %	140,515	816	0.77 %
Total deposits	876,268	2,259	0.34 %	882,322	2,276	0.34 %
Other borrowed funds	84,261	796	1.26 %	86,535	899	1.38 %
Total Interest-bearing liabilities	960,529	3,055	0.42 %	968,857	3,175	0.44 %
Noninterest-bearing liabilities						
Demand deposits	190,176			191,685		
Other liabilities	7,606			6,643		
Stockholders' equity	167,308			158,178		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,325,619			\$1,325,363		
Net interest income		\$32,095	3.37 %		\$31,438	3.32 %
Spread Analysis						
Interest income/average assets	\$35,150	3.54 %		\$34,613	3.48 %	
Interest expense/average assets	\$3,055	0.31 %		\$3,175	0.32 %	
Net interest income/average assets	\$32,095	3.23 %		\$31,438	3.16 %	

Net Interest Income

For the nine months ended September 30, 2016 and 2015, the Company's net interest margin adjusted for tax exempt income was 3.37% and 3.32%, respectively. Net interest income, prior to the adjustment for tax-exempt income, for the nine months ended September 30, 2016 totaled \$29,877,000 compared to \$29,073,000 for the nine months ended September 30, 2015.

Interest income increased \$685,000, or 2% for the nine months ended September 30, 2016, when compared to the same period in 2015. The increase from 2015 was primarily attributable to higher average balance of loans, offset in part by lower average balances of investment securities. The higher average balances of loans were due primarily to favorable economic conditions that fueled loan demand over much of the past year. The lower average balances of investments were primarily due to normal maturities and calls and to a lesser extent sales.

Table Of Contents

Interest expense decreased \$119,000, or 4%, for the nine months ended September 30, 2016 when compared to the same period in 2015. The lower interest expense for the period is primarily attributable lower average rates on borrowed funds. This decrease in the average rate of other borrowed funds is primarily due to the repayment of loans related to financing agreements in 2016 and higher balances of overnight FHLB advances.

Provision for Loan Losses

The Company's provision for loan losses was \$441,000 and \$1,037,000 for the nine months ended September 30, 2016 and 2015, respectively. Net loan recoveries were \$22,000 and \$51,000 for the nine months ended September 30, 2016 and 2015, respectively. The growth in the loan portfolio and a specific reserve on a newly impaired loan were the primary factors driving the provision for loan losses in 2016. The growth in the loan portfolio was a primary factor for the provision for loan losses in 2015.

Noninterest Income and Expense

Noninterest income decreased \$94,000 for the nine months ended September 30, 2016 compared to the same period in 2015. The decrease in noninterest income is primarily due to lower realized securities gains of \$313,000, offset in part by higher wealth management income of \$169,000 compared to the prior year. The increase in wealth management income is due primarily to increases in estate fees. Exclusive of realized securities gains, noninterest income was 4% higher in the nine months ended September 30, 2016 compared to the same period in 2015.

Noninterest expense decreased \$146,000 or 1% for the nine months ended September 30, 2016 compared to the same period in 2015 primarily as a result of lower other real estate owned expenses of \$693,000. This decrease is primarily due to an impairment write down in 2015. Offsetting this decrease in expenses is a 4% increase in salaries and employee benefits. This increase is mainly due to normal salary increases along with costs associated with additional lending and support staff. The efficiency ratio for the nine months ended September 30, 2016 was 51.99%, compared to 53.45% for the nine months ended September 30, 2015.

Income Taxes

The provision for income taxes expense for the nine months ended September 30, 2016 and 2015 was \$5,087,000 and \$4,246,000, respectively, representing an effective tax rate of 30% and 28%, respectively. The increase in effective rate is due primarily to the impact of a lower level of tax-exempt interest income in 2016 compared to 2015 and the

recording of a valuation reserve on a state AMT credit carryforward. The Company recorded a \$226,000 valuation allowance to fully reserve the deferred income tax asset associated with a state AMT credit carryforward, as management believes it is more likely than not that such carryforward will not be utilized.

Balance Sheet Review

As of September 30, 2016, total assets were \$1,340,344,000, a \$13,597,000 increase compared to December 31, 2015. The increase in assets was due primarily to an increase in loans, offset in part by a decrease in securities.

Investment Portfolio

The investment portfolio totaled \$517,579,000 as of September 30, 2016, a decrease of \$20,054,000 or 4% from the December 31, 2015 balance of \$537,633,000. The decrease in the investment portfolio was primarily due to sales, maturities and pay downs of state and political subdivision bonds and U.S. government mortgage-backed securities.

Table Of Contents

On a quarterly basis, the investment portfolio is reviewed for other-than-temporary impairment. As of September 30, 2016, gross unrealized losses of \$363,000, are considered to be temporary in nature due to the interest rate environment of 2016 and other general economic factors. As a result of the Company's favorable liquidity position, the Company does not have the intent to sell securities with an unrealized loss at the present time. In addition, management believes it is more likely than not that the Company will hold these securities until recovery of their fair value to cost basis and avoid considering present unrealized loss positions to be other-than-temporary.

At September 30, 2016, the Company's investment securities portfolio included securities issued by 270 government municipalities and agencies located within 24 states with a fair value of \$266.5 million. At December 31, 2015, the Company's investment securities portfolio included securities issued by 283 government municipalities and agencies located within 24 states with a fair value of \$277.6 million. No one municipality or agency represents a concentration within this segment of the investment portfolio. The largest exposure to any one municipality or agency as of September 30, 2016 was \$5.1 million (approximately 1.9 % of the fair value of the governmental municipalities and agencies) represented by the Dubuque, Iowa Community School District to be repaid by sales tax revenues and property taxes.

The Company's procedures for evaluating investments in states, municipalities and political subdivisions include but are not limited to reviewing the offering statement and the most current available financial information, comparing yields to yields of bonds of similar credit quality, confirming capacity to repay, assessing operating and financial performance, evaluating the stability of tax revenues, considering debt profiles and local demographics, and for revenue bonds, assessing the source and strength of revenue structures for municipal authorities. These procedures, as applicable, are utilized for all municipal purchases and are utilized in whole or in part for monitoring the portfolio of municipal holdings. The Company does not utilize third party credit rating agencies as a primary component of determining if the municipal issuer has an adequate capacity to meet the financial commitments under the security for the projected life of the investment, and, therefore, does not compare internal assessments to those of the credit rating agencies. Credit rating downgrades are utilized as an additional indicator of credit weakness and as a reference point for historical default rates.

Table Of Contents

The following table summarizes the total general obligation and revenue bonds in the Company's investment securities portfolios as of September 30, 2016 and December 31, 2015 identifying the state in which the issuing government municipality or agency operates. (*Dollars in thousands*)

	2016		2015	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Obligations of states and political subdivisions:				
General Obligation bonds:				
Iowa	\$69,987	\$70,825	\$77,735	\$78,255
Texas	11,124	11,388	10,712	10,967
Pennsylvania	8,730	8,869	8,389	8,448
Washington	7,249	7,303	2,652	2,644
Other (2016: 16 states; 2015: 15 states)	26,744	27,402	32,198	32,782
Total general obligation bonds	\$123,834	\$125,787	\$131,686	\$133,096
Revenue bonds:				
Iowa	\$130,209	\$132,687	\$134,333	\$136,705
Other (2016: 9 states; 2015: 9 states)	7,938	8,061	7,752	7,796
Total revenue bonds	\$138,147	\$140,748	\$142,085	\$144,501
Total obligations of states and political subdivisions	\$261,981	\$266,535	\$273,771	\$277,597

As of September 30, 2016 and December 31, 2015, the revenue bonds in the Company's investment securities portfolios were issued by government municipalities and agencies to fund public services such as community school facilities, college and university dormitory facilities, water utilities and electrical utilities. The revenue bonds are to be paid from primarily 8 revenue sources. The revenue sources that represent 5% or more, individually, as a percent of the total revenue bonds are summarized in the following table. (*in thousands*)

	2016		2015	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Revenue bonds by revenue source				
Sales tax	\$77,157	\$79,074	\$88,299	\$90,145
Water	14,115	14,286	10,446	10,548
College and universities, primarily dormitory revenues	11,287	11,473	12,153	12,298

Leases	8,820	8,934	9,900	9,939
Electric	8,714	8,921	8,950	9,141
Other	18,054	18,060	12,337	12,430
Total revenue bonds by revenue source	\$138,147	\$140,748	\$142,085	\$144,501

Loan Portfolio

The loan portfolio, net of the allowance for loan losses of \$10,451,000, totaled \$740,322,000 as of September 30, 2016, an increase of \$38,994,000, or 6%, from the December 31, 2015 balance of \$701,328,000. The increase in the loan portfolio is primarily due to steady loan demand for most of our affiliate banks. The Company's expansion into the Des Moines metro market was a significant factor in obtaining this growth.

Table Of Contents

Other Real Estate Owned

Other real estate owned was \$654,000 as of September 30, 2016, compared to \$1,250,000 as of December 31, 2015, respectively.

Deposits

Deposits totaled \$1,061,809,000 as of September 30, 2016, a decrease of \$12,384,000, or 1%, from the December 31, 2015 balance of \$1,074,193,000. The decrease in deposits was primarily due to a decrease in demand deposits and other time deposits balances, offset in part by an increase in money market account balances.

Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase totaled \$49,858,000 as of September 30, 2016, a decrease of \$4,432,000, or 8%, from the December 31, 2015 balance of \$54,290,000 associated with two commercial accounts.

Off-Balance Sheet Arrangements

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. No material changes in the Company's off-balance sheet arrangements have occurred since December 31, 2015.

Asset Quality Review and Credit Risk Management

The Company's credit risk is historically centered in the loan portfolio, which on September 30, 2016 totaled \$740,322,000 compared to \$701,328,000 as of December 31, 2015. Net loans comprise 55.2% of total assets as of September 30, 2016. The object in managing loan portfolio risk is to reduce the risk of loss resulting from a customer's failure to perform according to the terms of a transaction and to quantify and manage credit risk on a portfolio basis.

The Company's level of problem loans (consisting of nonaccrual loans and loans past due 90 days or more) as a percentage of total loans was 0.40% at September 30, 2016, as compared to 0.24% at December 31, 2015 and 0.28% at September 30, 2015. The Company's level of problem loans as a percentage of total loans at September 30, 2016 of 0.40% is lower than the Company's peer group (339 bank holding companies with assets of \$1 billion to \$3 billion) of 0.84% as of June 30, 2016.

Impaired loans, net of specific reserves, totaled \$2,264,000 as of September 30, 2016 and have increased \$885,000 as compared to the impaired loans of \$1,379,000 as of December 31, 2015. The increase in impaired loans since December 31, 2015 is primarily due to a deterioration of two credit relationships in the commercial operating portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payment of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. The Company applies its normal loan review procedures to identify loans that should be evaluated for impairment.

Table Of Contents

The Company had TDRs of \$1,388,000 as of September 30, 2016, of which all were included in impaired loans and on nonaccrual status. The Company had TDRs of \$780,000 as of December 31, 2015, all of which were included in impaired and nonaccrual loans.

TDRs are monitored and reported on a quarterly basis. Certain TDRs are on nonaccrual status at the time of restructuring. These borrowings are typically returned to accrual status after the following: sustained repayment performance in accordance with the restructuring agreement for a reasonable period of at least six months; and, management is reasonably assured of future performance. If the TDR meets these performance criteria and the interest rate granted at the modification is equal to or greater than the rate that the Company was willing to accept at the time of the restructuring for a new loan with comparable risk, then the loan will return to performing status.

For TDRs that were on nonaccrual status before the modification, a specific reserve may already be recorded. In periods subsequent to modification, the Company will continue to evaluate all TDRs for possible impairment and, as necessary, recognize impairment through the allowance. The Company had no charge-off related to TDRs for the nine months ended September 30, 2016 and 2015.

Loans past due 90 days or more that are still accruing interest are reviewed no less frequently than quarterly to determine if there is a strong reason that the credit should not be placed on non-accrual. As of September 30, 2016, non-accrual loans totaled \$2,981,000 and there were no loan past due 90 days and still accruing. This compares to non-accrual loans of \$1,815,000 and loans past due 90 days and still accruing totaled \$75,000 as of December 31, 2015. Other real estate owned totaled \$654,000 as of September 30, 2016 and \$1,250,000 as of December 31, 2015.

The agricultural real estate and agricultural operating loan portfolio classifications have weakened. The watch and special mention loans in these categories are \$36,724,000 as of September 30, 2016 as compared to \$14,102,000 as of December 31, 2015. The increase in these categories is primarily due to low grain prices, partially offset by favorable yields.

The allowance for loan losses as a percentage of outstanding loans as of September 30, 2016 was 1.39%, as compared to 1.40% at December 31, 2015. The allowance for loan losses totaled \$10,451,000 and \$9,988,000 as of September 30, 2016 and December 31, 2015, respectively. Net recoveries of loans totaled \$22,000 for the nine months ended September 30, 2016 as compared to net recoveries of loans of \$51,000 for the nine months ended September 30, 2015.

The allowance for loan losses is management's best estimate of probable losses inherent in the loan portfolio as of the balance sheet date. Factors considered in establishing an appropriate allowance include: an assessment of the financial condition of the borrower, a realistic determination of value and adequacy of underlying collateral, the condition of

the local economy and the condition of the specific industry of the borrower, an analysis of the levels and trends of loan categories and a review of delinquent and classified loans.

Liquidity and Capital Resources

Liquidity management is the process by which the Company, through its Banks' Asset and Liability Committees (ALCO), ensures that adequate liquid funds are available to meet its financial commitments on a timely basis, at a reasonable cost and within acceptable risk tolerances. These commitments include funding credit obligations to borrowers, funding of mortgage originations pending delivery to the secondary market, withdrawals by depositors, maintaining adequate collateral for pledging for public funds, trust deposits and borrowings, paying dividends to shareholders, payment of operating expenses, funding capital expenditures and maintaining deposit reserve requirements.

Table Of Contents

Liquidity is derived primarily from core deposit growth and retention; principal and interest payments on loans; principal and interest payments, sale, maturity and prepayment of securities available-for-sale; net cash provided from operations; and access to other funding sources. Other funding sources include federal funds purchased lines, FHLB advances and other capital market sources.

As of September 30, 2016, the level of liquidity and capital resources of the Company remain at a satisfactory level. Management believes that the Company's liquidity sources will be sufficient to support its existing operations for the foreseeable future.

The liquidity and capital resources discussion will cover the following topics:

Review of the Company's Current Liquidity Sources

Review of Statements of Cash Flows

Company Only Cash Flows

Review of Commitments for Capital Expenditures, Cash Flow Uncertainties and Known Trends in Liquidity and Cash Flows Needs

Capital Resources

Review of the Company's Current Liquidity Sources

Liquid assets of cash and due from banks and interest-bearing deposits in financial institutions as of September 30, 2016 and December 31, 2015 totaled \$47,304,000 and \$50,999,000, respectively, and provide an adequate level of liquidity given current economic conditions.

Other sources of liquidity available to the Banks as of September 30, 2016 include outstanding lines of credit with the FHLB of Des Moines, Iowa of \$188,726,000, with \$38,000,000 of outstanding FHLB advances. Federal funds borrowing capacity at correspondent banks was \$107,172,000, with no outstanding federal fund purchase balances as of September 30, 2016. The Company had securities sold under agreements to repurchase totaling \$49,858,000 and term repurchase agreements of \$13,000,000 as of September 30, 2016.

Total investments as of September 30, 2016 were \$517,579,000 compared to \$537,633,000 as of December 31, 2015. These investments provide the Company with a significant amount of liquidity since all of the investments are classified as available-for-sale as of September 30, 2016.

The investment portfolio serves an important role in the overall context of balance sheet management in terms of balancing capital utilization and liquidity. The decision to purchase or sell securities is based upon the current assessment of economic and financial conditions, including the interest rate environment, liquidity and credit considerations. The portfolio's scheduled maturities and payments represent a significant source of liquidity.

Review of Statements of Cash Flows

Net cash provided by operating activities for the nine months ended September 30, 2016 totaled \$14,585,000 compared to the \$15,906,000 for the nine months ended September 30, 2015. The decrease of \$1,321,000 in net cash provided by operating activities was primarily due to changes in loans held for sale and other real estate owned.

Table Of Contents

Net cash used in investing activities for the nine months ended September 30, 2016 was \$14,181,000 compared to \$44,038,000 for the nine months ended September 30, 2015. The decrease of \$29,858,000 in cash used in investing activities was primarily due to a lower level of purchases of securities available-for-sale of \$49,668,000 in 2016 compared to \$87,375,000 in 2015.

Net cash provided by (used in) financing activities for the nine months ended September 30, 2016 totaled \$(3,105,000) compared to \$30,543,000 for the nine months ended September 30, 2015. The change of \$33,648,000 in net cash (used in) financing activities was primarily due to a decrease in deposits in 2016 of \$12,358,000 as compared to an increase in deposits of \$9,357,000 in 2015. To a lesser extent, the change was also due to the net proceeds from the FHLB borrowings of \$19,458,000 in 2016 compared to \$25,786,000 in 2015. As of September 30, 2016, the Company did not have any external debt financing, off-balance sheet financing arrangements, or derivative instruments linked to its stock.

Company Only Cash Flows

The Company's liquidity on an unconsolidated basis is heavily dependent upon dividends paid to the Company by the Banks. The Banks provide adequate liquidity to pay the Company's expenses and stockholder dividends. Dividends paid by the Banks to the Company amounted to \$6,825,000 and \$6,200,000 for the nine months ended September 30, 2016 and 2015, respectively. Various federal and state statutory provisions limit the amounts of dividends banking subsidiaries are permitted to pay to their holding companies without regulatory approval. Federal Reserve policy further limits the circumstances under which bank holding companies may declare dividends. For example, a bank holding company should not continue its existing rate of cash dividends on its common stock unless its net income is sufficient to fully fund each dividend and its prospective rate of earnings retention appears consistent with its capital needs, asset quality and overall financial condition. In addition, the Federal Reserve and the FDIC have issued policy statements, which provide that insured banks and bank holding companies should generally pay dividends only out of current operating earnings. Federal and state banking regulators may also restrict the payment of dividends by order. The quarterly dividend declared by the Company increased to \$0.21 per share in 2016 from \$0.20 per share in 2015.

The Company, on an unconsolidated basis, has interest bearing deposits totaling \$10,546,000 as of September 30, 2016 that are presently available to provide additional liquidity to the Banks.

Review of Commitments for Capital Expenditures, Cash Flow Uncertainties and Known Trends in Liquidity and Cash Flows Needs

No other material capital expenditures or material changes in the capital resource mix are anticipated at this time. The primary cash flow uncertainty would be a sudden decline in deposits causing the Banks to liquidate securities. Historically, the Banks have maintained an adequate level of short-term marketable investments to fund the temporary declines in deposit balances. There are no known trends in liquidity and cash flow needs as of September 30, 2016 that are of concern to management.

Capital Resources

The Company's total stockholders' equity as of September 30, 2016 totaled \$170,737,000 and was \$9,487,000 higher than the \$161,250,000 recorded as of December 31, 2015. The increase in stockholders' equity was primarily due to net income and an increase in accumulated other comprehensive income, reduced by dividends declared. The increase in other comprehensive income is created by 2016 market interest rates trending lower, which resulted in higher fair values in the securities available-for-sale portfolio. At September 30, 2016 and December 31, 2015, stockholders' equity as a percentage of total assets was 12.74% and 12.15%, respectively. The capital levels of the Company exceed applicable regulatory guidelines as of September 30, 2016.

Table Of Contents

Forward-Looking Statements and Business Risks

The Private Securities Litigation Reform Act of 1995 provides the Company with the opportunity to make cautionary statements regarding forward-looking statements contained in this Quarterly Report, including forward-looking statements concerning the Company's future financial performance and asset quality. Any forward-looking statement contained in this Quarterly Report is based on management's current beliefs, assumptions and expectations of the Company's future performance, taking into account all information currently available to management. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to management. If a change occurs, the Company's business, financial condition, liquidity, results of operations, asset quality, plans and objectives may vary materially from those expressed in the forward-looking statements. The risks and uncertainties that may affect the actual results of the Company include, but are not limited to, the following: economic conditions, particularly in the concentrated geographic area in which the Company and its affiliate banks operate; competitive products and pricing available in the marketplace; changes in credit and other risks posed by the Company's loan and investment portfolios, including declines in commercial or residential real estate values or changes in the allowance for loan losses dictated by new market conditions or regulatory requirements; fiscal and monetary policies of the U.S. government; changes in governmental regulations affecting financial institutions (including regulatory fees and capital requirements); changes in prevailing interest rates; credit risk management and asset/liability management; the financial and securities markets; the availability of and cost associated with sources of liquidity; and other risks and uncertainties inherent in the Company's business, including those discussed under the headings "Risk Factors" and "Forward-Looking Statements and Business Risks" in the Company's Annual Report. Management intends to identify forward-looking statements when using words such as "believe", "expect", "intend", "anticipate", "estimate", "should" or similar expressions. Undue reliance should not be placed on these forward-looking statements. The Company undertakes no obligation to revise or update such forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's market risk is comprised primarily of interest rate risk arising from its core banking activities of lending and deposit taking. Interest rate risk results from the changes in market interest rates which may adversely affect the Company's net interest income. Management continually develops and applies strategies to mitigate this risk. Management does not believe that the Company's primary market risk exposure and how it has been managed year-to-date in 2016 changed significantly when compared to 2015.

Item 4. Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based on that evaluation,

the Company's management, including the Principal Executive Officer and Principal Financial Officer, concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Table Of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable

Item 1.A. Risk Factors

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In November, 2015, the Company approved a Stock Repurchase Plan which provided for the repurchase of up to 100,000 shares of the Company's common stock. As of September 30, 2016, there were 100,000 shares remaining to be purchased under the plan.

The following table provides information with respect to purchase made by or on behalf of the Company or any "affiliated purchases" (as defined in rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company's common stock during the three months ended September 30, 2016.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under The Plan

July 1, 2016 to July 31, 2016	-	\$	-	-	100,000
August 1, 2016 to August 31, 2016	-	\$	-	-	100,000
September 1, 2016 to September 30, 2016	-	\$	-	-	100,000
Total	-			-	

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Table Of Contents

Item 5. Other information

Not applicable

Item 6. Exhibits

- 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350.
- 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350.

- 101.INSXBRL Instance Document (1)
- 101.SCHXBRL Taxonomy Extension Schema Document (1)
- 101.CALXBRL Taxonomy Extension Calculation Linkbase Document (1)
- 101.LABXBRL Taxonomy Extension Label Linkbase Document (1)
- 101.PREXBRL Taxonomy Extension Presentation Linkbase Document (1)
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document (1)

(1) These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

Table Of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMES NATIONAL CORPORATION

DATE: November 8, 2016

By: /s/ Thomas H. Pohlman

Thomas H. Pohlman, Chief Executive Officer and
President

By: /s/ John P. Nelson

John P. Nelson, Chief Financial Officer and Vice
President

Table Of Contents

EXHIBIT INDEX

The following exhibits are filed herewith:

Exhibit No. Description

- 31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350
- 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350
- 101.INSXBRL Instance Document (1)
- 101.SCHXBRL Taxonomy Extension Schema Document (1)
- 101.CALXBRL Taxonomy Extension Calculation Linkbase Document (1)
- 101.LABXBRL Taxonomy Extension Label Linkbase Document (1)
- 101.PREXBRL Taxonomy Extension Presentation Linkbase Document (1)
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document (1)

(1) These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.