

BANK OF AMERICA CORP /DE/
Form DEFA14A
April 28, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Bank of America Corporation

(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (Check the appropriate box):

No fee required.

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April 2015
2015 Corporate Governance
and Compensation Practices
Highlights

Serves
48M
consumer and small business relationships
Business Overview & Performance Highlights
2
Premier Financial Institution Focused on
Three Groups of Customers
2014
Revenue
Across
Our
Five
Reported
Segments
(\$B)

1
Reflects
reclassification
of
reporting
segments
as
of
January
1,
2015
2

Primary competitor group includes Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley and Wells Fargo

2014 Performance Highlights

Achieved Project New BAC

cost savings goal

Reduced costs by \$2B per quarter nine months ahead of original plan

Improved levels of capital and liquidity

Tier 1 capital increased more than 7% from 12/31/13 to \$169B;

achieved record Global Excess Liquidity Sources of \$439B

Improved / increased client and customer activity

4M business referrals in 2014

Increased quarterly common stock dividend

From \$0.01 to \$0.05 per share

15.7% total return to investors in 2014

Surpassed both peer and S&P average

Strong One-Year TSR Performance Relative to Peers

2

Institutional

Investors.

Support

research

processes,

risk

management and portfolio performance goals

Companies.

Expertise

and

customized

products

and

services

delivered through our global banking platform

Consumer

Banking

\$30.8

Global Wealth

& Investment

Mgmt

\$18.4

Global
Banking
\$17.7

Global
Markets
\$16.1

Legacy Assets
& Servicing
\$2.7

15.7%

14.8%

14.4%

13.7%

3.8%

BAC

Primary

Competitor

Group Average

USG-SIFI Average

S&P 500 Index

AIIG-SIFI Average

People.

Banking

and

wealth

management

solutions

Serve

1

in

3

companies

with

\$50M

-

\$2B

in

annual

sales

More than **200,000**

unique institutional and retail clients access our
research and analysis

1

Governance Enhancements Informed by Shareholder Feedback

3

Board implemented special meeting right at 10% ownership threshold

Annual election of directors

Majority vote standard for director elections

Business Standards report

1

Political activities disclosure

Sustainability and greenhouse gas emission disclosure

Shareholder

Rights
Reporting
& Disclosure
Director
Accountability

1
Expected to be produced by March 31, 2016.
Our Board has implemented market-leading governance practices in direct response to our shareholders feedback, **including proxy access with 3%/3 year threshold**
Board **proactively adopted proxy access** right at a 3% / 3 year ownership threshold with market-leading aggregation terms

At time of adoption, Bank of America was **one of only 10 US companies** to establish proxy access at 3%/3 year threshold

Demonstrates Bank of America's commitment to constructive engagement with investors and the evolving landscape of shareholder rights

Proxy Access

Enhanced business and sustainability reporting, including:

Highly Engaged, Independent Board with Deep Expertise

Our 13 member Board includes 11 independent directors, 8 of whom have been elected since 2009, including 7 in the last 3 years

4

We maintain strong board evaluation and succession planning practices to ensure we have the right skills and experiences on the Board to oversee our business and strategy

2013:

De

Weck,

Donald

&

Nowell

2012:

Allen,

Bovender,

Hudson

&

Yost

Independent

85%

Risk Management

Cybersecurity

Risk

Consumer Banking

International

Perspective

Audit / Financial

Reporting

Corporate

Governance

Financial Services

Industry Experience

Strategic Planning

Business

Development

Regulated Business

Expertise

Operational Risk

Social Responsibility

and Diversity

1

4

years

5

8

years

9

12

years

Balance of Institutional Knowledge and Fresh Perspectives

Directors Contribute Valuable Range of Expertise

Gender Diversity

Director Independence

Female

31%

Male

69%

Inside

15%

Commitment to Strong, Independent Board Leadership

Bank of America has evolved significantly since 2009, when separate Chairman and CEO roles were established. We have made changes to our Board

composition and Executive Management Team, and our shareholder base has evolved considerably

Decision to appoint Mr. Moynihan as Chairman reflected his demonstrated leadership, management capability, knowledge of our industry, and the long-term, strategic perspective he has demonstrated as CEO over the last 5 years

Under Mr. Moynihan's leadership, we have rebuilt capital, streamlined operations, stabilized performance, increased capital returns to shareholders, and made key governance changes to enhance disclosure and shareholder engagement

Creation of a Lead Independent Director role with robust and transparent duties comparable to that of an Independent Chair was a key component of the Board's decision to change the independent leadership structure

Shareholder feedback from prior engagement and investor voting policies was also an important factor in our decision

5

Key Elements of 2014 Board Leadership Review
Key Considerations in Board Leadership Decision

When **Mr. Holliday**

advised the Board of

his intention to step

out of Independent

Chairman role,

formal succession

review commenced

Board conducted

external review

of

board leadership

structures including

investor voting

policies and past

feedback, benchmark

data, and peer data

Board conducted

internal

review

of

current governance

structure, needs of

the business, and

Board leadership

candidates

Board appointed CEO

Brian Moynihan as

Chairman of the

Board, and elected

Jack Bovender to

newly established

Lead Independent

Director role

Our Board believes that an executive Chairman, working in tandem with a Lead Independent Director with meaningful leadership responsibilities, provides the right Board leadership structure at this time

Corporate

Governance

Committee

deliberates annually

on Board leadership

structure,

in part by questions

on topic in annual

shareholder

engagement

informed

Lead Independent Director with Significant Board Leadership
Responsibilities
Jack Bovender, Lead Independent Director

Respected
among
the
directors
and
has
the
qualities
and

experience
desired
for
the
role

high
personal
integrity,
a
breadth
of
knowledge
in
management,
operations
and
corporate
governance
a
willingness
to
listen
and
to
engage
with
substance
and
impact,
and
a
readiness
to
challenge
management

Brings
strategic
insights
and
relevant
knowledge
as
former
Chairman,
CEO
and
COO
of

HCA

Inc.,

a

highly regulated company

Duties of the Lead Independent Director Establish Strong Independent Leadership in the Boardroom

Board Leadership

Presides at all meetings when Chairman is not present

Calls meetings of independent directors

Provides leadership if CEO / Chairman's role may be in conflict

Board Culture

Serves as a liaison between CEO and independent directors

Establishes relationship with CEO, providing support, advice and feedback

Board Focus

Helps ensure Board focuses on key issues facing Bank of America

Assists in promoting corporate governance best practices

Board Meetings

Advises CEO of Board information needs, and approves information sent to Board

Develops discussion topics for Board executive sessions

Board Performance & Development

Helps ensure efficient and effective Board performance and functioning

Consults with Governance Committee on annual Board self assessment

Provides guidance on ongoing director development

Consults in identification and evaluation of director candidates, committee

members and committee chairs

Shareholders & Other Stakeholders

Available for consultation and direct communication, to the extent requested by

major shareholders

6

Our

Governance

Committee

will

continue

to

regularly

review

and

assess

the

best

Board

leadership

structure

for

Bank of America's evolving needs

Acts as a sounding board and advisor to CEO

Plans, reviews and approves Board meeting agendas and schedules in coordination

with CEO

Contributes to annual performance review of CEO and participates in CEO

succession planning

,

,

Board's oversight of management and company

Regularly communicates with primary bank regulators to discuss appropriateness of

Effective, Independent Corporate Governance Committee

7

Committee takes a proactive, disciplined approach to Board refreshment and director self-assessments as well as CEO evaluation and succession planning

Track record of promoting market-leading corporate governance best practices, including proxy access adoption and enhanced reporting disclosure

Our Corporate Governance Committee is made up of experienced, skilled Board members who contribute crucial strategic perspectives and drive independent oversight of management

Thomas May, Committee Chair

Sharon Allen, Committee Member

Other Committees: Enterprise Risk

Frank Bramble, Sr., Committee Member

Other Committees: Enterprise Risk (Chair)

Brings broad-ranging financial services experience and historical insight from leadership positions at two

Experience on a wide range of issues including risk management, credit cycles, consumer sales and marketing, and audit and financial reporting

Other Committees: Audit (Chair)

Prior positions give broad management experience of large, complex businesses and an international perspective on risk management and strategic planning

Public company board service gives further perspective into large, complex, regulated organizations and financial reporting and accounting

Strong accounting and financial skills from experience as a Certified Public Accountant, as well as a professional perspective on financial reporting and enterprise and operational risk management

Other Committees: Audit

Experience with regulated businesses, operations, risk management, business development, strategic planning and corporate governance matters as Chairman and CEO of Northeast Utilities dba Eversource Energy

Lionel Nowell, III, Committee Member

Audit committee financial expert

Extensive experience in risk management and strategic planning as well as strong financial skills as former Treasurer of PepsiCo, Inc.

Audit committee financial expert

Extensive audit, financial reporting and corporate governance experience from audit and consulting services responsibilities as former Chairman at Deloitte financial services companies acquired by BAC

Best-in-Class Corporate Governance Practices

Substantial majority of independent directors; 11 of 13 members are independent

Annual election of directors with a majority vote standard

Robust Lead Independent Director role with clearly defined leadership responsibilities

Proxy access right at a 3% / 3 year ownership threshold

Special meeting right at a 10% ownership threshold

No supermajority provisions

Strong board oversight of risk management

Detailed business and sustainability reporting

Robust, proactive management succession planning

Annual Board and Committee self-evaluations

Corporate Governance Committee considers director candidates recommended by shareholders

Directors

may

not
sell
restricted
stock
received
as
compensation
(except
as
necessary
to
pay
taxes
upon
vesting)
until
termination of service
Regular engagement with shareholders and consideration of shareholder feedback
8

Executive Compensation Program Strongly Aligns Pay and Performance

9

Our Board believes equity-based awards are the most direct way to align employee and investor interests

We are requesting authorization for 125 million additional shares this year, for a total pool of 450 million shares

-

We expect this pool to last three to four years, assuming we settle awards in stock

We carefully manage potential dilution and with the additional shares, our overhang will total 5.1%

Our plan has features that protect investor interests, including double-trigger vesting, prohibition of re-pricing and no liberal share recycling

CEO Variable Pay Mix for 2014

2014 Compensation Elements

Equity Plan Aligns Employee and Investor Interests

PRSUs

50%

TRSUs

20%

CRSUs

30%

Long-

Term

Incentive

Short-

Term

Incentive

For

CEO

For all

other

NEOs

Base

Salary

Cash-Settled Restricted Stock Units (CRSUs)

Stock price performance measured over 1-year vesting period

Annual Cash Incentive

Provides short-term variable pay for applicable performance year

Performance Restricted Stock Units (PRSUs)

Fully performance based. Measures Return on Assets and adjusted Tangible Book Value growth, with full payout at 3-year Average ROA of 100bps and 3-year adjusted TBV growth of 11.5%

3-year

performance

measurement

period

PRSUs are forfeited if results are below minimum goals (minimum set at 3-year average ROA at 50bps and 3-year average adjusted TBV growth of 5.25%)

Time-Based Restricted Stock Units (TRSUs)

Vest ratably over three years

Aligned with long-term stock price performance

Reflects job scope, experience and market comparable positions

Effective Compensation Practices Aligned with Investor Interests

What We Do

What We Don't Do

Pay

for

performance

and

allocate

individual

awards

based

on

actual results and how results were achieved

Use **balanced, risk-adjusted performance measures**

Review **feedback from independent control functions** in performance evaluations and compensation decisions

Provide **appropriate mix of fixed and variable pay** to reward company, line of business and individual performance

Defer

a

significant

portion

of

variable

pay

as

equity-based

awards

Strong

risk

management

practices

including

multiple

clawback

and

cancellation

features

for

equity

awards

including

detrimental conduct clawback and performance-based clawback

Require **stock ownership and retention** of a portion of equity-based awards

500,000 shares for CEO

300,000 shares for other NEOs

Prohibit

hedging

and

speculative

trading

of

company

stock,

including short sales and trading in options and derivatives

x

No severance or change in control agreements for executive officers

x

No

severance

benefits

to

our

executive

officers

>

2x

base

salary

and bonus without shareholder approval (per our policy limiting future severance agreements)

x

No accrual of additional retirement benefits under supplemental executive retirement plans (SERPs)

x

No excise tax gross-ups upon change in control

x

No discounting, reloading or re-pricing stock options without shareholder approval

x

No single-trigger vesting of equity based awards upon change in control

x

No multi-year guaranteed incentive awards

x

No fixed-duration employment contracts with executive officers

10

,

Robust Sustainability Initiatives and Reporting

Our Board believes management is best suited to address potential climate change impacts by supporting key environmental initiatives, developing innovative solutions, and regularly communicating progress to our shareholders

1.

Bank of America Has Robust Disclosure Currently in Place

We are an industry leader in publicly disclosing the greenhouse gas emissions related to operations and business activities

We report publicly on 10 of 11 categories of Scope 3 emissions relevant to our business, and provide detailed disclosure relative to our emissions profile of the U.S. electric power utilities to which we extend credit

In 2014, the Carbon Disclosure Project gave our Company a perfect disclosure score, and ranked us in Performance Band A (the highest possible)

2.

We Continue to Develop Innovative Environmental Solutions

In 2012, we exceeded our original 10-year, \$20B environmental business initiative to address climate change through lending, investments, capital markets activity, philanthropy and our Company's own operations

We renewed our commitment by embarking on a new 10-year, \$50B initiative, bringing our goal to \$70 billion, and have delivered more than \$39B under the combined goals to date

Proposal 5 is a shareholder proposal requesting a report on greenhouse gas emissions; the report is unnecessary given our current strong practices in environmental projects and disclosure

11

The

Board

encourages

a

vote

AGAINST

Proposal

5

The requested additional report would focus on greenhouse gas emissions of our customers and climate change risk exposure in lending, investing and financing activities, and would require considerable resources without conveying useful information

In 2014, we announced a Catalytic Finance Initiative designed to stimulate at least \$10B of new investment into high-impact, clean energy projects

Robust Disclosure of Political Activities, and No Company Grassroots

Lobbying

12

Proposal 6 is a shareholder proposal that requests a report on lobbying; the report is unnecessary due to Company's current disclosure on political activities and contributions, and on trade associations

The

Board

encourages

a

vote

AGAINST

Proposal

6

Our company does not engage in grassroots lobbying communications, or advocate with respect to specific legislation with the general public

When we engage with policymakers or monitor legislative activities, we comply with all federal and state laws and reporting requirements, and our feedback is readily available to the public

2.

No Grassroots Lobbying

Our Company currently discloses policies and procedures on political activities and contributions on our website

Our Board Corporate Governance Committee has oversight of political activities, and Public Policy Executive reports at least annually to the Committee on significant policies and practices

Further, we currently disclose our trade association memberships on our website, and restrict organizations from using any payments (including membership fees and dues) for any election-related activity

1.

Robust Disclosure Currently in Place

1.
Shareholders Have Multiple Avenues for Voicing Concerns

Annually elected board, with a majority voting standard

Holders of 3% of shares continuously for 3 years can nominate up to 20% of the board, on the company's proxy card, through market-leading proxy access rights

No supermajority voting provisions

No shareholder rights plan

2.
Matters Requiring Vote Should be Presented to and Voted on by All Shareholders

13

Proposal 7 is a shareholder proposal that requests written consent rights; the proposal is unnecessary in light of existing strong shareholder rights

The Board encourages a vote AGAINST

Proposal 7

Written Consent Rights are Unnecessary In Light of Strong Special Meeting and Proxy Access Provisions

Our shareholders can call a special meeting at a 10% ownership threshold

Shareholder meeting process provides procedural safeguards and advantages over action taken by a limited number of shareholders by written consent

Our Integrated Business Approach Benefits our Customers and Shareholders

Divestment of operations along the lines the proposal appears to contemplate (i.e., divestiture of businesses conducted outside of Bank of America, N.A.) would not enhance shareholder value and would negatively impact our shareholders

1. Customers Benefit from Our Integrated Approach

2. We Already Have Narrowed the Company's Focus and Streamlined Operations

3. Our Board is Actively Involved in Oversight of Initiatives

Proposal 8 is a shareholder proposal requesting a Board committee to develop a plan to divest what the proposal refers to

as
non-core
banking
operations ;
the
proposal
is
not
in
the
best
interest
of
shareholders

14
The Board encourages a vote AGAINST Proposal 8

We serve our customers (individuals, companies and institutional investors) on an integrated basis, which we believe is a competitive advantage. Many customers are served by entities in addition to Bank of America, N.A.

Implementing the proposal would disrupt the flow of credit and services

We see continued improvement in our customer scores, market rankings, and penetration of products per customer as a result of our approach

At the core of our integrated strategy are the combined competencies of Bank of America and Merrill Lynch

Since 2010, we have reduced our size, scope of activity and risk, trimming hundreds of billions of dollars in assets from our balance sheet and eliminating dozens of non-core businesses, while increasing our capital and liquidity

Our entire Board, as part of its regular process, is engaged in development and implementation of our strategic plan, which considers dispositions and other initiatives, including streamlining our operations, and has active oversight of strategic initiatives

