BANK OF AMERICA CORP /DE/
Form 424B2
February 02, 2015

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Accelerated Return Notes® Linked to the Merrill Lynch Commodity index eXtra℠ Excess Return, due January 27, 2017	344,927	$10.00	$3,449,270	$400.81

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-180488

(To Prospectus dated March 30, 2012, Prospectus

Supplement dated March 30, 2012 and Product

Supplement ARN-4 dated April 2, 2012)

The notes are being issued by Bank of America Corporation (BAC). There are important differences between the notes and a conventional debt security, including different investment risks and certain additional costs. See Risk Factors and Additional Risk Factors beginning on page TS-6 of this term sheet and Risk Factors beginning on page S-10 of product supplement ARN-4.

The initial estimated value of the notes as of the pricing date is $9.744 per unit, which is less than the public offering price listed below. See Summary on the following page, Risk Factors beginning on page TS-6 of this term sheet and Structuring the Notes on page TS-13 of this term sheet for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

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

	Per Unit	Total
Public offering price	$10.00	$3,449,270.00
Underwriting discount	$0.20	$68,985.40
Proceeds, before expenses, to BAC	$9.80	$3,380,284.60

The notes:

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

Merrill Lynch & Co.

January 29, 2015

Accelerated Return Notes®

Linked to the Merrill Lynch Commodity index eXtra℠ Excess Return, due January 27, 2017

Summary

The Accelerated Return Notes® Linked to the Merrill Lynch Commodity index eXtra℠ Excess Return, due January 27, 2017 (the notes) are our senior unsecured debt securities. The notes are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of our other unsecured and unsubordinated debt. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of BAC.** The notes provide you a leveraged return, subject to a cap, if the Ending Value of the Market Measure, which is the Merrill Lynch Commodity index eXtra℠ Excess Return (the Index), is greater than its Starting Value. If the Ending Value is less than the Starting Value, you will lose all or a portion of the Original Offering Price of your notes. Payments on the notes, including the amount you receive at maturity, will be calculated based on the $10 Original Offering Price per unit and will depend on and the performance of the Index, subject to our credit risk. See Terms of the Notes below.

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

On the cover page of this term sheet, we have provided the initial estimated value for the notes. This initial estimated value was determined based on our and our affiliates pricing models, which take into consideration our internal funding rate and the market prices for the hedging arrangements related to the notes. For more information about the initial estimated value and the structuring of the notes, see Structuring the Notes on page TS-13.

Terms of the Notes

Issuer:	Bank of America Corporation (BAC)
Original Offering Price:	$10.00 per unit
Term:	Approximately two years
Market Measure:	Merrill Lynch Commodity index eXtra℠ - Excess Return (Bloomberg symbol: MLCXER).

Starting Value:	288.3839
Ending Value:	The closing level of the Market Measure on the scheduled calculation day occurring shortly before the maturity date. The calculation day is subject to postponement in the event of Market Disruption Events, as described beginning on page S-31 of product supplement ARN-4.
Participation Rate:	300%
Capped Value:	$12.19 per unit of the notes, which represents a return of 21.90% over the Original Offering Price.
Calculation Day:	January 20, 2017
Fees and Charges:	The underwriting discount of $0.20 per unit listed on the cover page and the hedging related charge of $0.075 per unit described in Structuring the Notes on page TS-13.
Calculation Agent:	Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), a subsidiary of BAC.

Redemption Amount Determination

On the maturity date, you will receive a cash payment per unit determined as follows:

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

§ Product supplement ARN-4 dated April 2, 2012:
http://www.sec.gov/Archives/edgar/data/70858/000119312512146655/d326526d424b5.htm

§ Series L MTN prospectus supplement dated March 30, 2012 and prospectus dated March 30, 2012:
http://www.sec.gov/Archives/edgar/data/70858/000119312512143855/d323958d424b5.htm

These documents (together, the Note Prospectus) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S by calling 1-866-500-5408. Before you invest, you should read the Note Prospectus, including this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement ARN-4. Unless otherwise indicated or unless the context requires otherwise, all references in this document to we, us, our, or similar references are to BAC.

Investor Considerations

You may wish to consider an investment in the notes if:

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

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

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

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

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

- § You are willing to accept a limited market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, our internal funding rate and fees and charges on the notes.

- § You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount.

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

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

- § You seek principal repayment or preservation of capital.

- § You seek an uncapped return on your investment.

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

- § You want to receive the rights and benefits of owning the commodities or futures contracts included in, or tracked by, the Index.

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

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

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

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Hypothetical Payout Profile and Examples of Payments at Maturity

This graph reflects the returns on the notes, based on the Participation Rate of 300% and the Capped Value of $12.19. The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the components of the Index.

This graph has been prepared for purposes of illustration only.

The following table and examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, the Participation Rate of 300%, the Capped Value of $12.19 per unit and a range of hypothetical Ending Values. **The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Ending Value, Capped Value, and whether you hold the notes to maturity.** The following examples do not take into account any tax consequences from investing in the notes.

For recent actual levels of the Market Measure, see The Index section below. In addition, all payments on the notes are subject to issuer credit risk.

Ending Value	Percentage Change from the Starting Value to the Ending Value	Redemption Amount per Unit	Total Rate of Return on the Notes
0.00	-100.00%	$0.00	-100.00%
50.00	-50.00%	$5.00	-50.00%
80.00	-20.00%	$8.00	-20.00%
90.00	-10.00%	$9.00	-10.00%
94.00	-6.00%	$9.40	-6.00%
97.00	-3.00%	$9.70	-3.00%
100.00 (1)	0.00%	$10.00	0.00%
102.00	2.00%	$10.60	6.00%
104.00	4.00%	$11.20	12.00%

105.00	5.00%	$11.50	15.00%
110.00	10.00%	$12.19 (2)	21.90%
120.00	20.00%	$12.19	21.90%
130.00	30.00%	$12.19	21.90%
140.00	40.00%	$12.19	21.90%
150.00	50.00%	$12.19	21.90%
160.00	60.00%	$12.19	21.90%

(1) The **hypothetical** Starting Value of 100 used in these examples has been chosen for illustrative purposes only. The actual Starting Value is 288.3839, which was the closing level of the Market Measure on the pricing date.

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

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Redemption Amount Calculation Examples

Example 1

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

Starting Value: 100.00

Ending Value: 80.00

$$\$10 \times \left(\frac{80}{100} \right) =$$ **$8.00** Redemption Amount per unit

Example 2

The Ending Value is 104.00, or 104.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 104.00

$$\$10 + \left[\$10 \times 300\% \times \left(\frac{104 \quad 100}{100} \right) \right] =$$ **$11.20** Redemption Amount per unit

Example 3

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

Starting Value: 100.00

Ending Value: 130.00

$$\$10 + \left[\$10 \times 300\% \times \left(\frac{130 \quad 100}{100} \right) \right]$$ **= $19.00, however, because the Redemption Amount for the notes cannot exceed the Capped Value, the Redemption Amount will be $12.19 per unit**

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Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the Risk Factors sections beginning on page S-10 of product supplement ARN-4, page S-5 of the MTN prospectus supplement, and page 8 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

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

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

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

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

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

§ The public offering price you pay for the notes exceeds the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the level of the Index, our internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in Structuring the Notes on page TS-13. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

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

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

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

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

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

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

§ There may be potential conflicts of interest involving the calculation agent. We have the right to appoint and remove the calculation agent.

§ The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes. See Summary Tax Consequences below and U.S. Federal Income Tax Summary beginning on page S-45 of product supplement ARN-4.

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Additional Risk Factors

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

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

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

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

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

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

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

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

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

The value of the Index Components may change unpredictably, affecting the value of the notes in unforeseeable ways.

Trading in commodities and related futures contracts may be speculative and can be extremely volatile. The value of the Index Components may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; agriculture; trade; fiscal, monetary, and exchange control programs; domestic and foreign political and economic events and policies; disease; technological developments; and changes in interest rates. The same factors may cause the value of the Index Components to move in different directions at different rates. These factors may affect the level of the Index and the value of the notes in varying ways.

The Index is concentrated in a limited number of market sectors.

The Index is designed as a broad-based index of commodity market performance. The MLCX composition and weights are typically determined once a year and applied in January of each year. The current construction principles of the Index prohibit any market sector from comprising more than 60% of the weight of the index at the time of rebalancing in January, in order to promote the diversification of the Index. However, during the periods between each rebalancing, the weight of each market sector comprising the Index will vary based on the performance of the underlying commodities and futures contracts within that market sector. As a result, it is possible for any market sector to have a greater than 60% weighting between rebalancing dates. The 2015 target weight for the energy sector is 60.0% of the Index, and the 2015 target weight for grains and oil seeds is 16.3% of the Index. Accordingly, a decline in value in these raw materials would adversely affect the performance of the Index.

Technological advances or the discovery of new oil reserves could lead to increases in worldwide production of oil and corresponding decreases in the price of crude oil. In addition, further development and commercial exploitation of alternative energy sources, including solar, wind, or geothermal energy, could reduce the demand for crude oil products and result in lower prices. If the Index is not revised to lessen or eliminate the concentration of existing energy contracts in the Index or to broaden the Index to account for such developments, the level of the Index, and hence the market value of the notes and the Redemption Amount, could be adversely impacted.

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

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

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

The notes are linked to the Merrill Lynch Commodity index eXtra℠ Excess Return (Bloomberg symbol MLCXER), not the Merrill Lynch Commodity index eXtra℠ Total Return (Bloomberg symbol MLCXTR).

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

Additional conflicts of interest may exist.

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

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

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Linked to the Merrill Lynch Commodity index eXtra^{SM} Excess Return, due January 27, 2017

The Index

All disclosures contained in this term sheet regarding the Index, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, Merrill Lynch. Merrill Lynch has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of Merrill Lynch discontinuing publication of the Index are discussed in the section entitled Description of ARNs - Discontinuance of a Market Measure beginning on page S-38 of product supplement ARN-4. None of us, the calculation agent, or MLPF&S accepts any responsibility for the calculation, maintenance, or publication of the Index or any successor index.

The Index (Bloomberg symbol MLCXER) was launched in June 2006 and is a modified version of the Merrill Lynch Commodity index eXtra^{SM} (the MLCX). The Index is an excess return index that factors in both price movements as well as roll yields.

The Index is calculated by Merrill Lynch based on the official settlement or similar prices for the applicable Index Components. Merrill Lynch applies the daily percentage change in the prices of the Index Components to the prior trading day s level of the Index in order to calculate the current level of the Index. The Index is calculated in the manner described in the MLCX Handbook, as modified to reflect the energy exchange-traded futures contracts and weightings that the Index measures. In 2014, the MLCX was revised to include five commodities in the energy sector by including both WTI and Brent (as opposed to only Brent in 2013) to reflect the reality of two distinct oil markets: North America (WTI) and Rest of the World (Brent) crude production.

Merrill Lynch Commodity index eXtra^{SM} is a service mark of our subsidiary, Merrill Lynch & Co., Inc.

The MLCX

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

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

Construction

The MLCX was created using the following four main principles:

1. *Liquidity* The futures contracts included in the MLCX should be sufficiently liquid to accommodate the level of trading needed to support the MLCX. The selection mechanism is therefore based primarily on liquidity.

2. *Weighting* The weight of each futures contract in the MLCX should reflect the value of the global production of the related commodity, as a measure of the significance of the commodity in the global economy, with appropriate adjustments to avoid double counting.

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

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

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

Exchange Selection

Merrill Lynch has selected a set of exchanges, on the basis of liquidity, geographical location, and commodity type (the Selected Exchanges), from which the contracts included in the MLCX will be selected. To be considered for selection, an exchange must be located in a country that is a member of the Organisation for Economic Co-Operation and Development. The exchange must also be a principal trading forum, based on relative liquidity, for U.S. dollar-denominated futures contracts on major physical commodities. The four exchanges currently are: (1) the New York Mercantile Exchange (the NYMEX) (NYMEX and COMEX Divisions); (2) the Chicago Mercantile Exchange (the CME) (CME and the Chicago Board of Trade (CBOT) Divisions); (3) the London Metal Exchange (the LME); and (4) the ICE Futures Exchange (the ICE) (ICE Futures Europe and ICE Futures U.S. Divisions).

Contract Selection

Eligibility

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

- it must be denominated in U.S. dollars;
- it must be based on a physical commodity (or the price of a physical commodity) and provide for cash settlement or physical delivery at a specified time, or during a specified period, in the future;
- detailed trading volume data regarding the contract must be available for at least two years prior to the initial inclusion of the contract in the MLCX, provided that Merrill Lynch may determine to include a contract with less than two years of data;
- the contract must have a Total Trading Volume, or TTV (as defined below), of at least 500,000 contracts for each twelve-month period beginning on July 1 and ending on June 30; and
- Reference Prices must be publicly available on a daily basis either directly from the Selected Exchange or, if available through an external data vendor, on any day on which the relevant exchange is open for business. Reference Prices are the official settlement or similar prices posted by the relevant Selected Exchange (or its clearinghouse) with respect to a contract and against which positions in such contract are margined or settled.

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

Liquidity

Merrill Lynch distinguishes the Eligible Contracts by their liquidity. Liquidity is measured by a contract s Total Trading Volume (TTV) and the value of that trading volume. The Total Trading Volume with respect to each contract traded on a Selected Exchange is equal to the sum of the daily trading volumes in all expiration months of the contract on each day during the most recent twelve-month period beginning on July 1 and ending on June 30. The Contract Size (CS) is the number of standard physical units of the underlying commodity represented by one contract. For example, the Contract Size of a crude oil futures contract is 1,000 barrels. The Average Reference Price (ARP), which is used to determine the value of the Total Trading Volume, is the average of the Reference Prices of the Front-Month Contract (as defined below) for an MLCX contract on each Trading Day (as defined below) during the twelve-month period beginning on July 1 and ending on June 30 of each year. A Front-Month Contract on any given day is the futures contract expiring on the first available contract expiration month after the date on which the determination is made. A Trading Day means any day on which the relevant Selected Exchange is open for trading. Liquidity (LIQ) is therefore equal to the Total Trading Volume, multiplied by the Contract Size with respect to each contract, multiplied by the Average Reference Price for that contract: LIQ = TTV × CS × ARP.

Once the LIQ is determined, the Eligible Contracts are listed in order of their LIQ, from highest to lowest. Each MLCX Market Sector must be represented by a minimum of two and a maximum of four (five for Energy) Eligible Contracts. The MLCX will only include the Eligible Contracts with the greater LIQs. The Redundant Contracts, which are less liquid Eligible Contracts representing the same MLCX commodity, are excluded. For instance, the list of futures contracts that comprise the MLCX includes an Eligible Contract on Brent crude oil but excludes a contract on WTI crude oil as a Redundant Contract.

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

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

Weighting

The weight of each futures contract included in the MLCX is based on the global production of the related commodity, provided that the contract reflects global prices for that commodity. In some cases, however, the futures contracts that comprise the MLCX only have pricing links to a limited number of markets around the world. For instance, the NYMEX natural gas contract primarily represents the

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

Rolling

Each MLCX contract is ro