



Enhanced Income Investments

The following is a transcript of an educational video prepared by Bank of America Merrill Lynch relating to Enhanced Income Market-Linked Investments.

Market-Linked Investments

Client Education Video Series

ENHANCED INCOME INVESTMENTS



BRIAN PARTRIDGE

I'm Brian Partridge of the Merrill Lynch Market-Linked Investments group.

At Merrill Lynch, we have **four** basic categories of Market-Linked Investments. They are: Market Downside Protection, Enhanced Income, Enhanced Return, and Market Access.



HIGHER YIELDS
BY
LIMITING
UPSIDE PARTICIPATION

In this video segment, I'm going to talk about **Enhanced Income** investments. As you probably know, generating higher income, or yield, is a **key challenge** for investors in today's low-interest-rate environment.

When global markets are volatile, as they have been over the past few years, investors tend to value investments that generate steady income as a way to offset the fluctuations in the value of their portfolio.

Enhanced Income investments are one method of helping you generate **higher yields for your portfolio by limiting upside participation in the underlying investment.**

 **ENHANCED INCOME**
HOW IT WORKS



Let me give you an example.

Let's say you own a large position in a stock that pays either a low dividend or no dividend.

You like the stock, it's performed well for you, but you're starting to get concerned about the potential risk of the stock price declining.

You have a few options here... You could sell off some of the stock, lock in your gain and move the money into low-interest money market funds or CDs until the markets calm down. You could also use the money to buy a different high-quality stock that does pay a dividend.

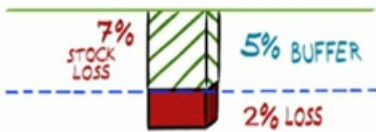
BUY
ENHANCED
INCOME



BUFFER



PROTECTION
FROM A
BUFFER



STEADY INCOME



DOWNSIDE BUFFER

Another option is to buy Enhanced Income investments linked to the **same** stock that pay a fixed interest payment over the 12-month term of the note. The income you'll get on these payments will help to offset volatility in the stock price.

In addition to the coupon, the offering may provide you with what's known as a "**buffer**" that protects you from a certain percentage of potential losses associated with a decline in the stock. For example, if the investment has a 5% buffer and the stock price declines 7% over the term of the investment, you would only incur a 2% loss of your principal.

Additionally, there are variations of Enhanced Income securities that also provide you with some degree of upside participation in the stock, on top of the regular coupon and downside buffer. So, at maturity, if the linked stock has increased by a higher percentage than what you've already received in interest, you would get an **additional payment** of a few more percent.

 **ENHANCED RETURN**
BENEFITS
AND
RISKS

✓ **PRINCIPAL AT RISK**
✓ **YOU COULD MAKE LESS**

FIXED INCOME
REDUCED DOWNSIDE



Of course, like any investment, Enhanced Income investments come with risks.

If the market performs poorly, you could lose a significant portion of your investment. Although the interest payments and buffer will help offset any losses, your **principal is definitely at risk**.



If the market ends up performing **better** than expected, you could also end up making **less** than you would with a direct investment in the linked stock or index. However, many investors may be happy to forego the full upside in the linked security or index in return for the fixed income and reduced downside risk.



And while it's true of any corporate bond, it bears repeating: all Enhanced Income investments remain subject to **credit risk**. Any payments you're owed are always predicated on the ability of the issuing bank or company to meet its obligations.

So there are tradeoffs.

Your Financial Advisor can help you decide if these tradeoffs make sense for **you** as you seek the right mix of income and growth to meet today's market challenges.

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| <p>MARKET-LINKED INVESTMENTS</p>  <p> Merrill Lynch Wealth Management Bank of America Corporation</p> | | <p>I'm Brian Partridge. Thanks for watching.</p> |
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IMPORTANT NOTE

This Video provides an overview of Market Linked Investments and types of market linked investments available from Merrill Lynch. It does not provide the terms of any specific security proposed to be sold.

Merrill Lynch will furnish you with a prospectus that contains the terms of the relevant offering. Prior to any decision to invest, you should carefully read that prospectus for a detailed explanation of the terms, risks, tax treatment and other relevant information. Additionally, you should consult your accounting, legal or tax advisors before investing.

You should understand the nature of the MLI and the market environment related to the linked asset.

Before making a decision to invest, you need to understand the characteristics of the specific offering as well as the characteristics of the linked asset. Depending on the particular MLI, risk may include the loss of principal and the possibility that the investment will decline in value. Some Market Linked Investments have a cap or a limit on the upside participation in the appreciation of the linked asset.

MLIs are subject to the credit risk of the issuer of the note.

Market Linked Investments are obligations of the issuing company and like any debt security, you will be subject to credit risk of the issuer. Market Linked Notes are not secured and are not backed by FDIC insurance or other governmental support. Any returns, including the repayment of principal, are subject to the credit risk of the issuer of the Market Linked Investment, including those that are subject to downside market protection (or "principal protected").

MLIs may have limited liquidity depending on market conditions.

If you want to sell the note prior to maturity, Merrill Lynch is not obligated to make a secondary market in any Market-linked Investment.

Prior to selling any particular Market Linked Investment, the issuer will have filed a registration statement, including a prospectus, with the Securities and Exchange Commission (SEC) containing more complete information about the potential offerings of the type described in this Video. Before investing, you should carefully read the relevant prospectus and the other documents filed by the issuer with the SEC. You may obtain these documents without cost by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, the issuer or Merrill Lynch will arrange to have the documents sent to you by calling Merrill Lynch toll-free at 1-866-500-5408.