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**From:** Richard Kahn [REDACTED]  
**Sent:** Tuesday, May 3, 2016 5:27 PM  
**To:** jeffrey E.  
**Subject:** Merrill - BAC Step-Up & Biotech  
**Attachments:** 20160503 - BAC Step Up.pdf; Untitled attachment 00039.htm; Biotech Industry Overview.pdf; Untitled attachment 00042.htm

please advise  
thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue 4th Floor  
New York, NY 10022  
[REDACTED]

Begin forwarded message:

From: =/b>"Pollard, James S" [REDACTED]  
Subject: =/b>BAC Step-Up & Biotech  
Date: =/b>May 3, 2016 at 11:43:24 AM =DT  
To: =/b>"Richard Kahn" [REDACTED]  
Cc: "Darrah, John W - NEW YORK NY" [REDACTED], "Minsky, Julie" [REDACTED]

Rich,

Below are the details on = BAC Step-Up note. I know you mentioned you had bought BAC debt in the =east. Let me know if this is of interest.

It looks like that agency offering I mentioned on the phone =s all gone. Also the only Preferred deal we have now is on waiting list =nd we need the HY paperwork on file anyways.

We've also seen the biotech industry have a significant pullback from its July 2015 peak. I attached here a research report that has some of our top picks especially within the larger cap end of the spectrum that have strong baseline businesses. Three of those names also will be reporting later stage clinical data in 2016: AMGN, REGN, and VRTX.

PRICE TALK -

Step-Up Note

Coupon

Schedule:

= Current Price Range for Step-Up Schedule:

Levels below are indicative given current market interest rates and are subject to final pricing, but will not be less than the "Minimum Coupon Schedule".

The initial coupon will be 3.00%. We currently expect the second coupon to be no less than 3.50%.

- \* 3.00% until 5/xx/21
- \* [3.50% - 3.65%] until 5/xx/25
- \* [4.50% - 4.65%] until 5/xx/28
- \* [5.00% - 5.15%] until 5/xx/30
- \* [5.75% - 5.90%] until 5/xx/31
- \* If priced at minimum levels, YTM = 3.753%.

Minimum Step-Up Coupon Schedule:

The minimum coupon schedule for this Note is as follows and subject to final pricing:

- \* 3.00% until 5/xx/21
- \* at least 3.00% until 5/xx/25
- \* at least 4.00% until 5/xx/28
- \* at least 4.50% until 5/xx/30
- \* at least 5.25% until 5/xx/31
- \* If priced at minimum levels, YTM = 3.459%.

Expected

Credit Ratings:

Baa1 (stable outlook) / BBB+ (stable outlook) / = (stable outlook)

Maturity Date:

5/xx/31

Call Features:

- \* 1st Call Date: 5/xx/17
- \* Call Frequency: Semi-annually on each interest payment date.

Distributions:

- \* 1st Coupon Payment Date: 11/xx/16
- \* Semi-annually (May and November of each year)

Product Ranking:

Senior Unsecured Notes

Expected Taxation:

Fully taxable as ordinary income

Survivor Option:

NO - This Note does not carry a Survivor option.

Par Amount:

\$1000 par

James S. Pollard  
Registered Analyst

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[REDACTED]  
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